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Report on the First Meeting of the
Alliance for Sustainable Development of Agriculture
and the Rural Milieu

October 6-7, 2000,
Jamaica Conference Centre, Kingston,
Jamaica

Summary of Presentations, Discussions and Recommendations

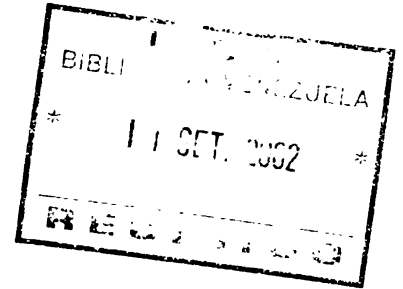
Final Report

prepared by

Inter-American Institute for Co-operation on Agriculture

13 October, 2000





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First Meeting of the Alliance for Sustainable Development of Agriculture and the Rural Milieu in the Caribbean

The agenda for the Meeting and the list of participants are provided in Attachments 1.1 and 1.2, respectively.

Session 1: Opening Ceremony

Chairman: Hon. Roger Clarke, Minister of Agriculture, Jamaica

- 1.1 The session was addressed by Mr. Byron Blake, Assistant Secretary General of CARICOM, Dr. Carlos Aquino Gonzalez, Director General, IICA, the Honourable Seymour Mullings, Deputy Prime Minister of Jamaica, and the Honourable Anthony Wood, Minister of Agriculture and Rural Development, Barbados.
- 1.2 A common thread among the speakers was the recognition that the dynamics of the external environment are presenting tremendous challenges to agriculture. There was a call for Ministers of Agriculture and all stakeholders to raise the profile of agriculture and to foster co-operation in order to more effectively address issues of critical importance to the sustainable development of agriculture. Among such issues is the need to reverse the decline in agriculture, to enhance Regional food security and to manage the use of natural resources, particularly, water for agriculture.
- 1.3 Hon. Minister Clarke recognised that, although divergent interests may arise, the Region should avoid actions which encourage disunity, and emphasise actions which maximise the benefits of collective reflection and decision making. Such positive action is even more critical to agriculture, and the formation of the Alliance was deemed a significant and necessary step to foster co-operation and solidarity in the Caribbean and to strengthen the resolve in the face of global competition. It is envisaged that the Alliance will become an important partner to other Regional organisations in the shared task of counteracting the challenges and in creating the conditions for sustainable agriculture (Attachment 1.3).
- 1.4 According to Dr. Aquino, agriculture should be viewed as a holistic system which takes agriculture beyond the farm and the sector. In stressing that the sustainable development of agriculture and the rural milieu is not time bound, but must be maintained through time, the IICA Director General urged Members of the Alliance to strive for Regional co-operation, and to give serious consideration, not only to the creation of such the Alliance, but to all vital and necessary actions to ensure the effective transition from concept to reality. He also stressed the immortality of agriculture despite the difficulties it was currently facing (Attachment 1.4).
- 1.5 Echoing that the sustainability of agriculture is of critical importance to the Caribbean, the Hon. Deputy Prime Minister Mullings challenged the meeting to ensure that tangible benefits are delivered to stakeholders. In support of this challenge, Hon. Minister Woods of Barbados recommended that the meeting deliberate on the development of more innovative mechanisms and strategies to:
 - strengthen linkages of agricultural institutions with the Caribbean Regional Negotiating Machinery (CRNM) and the Free Trade Area of the Americas (FTAA), such that

agriculture, in general, and sensitive commodities, in particular, remain on the "front burner";

- increase investments for agricultural research and use of improved methodologies for planning, while emphasising the multifunctional character of agriculture; and
- realign institutions, especially in the Ministries of Agriculture (MoA), which must create the enabling environment within which agriculture can be transformed (Attachment 1.5).

1.6 In conclusion, the formation of the Alliance was seen as the first step in addressing the major task of transforming agriculture and the rural milieu to meet the challenges and exploit the opportunities emerging in the dynamic international environment.

Session 2: Discussion on the Concept of the Alliance

Chairman: Hon. Roger Clarke, Minister of Agriculture, Jamaica

Presentation: *Proposal to Establish a Forum of Ministers of Agriculture and an Alliance* HAD Chesney, Director of the IICA Caribbean Regional Centre (Attachment 2)

- 2.1 The proposal to establish an Alliance for Sustainable Development of Agriculture and the Rural Milieu was presented. The justification for the creation of the Alliance is based on the need to provide stakeholders of Caribbean agriculture, with a forum for discussing emerging issues critical to the development of agriculture in the Region. An essential element of this environment is to facilitate the policy dialogue process for agriculture. Caribbean Ministers of Agriculture lost the opportunity to discuss issues of relevance to agriculture when the Standing Committee of Ministers responsible for Agriculture (SCMA) was subsumed into the Council for Trade and Economic Development (COTED). In order to fill this gap, the concept of establishing a Forum of Ministers of Agriculture emerged. A Forum that will operate in an inclusive manner with all stakeholders. IICA responded by facilitating the meeting.
- 2.2 The Alliance will bring together Ministers of Agriculture and existing stakeholder Regional organisations, such as, CABA (agribusiness development), CACHE (education and training), PROCICARIBE (research), and Forum of Spouses/Caribbean Network of Rural Women Producers (development of women in agriculture), each representing the collective interests of national chapters. These organisations have been promoted and/or supported by IICA in collaboration with key stakeholder organisations in an effort to strengthen the enabling environment within the new context for agriculture. Therefore, it will serve as the vehicle/mechanism to integrate the individual key stakeholders and to facilitate dialogue, foster Regional consensus building and commitment for action on agriculture. The Alliance will embody the key concepts of agriculture as a system, adopting the concept of agriculture beyond the sectoral approach; its sustainable development, which is multi-dimensional and inter-temporal; and the rural milieu which establishes direct and indirect linkages with other economic activities and the national economy. As conceptualised, the Alliance will also constitute a critical link to the various integrating mechanisms within the hemispheric (Inter-American Board of Agriculture (IABA), Summit of the Americas, Free Trade Association of the Americas (FTAA)), and the international (World Trade Organisation (WTO)) setting for

agriculture, and also forge close collaboration with the Conference of Heads of Government, the CARICOM Secretariat (CARISEC)/COTED and the Caribbean Regional Negotiating Machinery (CRNM).

It is anticipated that the Alliance, which initially includes CARIFORUM stakeholders, will eventually embrace all stakeholders of the wider Caribbean.

Discussion:

2.3 Support for the Agriculture Ministers' Forum

- Ministers noted that agriculture in the Region was confronted by high transportation costs and irregularity of supplies which severely limited intra-Regional trade in agricultural products. The difficulties faced by agriculture, were also exacerbated by weak food quality and safety systems and legislative/regulatory framework, among others, which impacted both on export capabilities and the need to assure wholesomeness of imported foods and minimise dumping. Ministers agreed on the need to take collective action to effectively convert the challenges of globalisation into opportunities;
- While the tendency to refer to agriculture as a “dead or dying industry” and the rise of an “illegal agriculture”, the Ministers concurred on the importance of a Forum for Ministers of Agriculture specifically, as a vehicle within which there could be a redefinition of the Ministries of Agriculture, a change in the perception of the farmer, and a refocus of agriculture. This will ultimately lead to a transformation of agriculture and an increase in its role and contribution to Regional economic and social development;
- There was also agreement that the Ministers' Forum would provide the much needed opportunity for dialogue on issues affecting agriculture, sharing of experiences, consensus building and commitment at the Regional level, to ensure that agriculture remains on the “front-burner” of national and Regional discussions and not be sidelined by other industry and national interests. Such examples of experiences which can be shared included:
 - efforts in Barbados to redefine rural development strategies and create an alliance of stakeholders, starting with agriculture and the hospitality industry;
 - progress made in St.Vincent on improvements in availability of water to farmers;
 - possible co-operation between the Ministry of Agriculture in Barbados and St.Vincent in amending the Barbados Rural Development Act to the St.Vincent context;
 - the strengthening of alliances between producers and hotel resorts (Sandals) and fast food chains (McDonalds, Burger King) in Jamaica to both increase domestic production of agricultural products (vegetables, beef, etc) and through the branches in other Caribbean islands, foster intra-Regional exports;
- The meeting was asked to consider ways of strengthening the collaboration between the Agriculture Ministers' Forum and the Ministers of Health, in the first instance.

2.4 Support for the Alliance of Stakeholders

Ministers supported the concept of the Alliance which can form part of a structured response to the challenges of globalisation;

- suggested a modification to the schematic of the Alliance to include the Caribbean Heads of Government and the Prime Ministerial Sub-Committee as a further upward link in the chain to the COTED and CRNM;
- expressed hope that the Ministers Forum, and by extension, the Alliance, do not evolve into another “talk shop” but become effective mechanisms to, *inter alia*:
 - sensitise Caribbean people of the importance of food security, quality and safety issues;
 - signal to the Heads of Government the importance of consulting with Ministers of Agriculture in matters that directly or indirectly affect agriculture,
 - accelerate the modernisation of agricultural practices,
 - facilitate increased investment in agriculture in all its dimensions and strengthen inter-sectoral linkages, and
 - strengthen the network of trained professionals in all aspects relevant to agriculture, including trade negotiations, and who remain committed to promoting agricultural development regionally and internationally.

2.5 In Summary, the IICA CaRC Director:

- confirmed the unanimous support for the Ministers Forum and the Alliance, emphasising the importance of maintaining unity within the Region and noting that for the Alliance to be successful, there must be a change in mindset;
- welcomed CARISEC’s pledge of support to IICA and the recognition by CARISEC of the complementary role between the Alliance and COTED, whereby recommendations/decisions arrived at by the Alliance could guide policy making at COTED for consideration by the Heads of Government;
- stressed the need to differentiate the Alliance from the Ministers’ Forum, since the Alliance is wider in scope and incorporates all stakeholders in addressing issues affecting agriculture;
- re-emphasised that the Alliance of stakeholders should not be confined to CARIFORUM countries and should be widened eventually to include other Caribbean countries;
- proposed that an immediate function of the Alliance can be the sharing of experiences and offered the use of the IICA offices to facilitate this exchange and dialogue;
- noted specific areas for possible action by the Alliance to:
 - develop appropriate strategy (ies) and mechanisms for integrated rural development in the Caribbean, addressing issues related to water for agriculture, attracting youth to agriculture and development of the rural milieu;
 - facilitate the development and operationalisation of effective research and information mechanisms to guide policy planning and decision-making and enhance intra-Regional trade; in this regard, noted the need to strengthen the alliances within the Caribbean for increased trade;
 - provide support to the Ministries of Agriculture in St. Kitts and Nevis and Antigua and Barbuda in their efforts to review and redefine agriculture policy and diversification strategy based on the need to address the two dominant features i.e., the high food import bill and the future (possibly closure) of the sugar industry (St. Kitts and Nevis);

- explore ways and means of fostering greater intra-Regional trade, including addressing ways of reducing high transportation costs;
 - accelerate acceptance of the new paradigm of agriculture as a system, and strengthen linkages with the hospitality industry; in this regard, noted that CARDI, IICA and the Caribbean Culinary Federation had embarked on a farm-to-table project and urged that CARDI expedite dissemination of the results of same; and to
 - set priorities, as a matter of urgency, with regards to implementation and the need to delegate responsibilities.
- further noted the request from the Parliamentary Secretary of Antigua and Barbuda for more concerted actions by IICA and requested improved co-operation from the Ministry of Agriculture if IICA is to be an effective partner in Antigua and Barbuda;

2.6 Procedural Matters

The Meeting deferred the election of a Chairperson and Vice Chair for the Alliance to the end of the Meeting and agreed that these persons will be selected from within the ranks of the Ministers of Agriculture only. Subsequently, the Ministers, in caucus,

- a) elected Hon. Roger Clarke, Minister of Agriculture, Jamaica and Hon. Cassius Elias, Minister of Agriculture, St. Lucia, as Chair and Vice Chair, respectively, of the Alliance;
- b) decided that initially, the meetings will be held annually; and
- c) the period of office for elected officers will be one year, in the first instance.

Session 3: Issues Related to Arriving at a Negotiation Position for Caribbean Agriculture

Chairman: Hon. Cassius Elias, Minister of Agriculture, St. Lucia

Presentation: *Multilateralism, Negotiations and Issues for Caribbean Agriculture- an Evolving Agenda* (Attachment 3.1)

Dr. Patrick Antoine, CRNM Agricultural Trade Negotiating Unit (ATNU)

- 3.1 There remains much to safeguard in Caribbean agriculture and several issues central to the development of a positive negotiation agenda need to be reconciled. Firstly, in terms of the ordering of negotiating priorities, the results of a CRNM study provide one irrefutable basis in favour of the WTO process, which in the long-run, holds the promise of yielding the maximum benefits for Caribbean countries, due largely to its broadened scope for exchanges and trade-offs between sectors, followed by the FTAA and lastly, ACP-EU relations.
- 3.2 Within the WTO Agenda, it was noted that, to date, Caribbean countries make limited use of the available policy instruments within the "green box", compared to developed countries (EU and US) which are making full use of such measures to support structural adjustment and rural development assistance. CARICOM and other developing countries are seeking stronger discipline in the use of "green box" measures, and are also in support of increased transparency in market access commitments, the elimination of tariff escalation in all schedules and increased disciplines in export subsidies and measures equivalent in effect to export subsidies. However, the Caribbean is not in favour of re-opening SPS issues, but is more interested in clarifying some legislative issues and implementation periods for certain

provisions, a position which has received resistance from developed countries. The new areas on the agenda include, developed country use of food aid as a policy tool to dispose of surplus production, Genetically Modified Organisms (GMOs), the environment and multifunctionality of agriculture.

3.3 While participation in the FTAA allows a smaller group of countries to get WTO-plus commitments in areas of specific interests, Caribbean countries remain uncertain as to the value-added from engaging in these negotiations. They are faced with the dual task of submitting proposals and working on refining the legal texts of the FTAA. Research was emphasised as critical to informing the development of a negotiating agenda. In this regard, the CRNM study on the cost and benefits of reciprocity with the EU is being used to determine the nature of the Caribbean's relationship with the EU after the Lomé arrangement ends in 2008. The study concluded that the Caribbean has more to gain by pursuing the multilateral agenda than from limited reciprocity within either an FTAA and EU arrangement. The dissatisfaction with the arrangements for agriculture in the CARICOM-DR/Cuba agreement was also used to emphasise the importance of effective preparation and active participation to maximise benefits and reduce disadvantages in negotiations.

3.4 It was recognised that full participation in the negotiations requires additional responsibilities and costs, which many countries are unable or not prepared to meet. The commitment from the USA, to offer a quick facility, via an US-Caribbean Consultative Group, for resolving specific issues of concern to Caribbean agriculture, which could potentially reduce some of the burdens on the Caribbean's overloaded institutional system, was also noted. Among the many challenges in the development of a positive negotiating agenda, was the need to reconcile individual country sensitivity with sovereignty considerations, practical constraints of small countries and the development of the analytical capacity for negotiations. Countries were urged to continue and accelerate preparations for the negotiations, co-ordinate such activities regionally, and put the necessary infrastructure in place to facilitate the process. While the recent establishment of a CRNM Agricultural Trade Negotiating Unit (ATNU) will go a long way in this regard, there remains need for adequate back-up support at the national level.

Summary of Discussion

3.5 Response to Import Competition

- The possibility of developing a WTO-consistent "defensive strategy" in response to increased competition and dumping was raised as a means of providing Caribbean agriculture with additional time to adjust and prepare for full market opening. Caribbean countries were cautioned of the possible retaliation efforts against "defensive strategies", given the fact that most countries are not equipped (human and financial) to respond to developed country retaliation. Except for Trinidad, Caribbean countries generally, have not developed their trade monitoring systems and the legislative and institutional framework to address unfair trade practices, providing justification for regional action in this area;
- Recognising that the ability of local production to compete with imports is being further hindered by the increasing practice of smuggling and subterfuge, it was recommended that strengthening the transparency of agricultural health and food safety systems and

customs procedures could, to a large extent, minimise the incidence and extent of subterfuge and smuggling;

3.6 Small Country Constraints

- Agreed that while technically, the WTO does not recognise small economies, Special and Differential (S&D) treatment for developing countries does exist and Caribbean countries should make effective use of this facility. The point was emphasised that, in the negotiations, the overall arrangements will tend to be reciprocal, but that the FTAA has taken into consideration the need to differentiate among developing countries;
- Noted that a review of the S&D treatment was not encouraging, indicating no special benefits for LDCs and that the good wishes of developed countries to assist developing countries increase their exports have not worked, as evidenced by growth in trade shares of developed countries (Japan) and a reduction in trade shares of developing countries;
- Recognised that in several countries, budgetary constraints often rendered effective provision of WTO-consistent supports difficult;
- Advised caution against the re-creation of new arrangements, advising instead that more effective use be made of existing arrangements and mechanisms. Agreed that while a CARICOM-US Quick Consult mechanism does indeed exist to cover every and all matters, it has its fair share of bureaucratic short-comings, and if the new proposed system offers improvements in this regard, then it should be considered as an option to address concerns specific to agriculture;
- Raised concern regarding the Caribbean's capacity to carry the negotiations forward, noting that limited technical capacity in some countries and lack of adequate national back-up, have been and continue to be major areas of limitations throughout the process;

3.7 Mechanisms for Developing Negotiating Positions

- Recognised that the development of negotiating positions could be facilitated by the crosscutting nature of the simultaneous negotiations. Noted that the CRNM ATNU has been adopting a ground-up (industry-level) approach to the development of a Caribbean negotiating agenda;
- Confirmed that within the FTAA, there will be no exclusion or exception of any commodities and, consequently, Caribbean countries should focus on negotiating for differential time schedules for liberalisation of various sensitive agricultural commodities and not seek to exclude any from liberalisation commitments;
- Expressed concern that CARICOM has not yet put forward positions, compared with most other developing countries. This concern took into consideration that in May 1999, positions on negotiation agenda issues, of concern to the Caribbean, were formed and that these positions, while not detailed, were sufficient to allow submission before the November deadline; that while CARICOM cannot submit a fully detailed position for the November deadline, the proposals will be equivalent to what exists for other countries in context and that the proposal will be sufficiently detailed before the second deadline of January 2001;
- Concerns were raised about the possibilities of individual countries having differences with the Regional agenda. Countries were assured that once the national and Regional

consultative process has been followed through, then the resulting negotiating agenda should be sufficiently general to reflect the broad interests of all countries.

3.8 Activities suggested for Follow-up

- Provision of an update on the status of the overall FTAA negotiations and agriculture meetings specifically;
- Status report on the proposed Regional Development Fund as a mechanism which could assist in the pursuit of the negotiations;
- ATNU to assist the Minister of Agriculture, Jamaica with the design of a WTO consistent regime for milk as well as a transfer system not linked to output volume;
- Proposed area of research on the costs of distortions, which will inform the development of a “production subsidy” adjustment programme for industries which are under threat due to the use of WTO-sanctioned support measures in developed countries.

Presentation: Negotiating Positions of other Countries and Groups of Countries

Dr. Rodolfo Quiros, Director, Trade and Integration Programme, IICA (Attachment 3.2)

- 3.9 In the development of a Caribbean negotiating agenda, the importance of having full knowledge of issues at stake on the negotiation agenda was reinforced. In that context, the negotiating positions of other countries and groups of countries were highlighted. It was also emphasised that developed countries use “blue” (EU) and green box” policies to maintain support to their agriculture producers. Noted that the three categories for special treatment apply to FTAA only.
- 3.10 Re-emphasised that the agenda for the WTO agricultural negotiations was partly based on issues related to Article 20 of the Agriculture Agreement, specifically, expanding market access, reducing subsidies, and maintenance of special and differential treatment for developing and least developing countries, excluding speciality products. Other agenda issues included food security, multifunctionality of agriculture, which was supported by the US and Japan, and issues relating to the environment and animal welfare and rights. The issue of animal welfare and rights has been interpreted as a technical barrier to trade and is a controversial topic on which the EU and US are very divided. Other areas of controversy include quality and food safety standards and trade in GMOs. The EU is lobbying for the introduction of labelling requirements for determining origin of products and these requirements could potentially be used as non-tariff barriers (NTBs) or technical barriers to trade.
- 3.11 The meeting was informed that a group of developing countries, called G-11 (including Caribbean countries of Haiti, DR and Cuba), was formed to jointly develop and put forward negotiating positions for the negotiations. Suggested that lessons could be learnt by CARICOM from such collaboration of diverse and geographically dispersed group of countries.

3.12 Recommendations of Commodity/Enterprise Workshops, October 3-4, 2000 (Attachment 3.3).

The following represents a summary of the discussions and results of the commodity workshops conducted prior to the Meeting of the Alliance. The workshops were intended to facilitate regional discussion on the issues at stake for commodities, which are critical to regional agriculture and national economic well being. They ultimately provide the opportunity to formulate regional industry recommendations for consideration of the Ministers of Agriculture and present areas of concern with the negotiations for the consideration of the CRNM.

3.12.1 Dairy: Dr. Fiona Black, Managing Director, Jamaica Dairy Federation

The contribution of the dairy and dairy products industry to consumer welfare and the national economy was emphasised. Currently, the Region produces only 20% of the Region's milk requirements, a situation which could be improved if adequate support was provided. The challenges faced due to rapid opening of markets and the adverse impact of import competition were highlighted to draw attention to the need for protection to the Caribbean dairy industry, which is consistent with protection used by developed countries, such as, Canada and the EU.

Concern was expressed about the negotiating positions at the WTO and FTAA level, and in this regard, the following recommendations were submitted for consideration of Caribbean Governments:

- the establishment of a specific body within the national policy setting framework to undertake research, data collection and development of the local dairy sector within international specifications and guide the development of policy for the industry;
- the development and implementation of policy which encourages self-sufficiency in milk in the long term, through, *inter alia*, the implementation of a tariff rate quota (TRQ) on competing imports;
- the implementation of support measures which provide dairy farmers with the means to produce, process and market their own products, thus retaining a greater share of the value-added; and
- the development of compensatory mechanisms for the application of restitution and damage control.

The private sector also agreed to the creation of a Regional Dairy Association to address the needs and guide the development of the regional dairy and dairy products industry.

3.12.2 Poultry: Mr. Robert Best, Executive Secretary, Caribbean Poultry Association

The status of the industry of individual producer Caribbean countries was presented which highlighted the differences in their costs of production. Emphasised that strong consumer preference in the US for breast parts, gave imported chicken legs the competitive advantage as they could be sold at lower prices than Regionally-produced parts. Recognising that the Caribbean poultry producers rely heavily on imported inputs, which contribute to their relatively high cost structure, market segmentation was proposed as an important strategy for the development path of the Caribbean poultry industry. Comparative statistical information

on the current level of protection on poultry imports in Caribbean countries and the influence on price movements in the local markets were provided. It was implied that lowering the CET on poultry imports might not necessarily have the desired effect of forcing improvements to producer and industry efficiencies and increased production.

Interventions from the floor revolved around the relatively high cost of poultry production in Barbados *vis a vis* imported chicken and eggs, and implications for the ability to compete with imports and to foster intra-Regional trade in poultry products. Noted that the main elements contributing to high production costs were animal feeds, energy and labour, but that within the Barbados context, poultry producers were currently operating comfortably within their relatively high-cost structure.

The industry remains concerned as to what will happen to the sector when trade liberalisation and the WTO/SPS measures are fully applied. Of interest to the Caribbean Poultry Association regarding the negotiations, is the harmonisation of import duties across the Caribbean. It was emphasised that the industry requires much more time to become competitive and consequently, CARICOM should seek to maintain the fairly high tariff structure on poultry products, particularly those driven by consumer preferences (white meat, breast parts). The Industry also requires more targeted assistance from the Government, particularly where it impacts on improvements in the current technological base, a prerequisite for efficiency improvements, and for developing standards and improving the legislative framework and infrastructure for implementing food safety systems.

3.12.3 Sugar: Ms. Mavis Campbell, International Trade Specialist, Ministry of Agriculture, Jamaica Noted that the Caribbean sugar industry continues to be confronted by serious problems which militate against its economic viability. Observed that even within trade liberalisation, most developed countries provide significant protection to their domestic sugar industries, such as, beet sugar in Europe. Initiatives taken by the industry to improve the performance of the sugar industry include value-added sugars and sugar by-products, productivity-enhancing field and factory mechanisation, and improved management systems.

With the acceleration of trade liberalisation, the Caribbean sugar industry is concerned about the prospects of continued preferences under of the ACP-EU Sugar Protocol and in the US market quota arrangements. While the possibility of increasing exports to Regional markets is viewed as an alternative option, the EU and US export markets will be critical to the survival of the sugar industry. Recognising that the Caribbean is a high cost producer of cane sugar and the rapid growth in EU and US of subsidised beet sugar, the industry argued that the maintenance of preferences remains indispensable for its survival. In this context, the following recommendations were proposed for consideration in the development of a negotiating strategy:

- to adopt a Regional response to address common problems of high production costs/price, uncompetitiveness, and to undertake investigations of industry operations towards the development of policy for sugar industry. The establishment of a Regional Commission was proposed to address the latter;

- to strengthen the Caribbean lobby and embark on a public education offensive on the ACP-EU Sugar Protocol to, among others, correct the misconception that the arrangement is a 'hand-out', emphasising the mutually reinforcing benefits to the EU and the Caribbean;
- to strengthen the negotiating position in the ACP-EU negotiations by making more effective mileage/use of the credible performance of the Caribbean on the EU market and the contractual nature of Protocol V and by taking concerted actions to increase production and reduce costs;
- to expedite the decisions at the political/policy level regarding the options presented by the Sugar Association of the Caribbean (SAC) for increasing Regional capacity to produce refined sugar.

3.12.4 Rice: Harry Persad, Chairman, Technical Committee, Caribbean Rice Association

The socio-economic significance of the rice industry in Guyana and Suriname was emphasised, noting that these two countries had the capacity to satisfy a significant proportion, if not all, of the Caribbean rice market. The global trends suggested that long-term increases in the international price of rice were unlikely, and consequently, in this environment, the industry needed to be repositioned to enhance its chances of survival in the international market and to explore options for increasing trade within the Caribbean.

Noted that the problems experienced in the rice industry were similar to those faced by the other traditional crops and that the private and public sectors have taken significant efforts to improve the efficiency and competitiveness of rice production in Guyana and Suriname. A number of studies conducted have identified strategies aimed at improving efficiency at the industry level and other planned studies, will contribute to the formulation of a strategic plan for the development of the Caribbean rice industry.

In order to address the problems experienced by the rice industry, recommendations, including the following, were proposed for both industry-level and government action, in order to promote and foster intra-regional trade in rice:

- develop a Regional policy on rice which stimulates demand for Regionally-produced rice,
- implement a facilitating tariff regime which enables access to imported inputs at competitive prices;
- enact appropriate legislation for the establishment of Regional standards and quality control for all classes of rice;
- simplify procedures for accessing finance to encourage cross-border investment in the rice industry;
- provide WTO-consistent support measures, such as research, education and training, technology and transfer systems and infrastructure, processing, marketing and information systems and infrastructure, including support to improve the Caribbean Information Systems to strengthen industry planning and decision making;
- develop WTO-consistent support for social recovery programmes for farmers and workers displaced during industry restructuring; and

- provide greater support to the Regional negotiating mechanism and lobbyists in the ACP/EU and multilateral negotiations.

Areas for action at the industry level included:

- conducting of cost-effective research and training activities that will create high-impact and improvements in the industry, including technological application for value-added products, competitiveness and market studies, etc.;
- develop new and improved varieties that are pest and disease resistant and higher yielding;
- promote new and improved technologies which are yield and quality enhancing, cost reducing, environmentally-friendly and which take into consideration the special needs of women and underprivileged workers;
- conduct a detailed registration of rice farmers, millers and other stakeholders to facilitate improved planning and execution of work programmes;
- strengthen the institutional linkages among the region's organisations, specifically, CARDI, UWI, UG, UOS, and with and with international organisations, such as IRRI, CIAT and IICA.

3.15.5 Fruits: Judith Francis, Co-ordinator, Tropical Fruit Crops Project, IICA

The Caribbean fruit sub-sector (including fresh and processed fruits) continues to be important to the economic and social well-being and health of Caribbean peoples. In spite of its importance, the fruit sub-sector did not benefit from preferential market access. Traditionally, fruits have been cultivated in backyard gardens and on a limited commercial scale. A range of factors has hindered the pace of development and growth of the regional fruit and fruit processing industry which has been forced to perform in an environment characterised by an anti-agricultural and anti-export bias. This notwithstanding, the performance has been relatively favourable and several experiences of successful fruit and fruit processing enterprises in the region, suggest that the fruit and fruit processing industry has the capacity to increase its contribution to agriculture and to compete in open market conditions.

In this regard, making the Caribbean fruit industry more dynamic and competitive requires that urgent, comprehensive and sustained action be taken to address the challenges facing the sector. Underpinning such action is the importance of collaboration among all stakeholders in implementing measures aimed at strengthening the industry's competitiveness in the new and dynamic international environment. In this regard, the recommendations for consideration of the Ministers centred on creation of a market-driven, macro-economic policy framework which includes:

- proper alignment of exchange rates conducive to investment in the fruit sub-sector;
- provision of WTO-consistent "green box" support measures to facilitate growth, including:
 - support to improve nurseries and other relevant infrastructure, laboratories, pest and disease control, food safety and quality systems and research and development;

- institutional support to undertake intelligence gathering and the development of successful marketing strategies;
- training and capacity building in all aspects of the fruit commodity chain; and
- the development of a tariff regime which fosters fair trade.

3.12.6 Bananas

The success of the banana industry has been rooted in preferential trading relationships with the EU. Several Caribbean producers continue to rely heavily on the banana industry, production of which has been declining due to a combination of adverse weather conditions and declining productivity and competitiveness. This situation has been exacerbated by the acceleration of efforts to open up the EU banana market. The Caribbean and the EU are challenged to develop a WTO-consistent import regime for bananas. The various options proposed, i.e., administration of a TRQ, tariff only or boat race (first come first serve), do not secure the existing preferential advantages of Caribbean banana exporters, nor allay their concerns of ensuring favourable access conditions and prices. The reduction of preferences thus has serious implications for the survival of the industry.

An analysis of banana production in the Caribbean reveals that the banana industry does have a number of positive characteristics which, if properly supported and nurtured, could strengthen its ability to survive in a competitive world. However, the industry must address and overcome the threats and weaknesses which currently undermine its ability to be viable in the medium to long term. Those measures to reduce high costs and increase revenues would include those for:

- i) cost reduction:
 - industry realignment and restructuring to minimise the administrative burden;
 - improvements in production scheduling to minimise costs of excess shipping capacity; and
 - implementation of production zoning to minimise production on marginal lands and improve quality; and
- ii) revenue enhancement:
 - improvement in marketing intelligence and information to satisfy market demands;
 - improvement in the planning and execution of marketing strategies, including niche marketing; exploiting the growing trend towards organic production, product differentiation and branding; and
 - diversification of the fresh market portfolio, focusing on a mix of traditional, organic and fair trade markets and exploit the growing value-added market.

Support is solicited from the Governments of the Region to create the policy environment which will enable the industry to undertake the above measures and as well, to put in place safety net mechanisms to address the fall-out expected from a smaller, more efficient industry.

3.12.7 Summary and Conclusions of Commodity Presentations:

- Traditional and non-traditional industries: common developmental problems and challenges.
 - Several areas of inter-relationships between traditional and non-traditional commodities emerged, including the adverse impacts of hurricanes on production and exports, crippling labour shortages, high production costs, and high transportation costs coupled with low and inconsistent volumes which imposed heavy financial burdens on the industry and hindered trade;
 - While agreeing that the industries need to reduce costs and increase competitiveness for surviving in the new environment, the Ministers were reminded that developed country practices of subsidising their exports have created an unfair trading environment which acts against the ability of local products to compete with "cheaper" (subsidised) imports.
- Adopting a business-led approach
 - Industry-led improvements in productivity and competitiveness continue to be critical to reduce costs and to increase value-added production. Industries should urgently undertake reorganisation/realignment to enhance their survival in the market place;
 - Industries need to adopt a more aggressive business and marketing strategy to penetrate and maintain presence in new markets, including niche market development, product differentiation and branding and development of market information systems.

The recommendations take full cognisance that while there are industry-specific issues to be addressed, the ability to effect changes at the industry/micro level can only be enhanced if the appropriate policy framework is in place.

- Strengthened Government-Industry Interface:
 - Recognised the role of Government as one of facilitation and the creation of the enabling environment to encourage efficient resource reallocation towards non-traditional (fruits) production;
 - Advocated Governments to remain cognisant of the need to maintain preferences in order to facilitate the transition process of the traditional sector, and provide well-targeted WTO-consistent green box supports;
 - Exhorted Governments to develop WTO-consistent support for social recovery programmes for farmers and workers displaced during industry restructuring,
- Adopting a Regional approach
 - Advocated collective action to cohesively address the difficulties experienced by the commodities in question, as well as the agricultural sector in general;
 - Emphasised the need to support and re-establish Regional capacity in research and development, noting that Barbados had in the past, a developed national expertise in variety development and testing in sugar;
 - Proposed the establishment of a Regional Commission for Sugar, along with mechanisms to strengthen private sector organisations and forge strategic alliances;
 - Emphasised the need to facilitate intra-regional trade through the harmonisation of requirements and equivalency of systems, as well as take measures to exploit the natural markets which exist within the Caribbean.

Session 4: Suggested Organisational Requirements for the "New" Agriculture

Chairman: Hon. Anthony Woods, Minister of Agriculture and Rural Development, Barbados.

Presentation: *The Canadian Food Inspection Agency (CFIA):*

Dr. Anne MacKenzie, Vice President, CFIA. (Attachment 4.1)

- 4.1 Food safety has become a serious concern in Canada and foods, which exceed residue limits set by Ministry of Health, would be prevented from entry. In order to strengthen its food safety system, Canada embarked on a realignment, driven in part, by the need to reduce the budgetary deficit and to establish a food safety continuum which will be all-embracing and within which, agriculture would be at the forefront. Consequently, in 1997, four agencies were consolidated creating a harmonised agency, the CIFA, which reduced duplication and maximised use of resources.
- 4.2 In developing strategies for a sustainable agriculture, particularly given the important role of trade in agricultural development, three key areas must be taken into consideration:
 - the need to address food safety, animal and plant health as they impact on trade;
 - the importance of compliance with the requirements of the WTO SPS Agreement, which are mandatory; and
 - the need to establish strong and comprehensive national food safety systems.
- 4.3 The WTO SPS Agreement explicitly states that safety barriers to trade must be based on scientific principles. Governments must be consistent in their responses and country decisions must be transparent. Food safety principles, at the very least, must include adequate leadership and political will and the creation of an enabling policy framework, a systematic focus on the food chain, shared responsibility, risk management capabilities and education and training to achieve full awareness. Also related to these issues, is the important role of the Codex Alimentarius Commission (CODEX), Office International des Epizooties (OIE) and the International Plant Protection Convention (IPPC) as the internationally recognised reference standards setting organisations/bodies.
- 4.4 It must be recognised that the concept of food safety is constantly evolving and there are numerous factors at the scientific and technological levels which pose a hazard to the safety of food, particularly as they relate to microbiological, physical and chemical (pesticide and residue) hazards. Effects from microbiological pathogens, in particular, have recently come into the forefront because of the immediate negative impact on health. The emergence of GMOs as a potential hazard was also noted. The EU white paper has included other issues such as nutrition and processing methods, environmental protection as they impact on international standards. Consequently, food safety issues today are different from issues addressed ten years ago and encompass the agricultural production chain; on farm food safety; HACCP and related consortiums.
- 4.5 Reminded Governments that sovereignty can be used for setting standards which may be higher than the international benchmarks, such as, CODEX, which is not mandatory, but that science must play a key role in the development of standards. The issue of equivalency was raised and the meeting was reminded that emphasis should be on the outcomes.

- 4.6 Announced that Canada and IICA are collaborating to sponsor a seminar scheduled for 26-29 January, 2000 at the University of Guelph to develop capacity in understanding and implementing the international standards.
- 4.7 Members were urged to support the establishment of a Caribbean Agricultural Health and Food Safety Agency (CAHFSA) to enhance the Caribbean's ability to access export markets. It was reiterated that effective food safety systems open doors to new markets and *vice versa*. For the Caribbean, investments to support the food safety "gate to the plate" concept is "critical in this regard.

**Presentation: *The Belize Agricultural Health Agency (BAHA)*,
Dr. Michael Tewes, CEO, BAHA, (Attachment 4.2)**

- 4.8 The meeting was provided with a brief status report on the damage to Belize as a result of Hurricane Keith. Although loss of human life was minimal, many homes were destroyed and agriculture was severely affected. CARICOM's support was requested to assist in the recovery and reconstruction efforts.

Presentation:

- 4.9 The Government of Belize recognised that the previously existing agricultural health and food safety system could not assist Belize in responding to the requirements of the WTO SPS Agreement. In order to strengthen its food safety system, the Government secured a US\$3.6 million IDB loan which was supplemented with US\$1.2 million in counterpart funding to establish the BAHA. BAHA is a statutory agency charged with the responsibility of agricultural and plant health and food safety and to provide a range of services to enhance agricultural trade. Legislation was enacted and the BAHA became a legitimate body on October 1, 2000. In support of BAHA, the five laboratories were amalgamated and laboratory capacity is being established/developed to undertake microbiology, veterinary services, plant health and food safety, The Bureau of Standards will set the standards which BAHA will enforce. BAHA will charge fees for its laboratory services, and in this way, be financially self-sufficient in the future.

**Presentation: *Caribbean Agricultural Health and Food Safety Agency (CAHFSA)*
Ron Gordon, CARICOM Secretariat (CARISEC) (Attachment 4.3)
Dr. Sandra Vokaty, Co-ordinator Agricultural Health and Food Safety Programme, IICA.**

- 4.10 The idea to establish a Caribbean Agricultural Health and Food Safety Agency (CAHFSA) was a collaborative effort of IICA, FAO and CARISEC. Technical endorsement for such an Agency was obtained at meetings of CARICOM Chief Plant Quarantine Officers (October 1998) and Chief Veterinary Officers (June 1999). Political endorsement for same was secured in a Meeting of CARICOM Ministers of Agriculture in December 1999, which mandated the CARISEC, IICA and FAO to develop proposals for a functional, self-sustainable Regional Agricultural Health Agency to support trade. A draft document was circulated and a comments were received. However, subsequent to a follow-up workshop hosted by the USDA and CARISEC under the Caribbean Food Safety Initiative, the Agency's scope was expanded to include food safety. The proposal was accepted by

Regional planners in May 2000, and the decision to pursue the CAHFSA was agreed at the COTED in June 2000. In August 2000, national technicians and Regional and international agencies agreed on the framework for a CAHFSA.

- 4.11 It was emphasised that in order for CAHFSA to be effective, national services should be modernised and agricultural health and food safety policies and legislation should be consistent with the WTO SPS Agreement.
- 4.12 The proposed structure, scope of work and lines of action for CAHFSA, as developed, were presented. Euro 25,000 was allocated from the CARIFORUM-EU funded "Strengthening of Agricultural Services" project to assist the collaborating organisations to undertake a feasibility study and business plan for CAHFSA. In addition, the FAO has offered to assist in preparation of the legal agreement to create CAHFSA.
- 4.13 The members of the Alliance were urged to promote in-country dialogue to discuss the CAHFSA business plan when it is circulated and to expedite the legal agreements and requirements to accelerate and facilitate its establishment. Recognising the importance of effective national counterparts, Members were urged to consider using the BAHA model to upgrade their agricultural health and food safety systems.

Presentation: *Food Safety and Globalisation of Trade in Food:*

Ms. Maritza Colon-Pullano, Associate Director, Office of International Affairs, Food and Drug Administration (FDA) (Attachment 4.4)

- 4.14 The objective of the US Food Safety initiative is to reduce the incidence of food borne diseases. Concerns about food safety have increased as a result of globalisation, which has resulted in a loss of control of port of entries, and the introduction of a range of complex products (biotechnology). Changing diets and food patterns have also contributed to increased risks from food hazards, with implications for trade. Developing countries are challenged to strengthen their food safety systems and to address problems arising from:
- a two-tier production systems;
 - outmoded legislative and regulatory authority;
 - impaired infrastructure; and
 - increasing poverty and the relative absence consumer education.
- 4.15 It was emphasised that the US has no evidence that imported foods pose more risks than foods produced domestically. An increase in imports, spurred by borderless trade has forced the US to review its partnerships with other countries to ensure the safety of their domestic food supply. The FDA is emphasising prevention and building of partnerships with industry to address food safety issues, bringing together all the various departments through improved communication among the actors/stakeholders involved. Data are limited and new methodologies are being developed to identify risks. The FDA is also working with stakeholders in partner countries to determine conditions which pose risks as well as to improve the food safety and health infrastructure. In addition, the United States Department of Agriculture (USDA) is in the process of establishing a network of laboratories and as an initial step, plans to undertake an assessment of laboratory facilities. In collaboration with the Inter-American Development Bank (IDB), non-reimbursable funds will be accessed to strengthen laboratory capacity. The University of Puerto Rico is working with UNICA to

host a workshop aimed at improving skills in laboratory quality assurance and management systems.

Presentation: Structure, Role, Functions and Benefits of a successful Agribusiness/Farmers Organisation in the new environment

Dr. Gaetan Lussier, Former President, Weston Bakeries Ltd, Quebec, Canada (Attachment 4.5)

4.16 The Government of Canada embarked on an educational process to prepare Canadian agribusiness for participation in NAFTA. There was wide participation which allowed all organisations to provide feedback and develop positions for the negotiations. This process encouraged the unification of all organisations to participate in trade exhibitions at federal and provincial levels and benefits from such participation included:

- the development of a shared vision, which enabled the provision of relevant services to members and the formulation of policy through a structured approach to government;
- the strengthening of trade relations, through the formation of a Club of agro-exporters (farmers and processors) which provided the opportunity to increase and strengthen access to finance and improved infrastructure.

Following the negotiations, the relevant information was provided to track the development arising from the implementation of the NAFTA agreement.

4.17 The key factors, which affect trade in food products, include demographics and the influence on food consumption patterns, food irradiation, the Uruguay Round, CODEX and HACCP, risk and food safety barriers, genetically modified products and labelling. Possible strategies, which could assist in the effective industry response to changes in the food industry, included the efficient consumer response (ECR); electronic data interchange (EDI), bar codes, global trading item number and the internet and new developments in the distribution system.

4.18 It was re-emphasised that the international environment was dynamic and that globalisation has forced agriculture to forge closer ties with distributors in order to increase the competitiveness of the agribusiness chain. As a result, it has become critical for each component of the agribusiness chain to remain cognisant of the changing consumer behaviour and the implications for production and trade in food products.

4.18 Summary Session 4:

The Chairman summarised the following from the above presentations:

- Agricultural health and food safety was important to agricultural trade, noting that the WTO SPS Agreement regulations are mandatory and each country must put in place systems which are consistent with the agreement;
- Food safety is all-embracing, with the “gate to the plate” approach along the continuum and including all issues related to poverty and consumer education. Therefore, it requires co-ordinated public-private sector co-operation, involving several Ministries, academia, and other public and private sector institutions and a reorganisation of agribusiness. The strengthening of linkages with the distribution sector will remain critical to the process,

and, in this regard, noted the benefits from organisational co-ordination, such as, the Canada agro-exporters club;

- The development of national agricultural health and food safety systems was essential, and urged Caribbean countries to continually seek to achieve “co-ordination, collaboration and co-operation”. Efforts by the US, Canada and Belize to strengthen national food safety systems were applauded, recognising that in the Caribbean, Belize has progressed the furthest, through the establishment of BAHA. Ministers were urged to use BAHA as a model and to provide and/or seek the necessary funding to develop their national systems. In this regard, the efforts of Jamaica, in allocating J\$300 million to improve animal health systems, establishing a residue testing laboratory to enhance its national capability, and currently conducting training in HACCP and upgrading its legislative framework, are commendable;
- Agreed that the issue of standards could become a tremendous non-tariff barrier to market access if internationally recognised national food safety systems were not in place. Noting the stringent and often different national standards in the US and EU, it has become even more important for Caribbean countries to consolidate the resources of agencies involved in food safety and public health and to urgently address the upgrading of national standards and food safety infrastructure and capacity.
- Noted an immediate need to seek clarification from the US, about its inspection and certification process for meat, particularly in terms of use of meat deemed unfit for human consumption, i.e., whether it is in fact certified for re-export, used for animal feed or destroyed. This point was used to emphasise that the Caribbean needs to be more vigilant in ensuring the wholesomeness and safety of all foods supplies.
- The need to adopt a co-ordinated Regional approach to agricultural health and food safety was recognised and support given to the establishment of CAHFSA. In addition, recognised the immediate need for enhanced national agricultural health and food safety systems and endorsed such actions as supported by initiatives of IDB-USDA to improve laboratory infrastructure and of IICA-CFIA on CODEX training in Canada.

5. Procedural Matters

- It was agreed that the presentations of the Caribbean Network for Rural Women Producers (CNRWP) and of the Caribbean Council for Higher Education in Agriculture (CACHE) would be appended to the report of the Alliance meeting;
- It was proposed that the Chair and Vice-Chair should be responsible for ensuring that information flows rapidly among the Ministers, such that the deliberations of the Alliance can be expedited. IICA offered its existing Caribbean wide physical infrastructure to facilitate this dissemination of information;

6. Closing

Hon. Minister of Agriculture in Jamaica expressed pleasure in hosting this first meeting of the Alliance and echoed the hope of the Ministers of a successful outcome and follow-up. The Minister paid special credit to IICA for its initiative in moving the Alliance from concept to reality and for organising the forum. These sentiments were echoed by the Ministers of Agriculture for Barbados, St. Lucia and the representative from Trinidad and Tobago.



Attachments

Session 1 - Opening Ceremony Attachments:

- 1.1 Programme for the Meeting
- 1.2 List of Participants
- 1.3 Address of the Honourable Minister Roger Clarke Minister of Agriculture, Jamaica
- 1.4 Address of Dr. Carlos Aquino, Director General, IICA

Session 2 - Attachments: Presentation

Dr. H. Arlington Chesney, Director, IICA Caribbean Region

Session 3 - Attachments: Presentations

- 3.1 Dr. Patrick Antoine, Lead Negotiator –Agriculture CRNM
- 3.2 Dr. Rodolfo Quiros, Director, IICA Policies and Trade Programme
- 3.3 Dairy Commodity Workshop Recommendations
- 3.4 Poultry Commodity Workshop Recommendations
- 3.5 Sugar Commodity Workshop Recommendations
- 3.6 Rice Commodity Workshop Recommendations
- 3.7 Fruits Commodity Workshop Recommendations
- 3.8 Bananas Commodity Workshop Recommendations

Session 4 – Attachments:

- 4.1 Dr. Anne MacKenzie, Vice President, Canadian Food Inspection Agency
- 4.2 Dr. Michael Tewes, Chief Executive Office, Belize Agricultural Health Agency
- 4.3 Ms. Maritza Colon-Pullano, Associate Director, Office of International Affairs, FDA
- 4.4 Dr. Sandra Vokaty (IICA) and Mr. Ron Gordon (CARICOM)
- 4.5 Dr. Gaetan Lussier, Former President, Weston Bakeries Ltd. Canada.

Other Attachments: Recommendations

Caribbean Network of Rural Women Producers (CRNWP)
Caribbean Council for Higher Education in Agriculture (CACHE)

Attachment 1

Session 1

Opening Ceremony

***Chairman - Hon. Roger Clarke
Minister of Agriculture, Jamaica***



Annex I - Programme

Meeting for the Ministers of Agriculture in the Caribbean Region

FIRST MEETING OF THE ALLIANCE OF SUSTAINABLE DEVELOPMENT FOR AGRICULTURE AND THE RURAL MILIEU IN THE CARIBBEAN

October 06-07, 2000

FRIDAY, OCTOBER 6, 2000

Session 1:

09:00-09:10 **Opening Ceremony**
Chairman - Hon. Roger Clarke, Minister of Agriculture, Jamaica

09:10-09:20 **Address**
Mr. Byron Blake, Assistant Secretary General, CARICOM

09:20-09:45 **Address**
Dr. Carlos Aquino Gonzáles, Director General, IICA

09:45-09:50 **Introduction of the Deputy Prime Minister of Jamaica**
Hon. Roger Clarke, Minister of Agriculture, Jamaica

09:50-10:15 **Address**
Hon. Seymour Mullings, Deputy Prime Minister of Jamaica

10:15-10:30 **Closing Remarks**
Hon. Anthony Wood, Minister of Agriculture & Rural Development Barbados

10:30-11:00 **COFFEE BREAK**

Session 2:

11:00-12:30 **Discussion of the Concept of the Alliance**
Chairman - Hon. Roger Clarke, Minister of Agriculture, Jamaica

Presentation on Alliance Concept
Dr. H. Arlington Chesney, Director IICA Caribbean Regional Centre

12:30-14:00 **PRIVATE LUNCHES FOR MINISTER**

Session 3: **Issues related to Arriving at a Negotiation Position for the Caribbean Agricultural Sector**
Chairman - Hon. Cassius Elias, Minister of Agriculture, Forestry & Fisheries, St. Lucia

14:00-15:00 **Presentation of Issues by the Caribbean Regional Negotiation Machinery**
Dr. Patrick Antoine, CRNM - Agriculture -Trade Negotiating Unit

Main Negotiating Positions Presented by WTO Members before the Committee on Agriculture
Dr. Rodolfo Quirós Guardia, Director of Trade and Polices Area, IICA

Recommendations of Commodity/ Enterprise Workshops:

- **Sugar**
- **Banana**

Recommendations of Commodity/ Enterprise Workshops:

- **Rice**
- **Fruits and Others**
- **Dairy and dairy products**
- **Poultry and Eggs**

15:30-16:30 General Discussion and Conclusion

SATURDAY, OCTOBER 7, 2000

Session 4: **Suggested Organisational Requirements for the "New" Agriculture**
Chairman - Hon. Deepu Deman Persaud,
Minister of Agriculture & Parliamentary Affairs, Guyana

09:00-09:30 The Canadian Food Inspection Agency (CFIA)
Dr. Anne MacKenzie, Vice-President, CFIA

The Belize Agriculture Health Agency (BAHA)
Dr. Michael Tewes, Chief Executive Officer, BAHA

Food Safety and Globalization of Trade in Food
Ms. Maritza Colon-Pullano, Associate Director, Office of International Affairs, Food & Drug Administration

Proposal for a Caribbean Agricultural Health and Food Safety Agency (CAHFSA)
Ronald M. Gordon, CARICOM Secretariat
Sandra Vokaty, IICA
Gene V. Pollard, FOA

10:30-11:00 COFFEE BREAK

Structure, Role, Functions and Benefits of a Successful Agribusiness/Farmers' Organisation in the New Environment
Dr. Gaetan Lussier, Former President Weston bakeries Ltd, Québec, Canada

12:00-13:00 General Discussions and Conclusions

12:00-14:30 Private Lunch for Ministers
(for discussions as seen fit, e.g. Reciprocal Trade)

17:00-19:00 IICA Cocktail Reception, Hope Gardens

**ADDRESS BY THE MINISTER OF AGRICULTURE HONOURABLE ROGER CLARKE ON
THE OCCASION OF 2ND WEEK IN AGRICULTURE OPENING CEREMONY
AT THE HILTON KINGSTON HOTEL
ON TUESDAY OCTOBER 3, 2000.**

**IN CELEBRATION OF THE CARIBBEAN WEEK OF AGRICULTURE
SALUTATIONS**

- MR. CHAIRMAN - DR. CHELSTON BRATHWAITE, IICA REPRESENTATIVE IN JAMAICA
- MINISTER OF FOREIGN TRADE, HONOURABLE ANTHONY HYLTON
- DR. H. ARLINGTON D. CHESNEY - DIRECTOR, CRC, IICA, T&T REPRESENTATIVE
- MR PATRICK SIBBLIES - CHAIRMAN, JA AGRIBUSINESS COUNCIL
- YOUR EXCELLENCIES OF THE DIPLOMATIC CORP
- DR. ARCHIBALD - CHAIRMAN OF THE BOARD OF DIRECTORS OF CARIBBEAN AGRICULTURAL DEVELOPMENT INSTITUTE.
- MR. WINSTON BOWEN - UN/FOOD AND AGRICULTURAL ORGANIZATION, COUNTRY REPRESENTATIVE.
- REPRESENTATIVE OF MINISTRIES OF AGRICULTURE WITHIN THE REGION.
- REPRESENTATIVES OF ALLIED ORGANIZATIONS, FAO CARDI, UWI, ETC.

THE MINISTRY OF AGRICULTURE IS INDEED PLEASED TO COLLABORATE WITH IICA IN STAGING THE CELEBRATION OF THIS CARIBBEAN WEEK OF AGRICULTURE, AND I AM HONOURED TO BE AFFORDED THE OPPORTUNITY TO ADDRESS YOU THIS MORNING.

EVEN MORE PLEASING IS THE FACT THAT A COMPONENT OF THESE CELEBRATIONS IS THE CONVENING OF THE MEETING OF MINISTERS OF AGRICULTURE IN WHICH IT IS HOPED THAN AN ALLIANCE FOR THE SUSTAINABLE DEVELOPMENT OF THE REGION'S AGRICULTURE WILL BE FORGED.

I WISH TO RECOGNIZE AND APPLAUD THE INITIATIVE OF THE UNDEFATIGUABLE DIRECTOR GENERAL DR. CARLOS AQUINO FOR RESPONDING TO A REQUEST OF MINISTERS OF AGRICULTURE AT THE LAST INTER- AMERICAN BOARD OF AGRICULTURE (IABA), TO HOST SUCH A MEETING.

THIS IS SYMBOLIC OF THE RESPONSIVENESS THAT THE DIRECTOR GENERAL HAS BROUGHT TO THIS IMPORTANT OFFICE, ESPECIALLY AS IT RELATES TO CARIBBEAN INTERESTS.

THIS MEETING OF MINISTERS OF AGRICULTURE IS TIMELY AND APPROPRIATE, GIVEN THE NEED FOR MINISTERS OF AGRICULTURE TO HAVE A FORUM TO DISCUSS AND AGREE ON MAJOR STRATEGIES, POLICIES AND PROGRAMMMES RELATED TO THE REGION'S AGRICULTURE.

SUCH A FORUM EXISTED IN THE STANDING COMMITTEE OF MINISTERS OF AGRICULTURE OF CARICOM BEFORE THE ADMINISTRATIVE PROTOCOLS WERE CHANGED AND THE COTED SUBSUMED ALL SUCH ARRANGEMENTS.

THE NEED FOR AN ALLIANCE IS SELF-EVIDENT GIVEN THE COMMONALITY OF PROBLEMS AND ISSUES FACING THE REGION'S AGRICULTURE.

AN ALLIANCE FOR SUSTAINABLE DEVELOPMENT OF THE REGION'S AGRICULTURE WILL HELP TO CEMENT THE GAINS ALREADY BEING MADE THROUGH THE REGIONAL TRANSFORMATION PROGRAMME FOR AGRICULTURE AND SPECIFIC PROGRAMMES OF COOPERATION, E.G., C.F.R.A.M.P. AND PROCICARIBE.

IT IS NOTEWORTHY THAT A CARICOM POSITION IS BEING FORGED WITH RESPECT TO THE WTO NEGOTIATIONS ON AGRICULTURE THROUGH THE CARIBBEAN REGIONAL NEGOTIATING MACHINERY (CRNM).

THE REGION'S AGRICULTURAL SECTOR STANDS AT THE CROSSROADS AND REQUIRES SIGNIFICANT RESTRUCTURING AND REFOCUSING IF IT IS TO BECOME GLOBALLY COMPETITIVE.

WE ARE FORTUNATE TO HAVE VISIONARY INSTITUTIONS SUCH AS IICA TO ACT AS THE CATALYST TO HELP CREATE THE AWARENESS AND TO PROVIDE THE TECHNICAL SUPPORT TO THESE EFFORTS.

IT IS IN THAT SPIRIT THAT I OFFER MY SINCEREST CONGRATULATIONS TO IICA ON ITS ACHIEVEMENT OF THAT MOST IMPORTANT MILESTONE OF 25 YEARS OF YEOMAN SERVICE TO JAMAICA.

ALLOW ME TO COMMEND THAT OTHER GREAT FRIEND OF JAMAICA DR. CHELSTON BRAITHWAITE THE COUNTRY REPRESENTATIVES FOR IICA WHOSE NURTURING EFFORTS HAVE CONTRIBUTED SIGNIFICANTLY IN OUR THRUST TO REVIVE JAMAICANS AGRICULTURE. DR BRATHWAITE WE WILL ALWAYS BE IN YOUR DEBT.

IICA HAS TRULY BEEN A TOWER OF STRENGTH.

IT HAS BEEN INSTRUMENTAL IN INITIATING SUCH PROGRAMMES AS:

- CARIBBEAN AGRIBUSINESS ASSOCIATION OF HIGHER EDUCATION
- CARIBBEAN NETWORK OF RURAL WOMEN and
- PROCICARIBE

IT HAS ALSO PLAYED A SUPPORTING ROLE TO THE REGIONAL NEGOTIATING MACHINERY.

ALL THESE INITIATIVES ARE LAYING THE FOUNDATION FOR THE RESTRUCTURING OF THE SECTOR TO ENCOURAGE GREATER COLLABORATION FOR ENHANCING RURAL DEVELOPMENT AND ACCENTUATING THE MULTIFUNCTIONALITY OF THE AGRICULTURAL SECTOR.

RECOGNIZING THAT URGENT ACTION MUST BE TAKEN NATIONALLY IF WE ARE TO PARTICIPATE FULLY IN THIS ALLIANCE, MY MINISTRY IS FORGING AHEAD WITH MAJOR POLICY GOALS AND PROGRAMMES TO IMPROVE COMPETITIVENESS.

FOREMOST AMONG THESE IS:

1. AN AGRICULTURAL SUPPORT SERVICES PROJECT (ASSP), TO:
 - A) STRENGTHEN AGRICULTURAL SUPPORT IN THE AREAS OF PLANNING RESEARCH AND DEVELOPMENT, EXTENSION SERVICES, MARKETING AND THE PROMOTION OF AGRIBUSINESS.

- B) RATIONALIZATION OF THE COUNTRY'S SANITARY AND PHYTO-SANITARY AND FOOD SAFETY REGIME THROUGH IMPORTANT CROP CARE DELIVERY, PLANT QUARANTINE, ANIMAL HEALTH SURVEILLANCE, AND THE UPGRADING OF LAWS AND REGULATIONS COVERING THE REGULATION OF FOOD TRADE.
- C) THE ESTABLISHMENT OF HIGH PAY-OFF PRODUCTION PROJECTS TO ENHANCE A WIDE RANGE OF CAPABLE FARMERS IN ORDER TO RAISE PRODUCTION AND PRODUCTIVITY LEVELS.

THESE EFFORTS WILL COMPLIMENT PROGRAMMES ALREADY ESTABLISHED VIZ.

- A) THE REHABILITATION OF MAJOR TRADITIONAL COMMODITIES
- B) DOMESTIC FOOD CROP PRODUCTION TO FOSTER NON TRADITIONAL PRODUCTION AND AGRICULTURAL DIVERSIFICATION.
- C) TREE CROP PRODUCTION PROGRAMME TO ENHANCE AGRO INDUSTRY AND FRESH FRUIT EXPORT.
- D) MILK MARKETING PROGRAMME TO ENHANCE DAIRY DEVELOPMENT.
- E) A MAJOR THRUST IN GOAT REARING IN WHICH IICA IS INTIMATELY INVOLVED.
- F) A MAJOR CITRUS REHABILITATION PROGRAMME.
- G) AND A HOST OF OTHER PROGRAMMES GEARED AT DEVELOPING THE SECTOR.

WE ARE ON TRACK TO ACHIEVE THE KINDS OF SUCCESSES TO MAKE AGRICULTURE TAKE ITS RIGHTFUL PLACE IN ECONOMIC DEVELOPMENT.

THE CELEBRATIONS THIS WEEK WILL SEND THE MESSAGE THAT A SUSTAINABLE, EFFICIENT AND GLOBALLY COMPETITIVE AGRICULTURAL SECTOR IS A REALITY AND NOT JUST A DREAM.

MAY SUCCESS CROWN YOUR ENDEAVOURS.

MAY GOD BLESS YOU.

**ADDRESS TO THE MEETING OF THE MINISTERS OF AGRICULTURE
OF THE CARIBBEAN AT THE FIRST MEETING OF THE ALLIANCE
OF SUSTAINABLE DEVELOPMENT FOR AGRICULTURE AND THE
RURAL MILIEU IN THE CARIBBEAN
BY
BY DR. CARLOS AQUINO GONZALEZ
DIRECTOR GENERAL
INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE**

HON. DEPUTY PRIME MINISTER, HONOURABLE MINISTERS, DISTINGUISHED GUESTS, LADIES AND GENTLEMEN. IT IS INDEED A PLEASURE FOR ME TO BE BACK IN JAMAICA AND HAVE THE OPPORTUNITY TO MEET WITH YOU ALL AGAIN.

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO EXPRESS MY PROFOUND REGRET ON THE RECENT DEATH OF THE PRIME MINISTER OF THE COMMONWEALTH OF DOMINICA, MR. ROOSEVELT DOUGLAS, AND THROUGH THIS MEDIUM SEND MY CONDOLENCES TO HIS FAMILY AND THE PEOPLE OF DOMINICA.

HONOURABLE MINISTERS, FOLLOWING OUR LAST MEETING OF THE INTER-AMERICAN BOARD FOR AGRICULTURE IN BRAZIL, WE HAVE CONTINUED TO WORK ON YOUR SUGGESTIONS TO DEVELOP A FORUM TO DISCUSS EMERGING ISSUES WHICH AFFECT CARIBBEAN AGRICULTURE. TODAY, I AM PLEASED TO HAVE YET ANOTHER OPPORTUNITY TO FURTHER THE PROCESS, AND MOVE THE ALLIANCE FROM A CONCEPT TO A REALITY.

INCREASINGLY, THE DYNAMICS OF THE EXTERNAL ENVIRONMENT AND DEFICIENCIES AT THE DOMESTIC LEVEL ARE PRESENTING TREMENDOUS CHALLENGES FOR THE REGION'S AGRICULTURAL SECTOR. IN THIS CONTEXT, MINISTERS OF AGRICULTURE IN OTHER REGIONS OF THE HEMISPHERE HAVE A FORUM WHICH THEY USE TO REFLECT AND DIALOGUE ON THESE CHALLENGES. SUCH REFLECTION AND DIALOGUE ARE CRITICAL TO THE PROCESS OF CONVERTING SUCH CHALLENGES INTO OPPORTUNITIES.

IT IS UNFORTUNATE THAT MINISTERS OF AGRICULTURE IN THE CARIBBEAN DO NOT HAVE SUCH AN OPPORTUNITY TO ENGAGE IN REFLECTION AND DIALOGUE ON EMERGING ISSUES, WHICH AFFECT AGRICULTURE. GIVEN THE NEW CHALLENGES FACED BY AGRICULTURE, IT HAS BECOME EVEN MORE CRITICAL TO HAVE A RENEWED CONCEPT OF AGRICULTURE. A CONCEPT THAT EMBRACES THE ENTIRE AGRI-FOOD COMMODITY CHAIN, INCORPORATING THE DIRECT AND INDIRECT LINKAGES WITH THE RURAL AND NATIONAL ECONOMY AS WELL AS WITH REGIONAL MARKETS AND THE REST OF THE WORLD.

THAT IS WHY WE THINK OF AGRICULTURE IN A BROAD SENSE - BEYOND THE FARM AND THE SECTOR, AND WE ARGUE THAT IT SHOULD BE VIEWED AS A HOLISTIC AGRICULTURAL SYSTEM. FROM THAT POINT OF VIEW, AGRICULTURE CONTINUES TO BE STRATEGIC FOR THE DEVELOPMENT OF OUR COUNTRIES, NOT ONLY AS A

PROVIDER OF FOOD, BUT IS ALSO IMPORTANT TO THE MAINTENANCE OF GOOD HEALTH, SOCIAL AND ECONOMIC STABILITY, AND THE ENVIRONMENT

TO THIS END, IICA HAS ACTIVELY PROMOTED AND SUPPORTED EFFORTS TOWARDS THE DEVELOPMENT OF AN ENABLING ENVIRONMENT WITHIN WHICH AGRICULTURE CAN ASSUME A GREATER ROLE. EXAMPLES OF WHICH INCLUDE:

- CABA
 - CACHE
 - PROCICARIBE
 - FORUM OF SPOUSES,
- WHICH ARE SPECIFICALLY CONCERNED, RESPECTIVELY WITH AGRIBUSINESS, EDUCATION, RESEARCH AND SOCIAL ISSUES RELEVANT TO AGRICULTURAL DEVELOPMENT.

WHILE EACH OF THESE ORGANISATIONS ARE IMPORTANT IN THEIR OWN RIGHT, WE HAVE TO RECOGNISE THAT DEVELOPMENT IS NOT TIME BOUND; IT MUST BE MAINTAINED THROUGH TIME - THEREIN LIES THE KEY TO SUSTAINABLE DEVELOPMENT OF AGRICULTURE AND THE RURAL MILIEU.

WE HAVE RECOGNISED THAT A CRITICAL MISSING LINK IN THE EFFORTS TOWARDS THE DEVELOPMENT OF AN ENABLING ENVIRONMENT WAS LOST WHEN THE SCMA, THE PRIMARY AGRICULTURAL REGIONAL POLICY-SETTING BODY, WAS SUBSUMED WITHIN THE COTED. WE RECOGNISE THAT THE COTED IS INSTRUMENTAL IN CORRECTING THE ANTI-AGRICULTURAL BIAS WHICH PREVAILED IN THE TRADITIONAL MACRO-POLICY FRAMEWORK. HOWEVER, THE PROPOSED ESTABLISHMENT OF A POLICY FORUM, WILL PROVIDE MINISTERS OF AGRICULTURE WITH YET ANOTHER OPPORTUNITY TO REFLECT AND DIALOGUE ON THE POLICY ISSUES CRITICAL TO SUSTAINABLE DEVELOPMENT.

WE ARE CONVINCED THAT FOR SUSTAINABLE DEVELOPMENT OF AGRICULTURE AND THE RURAL MILIEU, REGIONAL CO-OPERATION IS VITAL AND NECESSARY. NOW THAT WE HAVE IN THE SCENARIO, THE VARIOUS KEY ELEMENTS WHICH MAKE UP THE ENABLING ENVIRONMENT, THERE IS NEED TO PUT IN PLACE A MECHANISM TO FACILITATE CONSENSUS BUILDING AND FULL COMMITMENT FOR STRATEGIC ACTION AT THE REGIONAL AND NATIONAL LEVELS. THIS REQUIRES AN ALLIANCE OF ALL THE STAKEHOLDERS.

THE ALLIANCE SHOULD BE COMPLEMENTARY TO COTED AND ESTABLISH STRONG LINKS WITH THE CRNM, IN ORDER TO COMPLETE THE CIRCLE. THIS FULL ALLIANCE SHOULD ACT AS A CATALYST TO REPOSITION AGRICULTURE AND THE RURAL MILIEU IN THE CARIBBEAN. IT WILL ALSO SERVE AS A CRITICAL BUILDING BLOCK FOR CARIBBEAN INTEGRATION INTO THE INTERNATIONAL COMMUNITY.

AT THE LAST GENERAL ASSEMBLY OF OAS, THERE WAS RECOGNITION THAT THE REDEFINED IABA WOULD SERVE AS A CRITICAL BRIDGE LINKING AGRICULTURE WITH THE SUMMIT OF THE AMERICAS.

IN ORDER TO TAKE ADVANTAGE OF THIS OPPORTUNITY, CARIBBEAN AGRICULTURE IS IN DIRE NEED OF AN ALLIANCE, SUCH AS THE ONE DESCRIBED.

I THEREBY URGE YOU TO GIVE SERIOUS CONSIDERATION, NOT ONLY TO THE CREATION OF SUCH AN ALLIANCE, BUT TO ALL ACTIONS NECESSARY TO ENSURE THE EFFECTIVE TRANSITION FROM CONCEPT TO REALITY.

THANK YOU.

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Presenters from Canada and USA

<p>Dr. Anne MacKenzie Vice President Canadian Food Inspection Agency (CIFA) Canada</p>	<p>Dr. Gaetan Lussier Former President, Weston Bakeries Ltd. Canada</p>
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<p>Mrs. Maritza Colon-Pullano Associate Director, Office of International Affairs Food and Drug Administration (FDA) USA</p>	
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Attachment 2

Session 2

Discussion of the Concept of the Alliance

***Chairman - Hon. Roger Clarke
Minister of Agriculture, Jamaica***



**ESTABLISHMENT OF
AN ALLIANCE FOR SUSTAINABLE DEVELOPMENT OF AGRICULTURE AND
THE RURAL MILIEU IN THE CARIBBEAN**

CONCEPT DOCUMENT

The attached paper is presented to the Honourable Ministers for their consideration and amendment as may be deemed necessary and for subsequent adoption and approval for implementation.

**REVISED
18 October , 2000**



Concept Document to Establish an Alliance for Sustainable Development of Agriculture and the Rural Milieu

1. Introduction

In a global context, Caribbean countries, in terms of size, production capabilities and domestic markets, are small, both individually and collectively. These countries face particular development challenges which are exacerbated by small size constraints, including, undeveloped financial and capital markets, lack of appropriately trained and experienced human capital, inadequate physical and institutional infrastructure, weak and/or non-existent organisations, and intense competition for scarce resources among sectors. These constraints, have been particularly debilitating to sustained agricultural growth. Since the mid-1980s, Caribbean agriculture has been characterised by declining productivity, reduced investment and an ageing agricultural labour force which has adversely affected its performance in external markets.

Of increasing significance, has been the difficulties of Caribbean agriculture to take advantage of emerging market opportunities. Such difficulties are partly the result of a long history of preferential market access which has made policy makers and producers overlook the importance of efficiency and productivity throughout the entire commodity chain. The current erosion of traditional advantages and, possibly, the eventual elimination of preferential market arrangements have been causes for major concern regarding the future of traditional exports and the competitiveness of non-traditional agricultural products of the Caribbean.

The rapid changes in the external context within which agriculture operates, particularly the subjection of agriculture to GATT disciplines, under the auspices of the WTO Agreements, and the profound implications on agricultural production of rapid advances in science and technology and information and communication, have further widened the gap between the developed and developing countries. They have also expanded the range of challenges which confront agricultural development in the Caribbean Region. In this regard, the creation of an **enabling environment and reflection and dialogue** have become critical pre-conditions if Caribbean agriculture is to fully realise its potential in the national and regional economies, and if it is to enhance its ability to meet the challenges of the new international setting.

To this end, the Inter-American Institute for Co-operation on Agriculture (IICA) has made deliberate efforts to support improvements in the economic, social and environmental policy framework as well as the corresponding organisational arrangements at the national and

regional levels to support a sustainable agricultural and rural milieu. IICA has promoted and supported the establishment of the following organisations;

- Caribbean Council for Higher Education in Agriculture (CACHE), comprising agricultural degree-granting and tertiary education universities, launched in November 1997,
- Caribbean Agri-Business Association (CABA) comprising of agri-entrepreneurs, including farmers, launched in November 1998,
- Caribbean Co-operative Agricultural Research Program (PROCICARIBE), launched in 1998, and
- Forum of Spouses of Heads of State and Government and the Caribbean Network of Rural Women producers (CNRWP) launched in July 1999.

These organisations are specifically concerned with education, agribusiness, research and social issues relevant to agricultural development, respectively. However, a critical missing link in the efforts towards the development of an all encompassing enabling environment was in the area of regional policy dialogue.

The concept of establishing a Ministers' of Agriculture Forum emerged in 1996/97. Initially, concerns were expressed among Ministers and their advisers that, unless properly conceptualised, structured and developed, there was opportunity for duplication between the proposed Ministers' Forum and the Standing Committee of Ministers responsible for Agriculture (SCMA), the primary agricultural regional policy-setting body. However, the SCMA was subsequently subsumed within the CARICOM Council for Trade and Economic Development (COTED), which addresses monitoring, evaluation and implementation issues and institutional arrangements and projects at the regional level. This action abated the concerns about duplication and resulted in a more urgent expression of the need to establish a Ministers' of Agriculture Forum and to facilitate the policy dialogue process for agriculture.

There was general consensus on the importance of such a Forum for Ministers of Agriculture to reflect and dialogue on emerging policy issues. The Ministers' Forum will also act as a vehicle within which a redefinition of the Ministries of Agriculture, a change in the perception of the farmer, and a refocus of agriculture can be spearheaded.

As a logical extension to the Forum is the concept of an **Alliance for Sustainable Development of Agriculture and the Rural Milieu** which is presented as the mechanism to enable all of the major stakeholders to meet as equals and facilitate and foster regional dialogue, consensus building and commitment for action on agriculture.

2. The Alliance for Sustainable Development of Agriculture and the Rural Milieu

2.1 Background

As stated above, the concept of a Ministers' of Agriculture Forum emerged in 1996/97, and eventually, the Alliance. During meetings of IICA's Executive Committee and the IABA held in July and October of 1999, respectively, the Ministers of Agriculture of the Caribbean requested the Director General of IICA to facilitate a meeting at which the concept of the Forum and Alliance could be discussed and promoted.

In the context of the dynamic and un-accommodating international trade environment, regional co-operation is vital and necessary for the sustainable development of agriculture and the rural milieu. While each of the various key elements which make up the enabling environment are important in their own right, there is need to put in place a mechanism to facilitate consensus building and full commitment for strategic action at the regional level. Therein, lies the justification for the creation of an alliance of stakeholders. The facilitation of this First Meeting of the Alliance for Sustainable Development of Agriculture and the Rural Milieu on 5-6 October, 2000 in Kingston Jamaica, is the response of IICA's Director General to the request of the Ministers to initiate and institutionalise this unique and vital facilitating mechanism in the region.

2.2 The Concept

The concept of the Alliance, should, therefore, be guided by an appreciation of the the following key words and terms, **agriculture, rural milieu, sustainable development and alliance**, are central to the successful conceptualisation and operationalisation of the Alliance.

Agriculture: *beyond a sectoral approach.* The new challenges of the international economy demands a renewed concept of agriculture, as a holistic agricultural system, viewed in its broadest sense, going beyond the farm and the sector. Therefore, the renewed concept embraces the entire agri-food commodity chain, incorporating the direct and indirect linkages with the rural and national economy as well as with regional markets and the rest of the world. From that perspective, agriculture continues to be of strategic importance to national and regional development, not only as a provider of food, but also in its role in maintaining good health, social and economic stability, and the integrity of the environment.

Rural Milieu. While it is evident that agriculture, as described above, will not be confined to the Rural Milieu, a substantial portion of it will continue to reside in the Rural Milieu. Therefore, it is essential that the Rural Milieu is agricultural friendly, economically viable and looking after all the needs (educational, social, physical, financial etc.) of the agri-entrepreneur. Thus the sector also needs to take the lead role in addressing issues of food security, poverty alleviation and income distribution.

Sustainable Development. This is a multi-dimensional and inter-temporal process which depends on maintenance of stability among the economic, social and environmental drivers of development. Sustainable development of agriculture requires continuous development of human resources and, particularly, an institutional framework that takes into consideration these different dimensions. In the case of agriculture, sustainable development requires agriculture to be competitive, equitable and ecologically and environmentally friendly.

Alliance: to counter the inherent and external challenges facing agricultural development in the region, it has become strategically necessary, to establish an informal Forum and Alliance through which regional policies can be clearly identified, articulated and harmonised, and strategies and methodologies developed to facilitate the implementation of feasible programmes and projects.

In the context of the above, it was anticipated that the Alliance could, *inter alia*: -

- reinforce the economic, social and environmental significance of agriculture at national and regional levels;
- arrest the current trend of agriculture being sidelined and/or increasingly given less importance in the development of the national economy;
- accelerate agriculture's integration into the rest of the rural and national economy;
- deepen the process of co-operation within the wider Caribbean and between the Caribbean and Latin America.

The Alliance is proposed to become the key forum to address issues critical to the transformation of the holistic agricultural system and ensure its economic, social and environmental viability and sustainability.

2.3 Objectives

Within the above-defined goal, the Alliance/Forum shall have *inter alia* the following specific objectives:

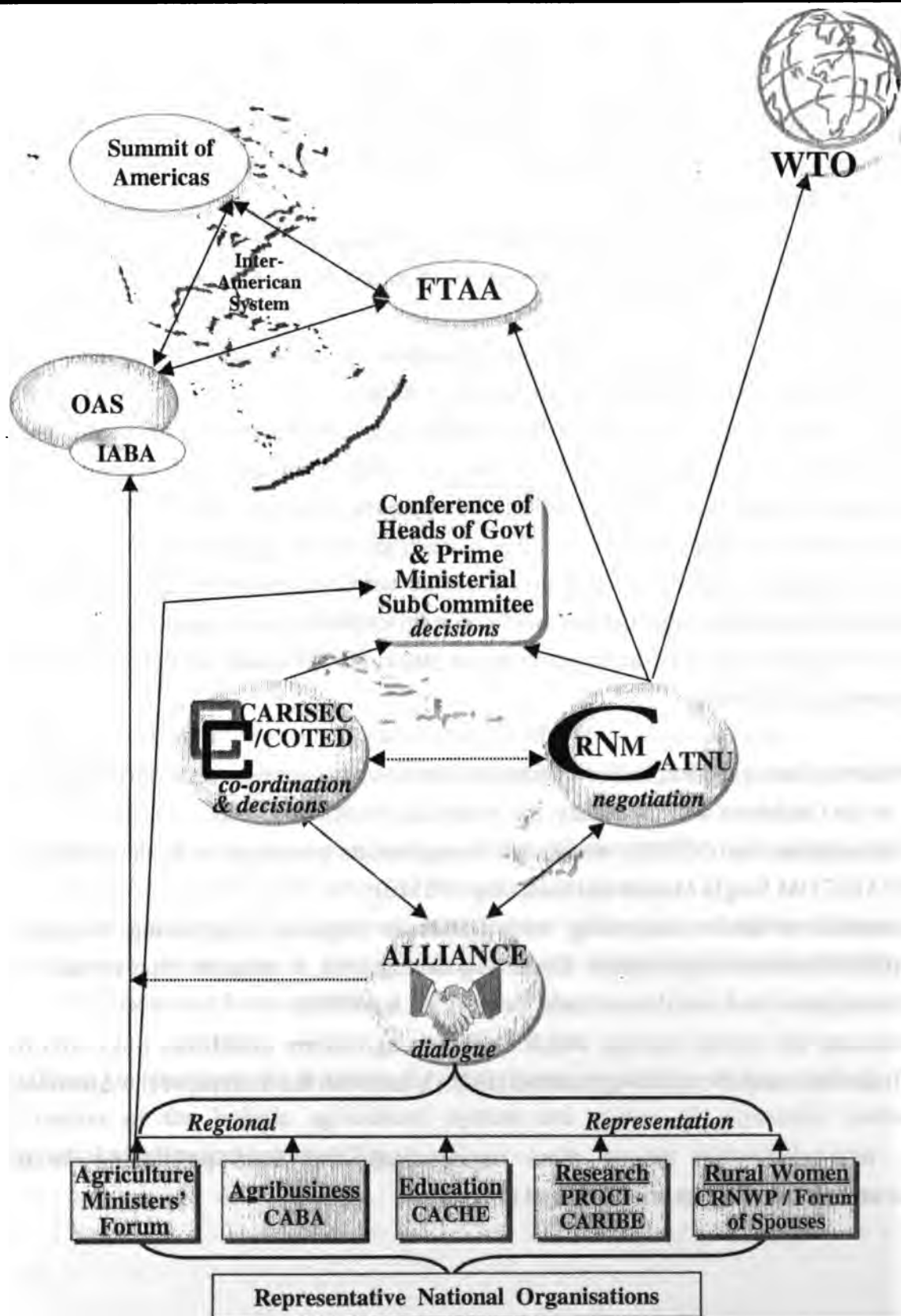
- to provide an opportunity for dialogue on the implications of emerging issues, particularly those related to economic development, trade, science, technology and management of bio-diversity, environment and natural disasters, and securing consensus and commitment on actions to develop national and regional agriculture in the medium and long term;
- to identify areas for collective action and recommend policy interventions, strategies and mechanisms to facilitate the implementation of feasible programmes and projects at the regional level;
- to encourage the formation and implementation of national policies, strategies and actions which are in harmony with regional policies;
- to promote programmes that will accelerate agriculture's integration in the wider national, regional and international economies whilst simultaneously minimising the negative impact on vulnerable industries and groups and adjustment costs;
- to explore possible options for the reorganisation of agriculture, including the administrative structure(s) and private/public sector relationships required for the efficient and sustainable management of the agricultural development;
- to strengthen the bargaining positions of individual Ministers at the national and international levels.

In order to form a more cohesive institutional framework for sustainable development of agriculture in the Caribbean and, ultimately, the Americas, the Alliance will:

- complement the COTED, which will strengthen its participation in the process of CARICOM Single Market and Economy (CSME);
- establish a direct relationship with Caribbean Regional Negotiating Machinery (CRNM) and its Agricultural Trade Negotiating Unit, to enhance representation in hemispheric and multilateral trade forum (FTAA, WTO);
- become the vehicle through which Caribbean agriculture establishes links with the Inter-American Board of Agriculture (IABA), and with the Summit of the Americas.

The inter-relationship among these organisations and their positioning in the hemispheric and global contexts are illustrated in Figure 1.

**Fig. 1: Positioning of the Alliance
in the National and Regional Context and Hemispheric and International Processes**



2.4 Organisation

2.4.1 Membership

The Alliance will be initiated with the Ministers of Agriculture and existing organisations in agribusiness, academia, science, research and technology and women in agriculture, specifically, CABA, CACHE, PROCICARIBE and the Forum of Spouses/CNRWP.

Membership and representation in the Alliance will eventually expand, to include member organisations of the wider Caribbean* In keeping with the all-inclusive approach deemed necessary to meet the challenges, full participation of all stakeholders.

2.4.2 Officials

The Ministers of Agriculture shall elect and/or appoint a Chair and a Vice-Chair from amongst themselves at the first Meeting of the Alliance. The duration of the term of stewardship of these officials will also be determined in the Ministers' Forum.

The CARICOM Secretariat and the IICA Caribbean Regional Centre (CaRC) shall, jointly; perform Secretariat functions for the Alliance meetings.

2.4.3 Periodicity and Duration of Meetings

The Meetings may be held annually or biennially or whenever deemed necessary by the Chair, after consultation with the majority of the members.

In order to reduce costs, the Alliance Meeting can be held in association with (but separate from) either one of the three meetings of COTED or the Meeting of the Board of Governors of the Caribbean Agricultural Research and Development Institute (CARDI) or the IABA. Meetings shall normally be of one day's duration.

Notice of each meeting shall be given at least three months prior to the date of the said meeting. The topic(s) or special focus to be discussed having been agreed upon prior to the notification date.

* CARIFORUM countries (Antigua and Barbuda, Bahamas, Belize, Dominica, Dominican Republic, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago) plus other invited Caribbean countries.



Attachment 3

Session 3

**Issues related to Arriving at a Negotiation Position
for the Caribbean Agricultural Sector**

**Chairman - *Hon. Cassius Elias*
*Minister of Agriculture, Forestry & Fisheries, St. Lucia***



Multilateralism, Negotiations and Issues for Caribbean Agriculture: An Evolving Agenda

Presentation of
Dr. Patrick Antoine, Head CRNM-ATNU
to the First Meeting of the
Alliance for the Sustainable Development of Agriculture and the Rural Milieu.
6-7 October, 2000, Kingston Jamaica.

I have chosen this topic so as to afford myself of the opportunity to speak to a number of issues regarding Caribbean agriculture which are, to my mind, central to the directions that we should take within the context of agricultural development and the ongoing process of agricultural negotiations. In so doing, I wish to point out that these views do not necessarily represent those of the Caribbean Regional Negotiating Machinery (CRNM), since various processes within the CRNM which give resonance to many of the points and perspectives which I will share with you this afternoon, are presently at various stages of development/refinement.

Colleagues I opted to venture in this direction because more than ever before I get a sense that we need a frank and honest exchange of views regarding how and where we lead this process, and, as well, to raise several questions about the true position of regional agriculture. I do so with the conviction that there is still much at stake in the region to safeguard and that there is much development occurring in various spheres which could serve to make the Caribbean more, rather than less important as a agri-food supplier in certain markets.

Over the past several years we have expended a great deal of effort on the singular subject of the role of agriculture. While we have looked to the works of the development specialist, which underscore the declining role of agriculture in economic development, we have allowed economic policies to exist which has catalyzed its demise. Despite the changes in economic thinking, agriculture has undergone little transformation. But why should it? While the rhetoric has changed significantly over time, our approach to agricultural development remains fairly much the same. In fact a major contention of this short address is that things have become worse, not better. In many respects, our approach has been to retreat, rather than to advance toward the design of creative approaches to agricultural development. While the environment for agricultural production and trade has changed drastically, avenues for critical review, analysis and fundamental reform remain open, which must remain at the forefront of our mines as we seek to define our negotiating agenda.

The Drivers of the Trade Negotiations Agenda

There have been many question raised about the trading environment within which Caribbean countries and Caribbean agriculture must operate. This discussion will focus on what drives the international trade agenda for agriculture in CARICOM and in this regard, how the Caribbean Regional Negotiating Machinery (CRNM) has derived their own directions, particularly in terms of the establishment of priorities.

In this regard, I will cite the results of a recent study commissioned by the CRNM on the Costs and Benefits of Reciprocity (Greenaway and Milner, 2000). That study sought to measure what the region would have to give up if: (i) it sought reciprocity with the European Union (EU); (ii) if it wanted to benefit from broadened hemispheric integration under the auspices of the Free Trade Area of the Americas (FTAA) and under the EU partnership arrangements; and (iii) if it were to benefit from the gains emerging in the context of the WTO process. The results of the partial equilibrium analysis (PEA) indicated that: (i) Caribbean countries have less to derive from integration with the EU than from integration with the FTAA-EU countries; (ii) Caribbean countries have most to derive from participation in the multilateral WTO context than they would from an FTAA-EU union. These results have established an order of priorities for the Caribbean. At the top of the list is the WTO negotiation in the multilateral context, followed by broadened participation in the context of the hemisphere (the FTAA); and at the bottom of the list, is the Caribbean's inter-relationships with the EU. These results and order of priorities are robust, whether the models are partial, or general equilibrium models which incorporate the entire economy.

The results also indicated that there will be some very serious adjustment costs, quantified in terms of loss of international trade tax revenues. The results estimate that international trade tax revenue losses ranged from about 23% in countries, such as, Barbados to a high of 63% in the case of Jamaica. The OECS countries were also estimated to suffer losses in international trade tax revenues. However, these estimates reflect a worse case scenario and we believe that there are a number of other issues that will influence the outcomes. One such factor has been the response mechanisms of countries which are liberalising. The example of Trinidad and Tobago, serves as a good case in point, where dynamic and unprecedented gains emerged after the economy was liberalised in the mid-to-late 1980s. Such dynamic effects (gains) will mitigate much of these adverse circumstances which accompany liberalisation. Another important result of the study is that there will be net welfare loss from liberalisation, i.e., what will farmers, consumers and society, as a whole, lose - an issue which has been at the forefront of concerns about trade liberalisation and negotiations. However, the results indicate that while there are very real short-run transitional issues to be addressed, the net welfare loss could be quite small. The results also indicated that in the long-run, the net welfare loss may not be as large as previously expected.

The above results thus provide one irrefutable basis for the ordering of priorities in favour of the WTO process, which in the long-run, holds the promise of yielding the maximum benefits for Caribbean countries, due largely to its broadened scope for exchanges and trade-offs between/among sectors.

WTO Agenda - General Perspectives

The WTO negotiations on agriculture essentially occurred in three substantive areas: market access, domestic support, export subsidies (Agreement on Agriculture (AOA)). While the Sanitary and Phytosanitary (SPS) Agreement is related, it is a separate agreement in its own right. It therefore is an

imperative to discuss these areas if only to have a clear picture on the status and tendencies in the on-going negotiations.

Domestic supports, i.e., what happens when countries, within the context of their internal borders, provides supports or transfers to agriculture based on certain criteria. Such support measures are based on the 'traffic light' approach which was used to differentiate between measures which are allowed, because of their non-distorting effect on trade, and those which are prohibited because they are trade-distorting. These allowable and prohibited supports are categorised in boxes, called green (non-trade distorting, such as non -production and -trade distorting and environmentally-friendly measures) and amber (trade-distorting) and subject to reduction. In this context, it is essential to examine what has happened as a consequence of the commitments made in the area of domestic supports. What has happened, is that several (developed) countries have been able to shift much of their trade-distorting amber box supports, which were supposed to be subject to reduction commitments, into the non-trade distorting green box, which is non-actionable and not subject to reductions. So that, while in the 1995 Uruguay Round, it was generally perceived that trade-distorting domestic supports would be reduced, in an absolute and relative sense, this has not occurred. In fact, in many countries there has been a lot of shifting around of support measures from trade distorting to non-trade distorting boxes resulting in an absolute increase in the amount of support provided to agriculture.

Over the last three years, a few countries have increased expenditures on, for example, environmental programmes, by over \$300 million for one programme within the context of domestic support. The architecture of the Agreement is such that, little can be done to object once country has declared a measure green. In this context, the only available course of action is to question the measure and seek an explanation from the WTO member within the Committee on Agriculture. Consequently, the extent of reductions in measures which distort trade as a consequence of the Uruguay Round, has not been realised. In terms of developing negotiating positions regarding agriculture within the context of the present Article 20 negotiations, some countries, including many developing countries, such as, the Dominican Republic, India, Pakistan, have stated their intention to seek stronger disciplines in areas, such as, domestic support. Other countries, however, have indicated an interest in the further shifting of policy measures between boxes, almost as an incentive to encourage countries to shift from trade-distorting to non-trade distorting measures. In fact, the EU has stated that there is a specific category in its domestic support box on which it is not willing to negotiate reduction commitments. It is yet unclear what outcomes will emerge or what further commitments will be made in this area.

Another area on the negotiation agenda is the *de minimis* provisions. For developing countries, that level is under 10% of the value of gross agricultural product. Trinidad and Tobago and many other countries have notified the WTO on their *de minimis* expenditures. Although levels of support within the bound of the *de minimis* provisions are allowable, Caribbean countries have not been providing a substantial amounts of support to agriculture, and for most Caribbean countries, such support have

amounted to less than 2% of the value of gross agricultural product. For most of the OECS countries in particular, the level is less than 1%. So that, in the context of the present negotiations, when developing countries indicate an interest in broadening the *de minimis* provisions from 10% to 20%, this is certainly not a proposal that offers much benefits for Caribbean countries. Since many Caribbean countries, currently, are unable to fully utilise the 10% *de minimis*, the opportunity to use the 20% limit, appears to be even more remote.

Caribbean countries are in the process of defining and finalising specific measures to deal with the tendencies of developed countries' to circumvent the domestic support commitments by utilising the green box in the manner that I have mentioned. This practice essentially undermines the credibility of the commitments reached in this area.

In the area of market access, Caribbean countries are concerned with the high tariffs in Canada, Japan and the US, among others, for some commodities, and as well, administration of the tariff rate quota (TRQs) systems, not dissimilar to that which governs the trade of bananas to the EU market. High tariffs and the administration of the TRQs, are a source of difficulties for CARICOM countries. Where are we in the negotiations on these matters? Developed countries have claimed that many developing countries also have *high tariffs*: CARICOM, 100% for most commodities; India - 300% for some, etc. CARICOM has indicated that, in the context of CARICOM, since the applied tariff in agriculture of 40% is below the WTO bound rate, we are not prepared to negotiate based on the rates currently being applied. Developed countries are insisting that if the CARICOM applied rate is 40%, then the negotiations should be based on the 40% the applied rate, and not the bound 100% rate. CARICOM has stated its position of negotiating on the rates bound in the WTO Agreement, (i.e., the 100%); other developing countries have also adopted this position.

There are also a lot of difficulties with the *TRQ system* and Caribbean countries are lobbying for increased transparency. The TRQ regime is based on a two-stage or three-stage tariff structure; imports of up to a specified amount, usually 3-5% minimum market access, are allowed entry at a specific tariff, which increases to prohibitive tariff, eg. 200%, when that import quota is exceeded. The higher tier makes it difficult for countries to export commodities to those markets and the Caribbean is lobbying for the reduction of the prohibitive second-level tariff which is as high as 500% for some commodities, such as, rice in the schedule of some countries, so that developing countries can access the market at reasonable rates, simultaneously. Caribbean countries have also indicated an interest in examining the market conditions for commodities traded outside preferential arrangements, because as preferences are diminished, these markets and market spaces will become more and more important. Caribbean exporters need to ascertain, before hand, what the true position is with respect to the market before the commodity is exported. If countries do not, in fact, know what the true market position is, then the target market may claim to have exhausted its market allocation when this is, in fact not the case.

Tariff escalation, where as a country produces higher-valued products, the tariff gets higher and higher, for example, raw cocoa-40%, cocoa powder, 50-60%, is also an area of concern. Tariff escalation discriminates against many products from the Caribbean and we are lobbying strongly, for measures to reduce the level of tariff escalation in the schedules of many WTO Members. The status of the negotiations in this regard remains unclear. However, there is a general feeling that there is a need to reduce tariff escalation.

Export subsidies is another substantive area in the negotiations on agriculture in which many countries have an interest in receiving. There are three strong positions in this area. The US indicates that it no longer applies export subsidies, but applies other measures that are WTO-allowable, such as export credits, export guarantee schemes, etc. They argue that although the measures used might be found to be equivalent, in effect, to export subsidies, because no commitments were made in relation to these measures in the WTO Agreements and because the text of the agreement is unclear, the present negotiations should not be extended in this direction. Within the WTO Agreement, however, there is an agreement to negotiate disciplines in these areas not previously covered by the Agriculture Agreement. For the Caribbean, this is of major importance because there have been numerous creative programmes in the US, such as the existing export credit guarantee programmes, which allow producers to access funds for agricultural exports at very low rates of interest. There are also special facilities which allow producers to establish processing or distribution plants outside the US, utilising subsidised funding from the US. This increases the local producer's level of difficulties in competing with the imported product which benefits from such support measures. In the WTO context, Caribbean countries are seeking to strengthen disciplines in these areas (export credits and measures equivalent in effect to export subsidies). However, the direction of the negotiations on this issue is still uncertain, particularly since the EU has stated that unless the US is prepared to include the topic of measures equivalent in effect to export subsidies in the negotiations, they are not prepared to negotiate further disciplines in export subsidy commitments, of which they are one of the largest users.

A new area on the agenda, which emerged within the last few months, is the issue of **food aid**. Developing countries have claimed that developed countries have used food aid as a policy tool to get rid of surplus food when prices are low. However, when prices are high, the food aid to developing countries is diminished. This practice therefore, increases distortions in the market place, since it renders food aid as an additional policy instrument used to regulate production flows and prices for various products in developed countries. Developing countries insist, that if food aid is indeed genuine, it should be consistently provided to food deficit countries, irrespective of the domestic price levels and domestic food availability. When food aid is used as a policy instrument, it hurts Caribbean countries, in some respects, because it reduces our ability as producers to benefit from market opening as they emerge, and to benefit from, what rightly should be, our market share based on our competitive abilities. This issue has emerged as a major topic on the agenda and the direction as to what the outcome will be, remains uncertain. While the EU and the US are arguing based on the same principle, there are a few subtle differences between the two. Developing

countries, having opened the facility to receive food aid (Decision regarding Net-Food Importing Countries), are pushing for the continuation of the facility, but argue that it must be transparent, genuine and administered based on very specific criteria.

In the area of the SPS Agreement, what is the Caribbean's position in the negotiations? Most countries are satisfied with the agreement and would prefer if it is not re-opened in the negotiations. However, there are some legal texts in the agreement that need to be clarified, for example, references to implementation time-frames that are open-ended and compliance for investigation. If for example, a country submits a proposal to export chicken breasts to the US, there is a waiting period for review of their application. However there is no specified time-frame on how long that waiting period should be. This is the sort of issue in which Caribbean countries are interested in getting stronger disciplines. It is yet difficult to determine the direction that these negotiations will take. However, there is a genuine demand on the part of developing countries to re-visit some aspects of the SPS Agreement in the WTO negotiations.

FTAA Process

According to the Cost and Benefits of Reciprocity study, the FTAA negotiations is the next area that will yield many of the benefits that Caribbean countries seek from integration into the world economy. The question which usually arises in relation to the FTAA is that, if the WTO is covering all the relevant areas, then what is the value-added from participating in the FTAA?. The value-added, in my opinion, is that the FTAA allows the region, in the context of a smaller hemispheric grouping, to go further with commitments than can be obtained within a multilateral forum where the agenda is more expansive. For example, there are a number of areas where the Caribbean has a good opportunity of securing stronger, or WTO plus commitment in areas, such as, the SPS issues mentioned above, including the issue of equivalence, which seeks to determine whether the regime/system between trading partners is equivalent. The Caribbean also has the opportunity, within the FTAA setting, to get stronger commitment in market access, so that there is not as much trade-distorting measures in the hemisphere. There is also a proposal to negotiate export subsidies in this hemisphere, regardless of the outcome at the multilateral level. In fact, a situation, where no export subsidies or measures equivalent in effect to export subsidies are used, either by members in the hemisphere, or by third countries, may be a very possible outcome.

While I am not stating a position in this regard, this has been the direction in which the negotiations are headed. In several respects, the jury is still out on a number of these issues. However, within the context of the CRNM, there is a proposal to undertake a study which will examine the export subsidy arrangements in order to determine the impact on the Caribbean. Caribbean processors have indicated their concerns that due to the low prices for many of their imported intermediate inputs, they could in fact suffer some loss of competitiveness because without export subsidies, they will now be forced to source these inputs at higher prices.

The FTAA also provides an excellent opportunity to achieve some gains that Caribbean countries have not been able to achieve in the context of the WTO - that is to link the further commitments that the Caribbean is prepared to make in export subsidies with commitments that other countries will have to make in market access (conditionalities on the liberalisation process). The argument is, that if we (the Caribbean) are to further reduce tariffs, which is the only instrument available to safeguard our agriculture, then other countries must ensure that disciplines will be taken in other areas, essentially, export subsidies and domestic supports, which are equally protectionist in effect. In the final analysis, therefore, the Caribbean will not be the only countries making meaningful reductions, but rather, the reduction commitments of other countries in the area of market opening will provide an incentive for us (Caribbean) to make further reductions. Therefore, there are many opportunities to merge these two areas and this simultaneous action in the agenda, will no doubt, form part of our agenda when we submit our proposal in the FTAA negotiations.

Where are we in the process.

- In the WTO process, CARICOM is proceeding into the third meeting, and are approaching the time when we definitely, have to make some submissions of negotiating proposals.
- In the FTAA, CARICOM is currently examining legal texts, which must be submitted by 23rd October 2000.

CARICOM has not, to date submitted any proposals, due largely to that fact that we were "too slow off the block"! So we now have the dual task of submitting proposals and simultaneously working on refining texts. That is the reality!

Lomé Process

Caribbean countries receive a reprieve when the Lomé was extended. However, the Lomé arrangement will end in 2008 and the 8-year reprieve should be used to re-enforce a number of arrangements aimed at increasing supply capacity and enhancing competitiveness of Caribbean agriculture. Caribbean countries will be faced increasingly with the choice of having to decide on the nature of the relationship with the EU. Are we going to continue in essentially what was a Generalised System of Preferences (GSP) arrangement?. In fact, we are not even clear whether this option will remain open. Or, are we going to move towards a full economic partnership arrangement, within a Regional Economic Partnership Arrangement (REPHAs) with the EU? We are still unclear and within the CRNM, analysis and dialogue are still ongoing to offer some definitive directions in this regard.

Bi-Laterals:

We know what happened with the *CARICOM-Cuba* bi-lateral, because we have already signed-off on the agreement. The Ministries of Trade and/or Foreign Affairs were the ones driving the process and agriculture, sadly, did not play a role in influencing the agenda and the outcome of these negotiations as it should have. One immediate concern has been *ex-post* complaint from the citrus industry that citrus was included on the list of products eligible for trade, albeit under seasonal tariffs.

Citrus Industry officials have expressed serious concerns that Cuba has been given the opportunity to export citrus, albeit at specific times during the year, into CARICOM. Their concerns and possible options for addressing the situation is currently being examined. I note this situation because I think we need to be made aware of instances, such as, these, so that they can be avoided in the future. While the documentation to establish the agreement was circulated to the respective member countries, in many instances, such documentation may not have been thoroughly reviewed by all the major stakeholders concerned. The issue here is not whether the citrus dispute is a valid one or not! While we are yet uncertain as to what the outcome will be, I believe that within the context of bilateral trade, we need to provide openings because I think that a lot of trade opportunities do, in fact, exist in other countries from which we will benefit. In short, we must give something to get something. Quite obviously, what we give and how much is the proverbial "1000 ton gorilla"!

Negotiating Agenda

In terms of developing a negotiating agenda, I wish to highlight two sets of problems: difficulties with implementation and difficulties with negotiations.

To illustrate the difficulties with the negotiations, CARICOM is interested in negotiating stronger disciplines in areas, such as equivalence in the SPS, etc. But there are interesting lessons from other agreements and how they have been implemented. The US and Canada, which are fairly close in level of development and scientific advancements, have been negotiating on equivalence for ten years now, and they still haven't found any light at the end of the tunnel. We (CARICOM) are interested in their equivalence discussions since we want to ensure that countries will accept our systems for what they are. But participating in these negotiations carry added responsibilities and places a lot of responsibilities on us (CARICOM). It is these responsibilities that continue to be a serious source of concern as we talk about implementation. CARICOM countries are experiencing difficulties in living up to current commitments, given the space that we have in the existing agreements. In this context, how are we going to, firstly find the resources to negotiate for additional space? and secondly, find the resources to manage that process when we get the additional space. This is very difficult issue and one, which I must confess, I am yet to see a solution outside of providing additional resources to address these issues. I have raised this issue, in this Forum, because I think that Ministers need to be made aware of the problem, and that we need to make some very strong determination, both at the national and regional levels, on how we are going to treat with these matters, if at all! But the message I wish to leave with you is that additional commitments will, in many instances, carry with them additional obligations.

This leads into the issue of additional institutional requirements. In the last FTAA Forum we raised with the US delegation to the FTAA, the claims by some Caribbean agribusiness private sector about the frequency of changes in the US requirements for entry of products. After much discussion (where they indicated no knowledge of such practice), the US offered the possibility of a facility, in the form of a CARICOM-US Consultative Group, to deal specifically with issues in agriculture, such as these. However, in practice, the way that these Consultative Groups operate is that, when an agenda item is

fixed, the requirements to participate in meetings place a tremendous burden on our (CARICOM) administrative system and negotiators. In addition, when contentious topics arise, the investigation and all the resources required to address the problem are further issues that need to be factored into the institutional requirements for the negotiations. The point of this discussion, is to indicate that as CARICOM tries to negotiate more space, we are finding it difficult to escape further commitments. And, if we are not committed to the extent of the resources currently at our disposal, while there may be spaces opening up for extended trade policy dialogue and interaction, I continue to be concerned of how are we going to service them. This is a good Forum to raise such issues since it is you, the Ministers who will be called upon to commit the additional resources required to accomplish these tasks.

In terms of the reform agenda, CARICOM has indicated its interests in seeking increased transparency, but this too, will be accompanied by additional costs, for increasing participation and more involvement in, for example, meetings of the international standards setting bodies. It is truly quite embarrassing, when one examines the reviews of the various Committees, Technical Barriers to Trade (TBT) and SPS, to continue to find very little CARICOM participation. In fact, following complaints by several developing countries, including CARICOM countries, to the SPS Committee, a decision was taken to make the meetings regional in focus. However, on examination of the regional participation, the Caribbean, again, was noticeably not represented. This serves to illustrate the issue of how well we use the space that we have in the agreements, now! Many countries get their trade disputes solved through participation in these committees, without the issue going to dispute. Dispute is the last recourse, when all else has failed. At this juncture, therefore, I wish to emphasise that we must use the space that is available to us now, more effectively and if we want to negotiate for additional space, based on our perception that the WTO is not working in our favour. Colleagues, we must be prepared to put in place the additional resources and make further commitments in this regard to back-up our trading interests. Therefore, while we want to negotiate for more flexibility from the Agreement, we must be fully cognisant of the fact that they will not be at zero cost to us.

Limited use of Available Policy Instruments

To reiterate that the Caribbean is not making adequate use of green box measures to support agriculture, I will show how other countries, developed countries, are making use of them in creative ways. The US and the EU, for example, use green box measures to support structural adjustment assistance; i.e, support to mitigate the short-run impact when farmers are forced to move out of one economic endeavour, and enter another (soyabeans to vegetables). During this shift, farmers will go through a period of adjustment, i.e., the short-run adjustment indicated in the economic models to which I referred earlier, before they can return to full economic viability. This is the reality. There will never be diversification without adjustment assistance. On the contrary, compared to their heavy use in developed countries Caribbean countries are not making adequate use of such measures to provide assistance for short-run adjustments. Some other creative uses of green box policies is the linking of rural development assistance into a package which these countries, they argue, do not constitute 'production-linked hand-outs' because then they would be trade-distorting. We are very

clear that many of these measures are trade-distorting, but according to the EU and US, the use of such measures are not! They insist that these measures constitute a package for rural development assistance, which includes money for categories, such as, the construction of processing plants, packaging and storing facilities, purchase of inputs and machinery and more recently, in three country trade review reports, the purchase of actual land and plantations.

Environmental programmes are also increasingly being used in developed countries to support their producers. Following the last WTO Agriculture Committee Meeting, some WTO members notified their support measures to protect organic production, an area which has been expanding rapidly. Their rationale for such support is based on the argument that, when a farmer is required to produce organic products, it is done at a higher cost, since they are required to go beyond the minimum standards. It is because of these extra requirements and costs that the producer should be compensated for what they term as "the conversion to organic farming". Therefore, the developed countries are providing compensation to farmers producing a range of 'organic' products, including poultry, eggs, and soya beans for the production of organic milk etc.

I have deliberately singled out specific support areas and I use these examples deliberately, because for example, we try to promote organic farming in the Caribbean, as we have been doing for the last decade, this raises serious questions about whether we have truly made the best use of the policy spaces available. This tendency to use the green box to support adjustment costs and re-conversion of agriculture, is replete among the developed countries and I have merely extracted a few examples from the notifications. A more detailed list of commodities receiving supports can be provided upon request. This is how the green box is being used by our other WTO partners and it raises some serious concerns about what we (CARICOM) are doing with our agricultural development process and use of the space that we now have to support the said development transformation process. This discussion in no way suggests that I am in support of subsidies, but I have chosen to emphasise how the countries that we are competing against are using the WTO measures. The judgement is up to you!

Challenges to the Construction of the Caribbean Negotiating Agenda

I have observed that the phrase 'developing a negotiating agenda' has now become vogue in the region and any and everybody is 'helping' to develop the negotiating agenda. Based on experiences of last year, I noted extreme sensitivities about national sovereignty. So even where regional commitment exists, as documented in the Heads of Government position, countries continue to be very sensitive about their own individual interests and sovereignty. This brings me to what I call, a propensity to want to 'go it alone'. I have also noticed other tendencies to return to the regional fold only when conditions become difficult. I believe that to move forward effectively, we must reconcile these differences, and in this regard, I am fully committed to the position stated by the Heads of Government to negotiate as a bloc. But it is important that we be made aware that this tendency amongst ourselves, "to go it alone" to "de-construct", does exist, because many times I am not sure that the countries are truly aware of the fact that their actions are doing exactly that. The results that

we gained from the negotiations that I have just discussed, have been results which we have achieved when we have been as a group, or as an expanded group (CARICOM+), as someone suggested in the context of the ACP.

Another difficult issue is the practical constraints of small states. To illustrate a practical example, there is a scheduled WTO meeting from the 14-16 and an FTAA from the 13-17, in the same month. CARICOM has about six or seven professionals covering these subjects in the case of agriculture, and while these issues have been raised around the table, because of how the agenda is set, it becomes almost impossible to change the dates. What this means, is that either in one forum or the other, we are going to suffer from under-representation, in terms of not having our best negotiators present. So these are the very real practical example small country constraints in the negotiations. Other constraints relate to whether, in the preparation of the negotiating agenda, we can rely on the analytical capacities of our countries. In most CARICOM countries, such analytical capacity is lacking and inadequate. These are practical constraints that I, as a policy-maker, in the first instance, and as a researcher, have had to face in the last few months. As a consequence, most of the policy analysis and research undertaken have had to be generated either within the context of IICA, or one of the other international organisations, such as the FAO. But unlike other countries negotiating with us, which receive significant support from university systems and policy research institutes, we do not have the same support systems and infrastructure available in CARICOM. This, therefore, places us at a disadvantage, and this issue should be discussed, particularly as it affects how we carry the process forward.

In this regard, I wish to indicate, that the CRNM has a call-down facility for short-term studies. While this will go a long way, this facility is available for only short periods, two years, in many instances. Of concern, therefore, is what happens beyond this short-term, two or three-year facility. This demands that we find mechanisms to develop our analytical capacity for the negotiations.

On a more positive note, in my opinion, CARICOM has a very strong basis for developing, what I call a "positive negotiating agenda". In several of our countries (and while for some we have to look very closely), there are definite signs of an adjustment process, in services, industry and the other sectors. We have to realise that we can develop a positive agenda for the negotiations because we have not utilised export subsidies and as well, based on the fact that we have limited domestic supports that we will have to reduce. The lack of export subsidy use in the Caribbean has both positive and negative implications. Positive, because we are not now faced with the task of reducing them, so our slate is clean with regards to export subsidies. The flip side (negative) of this is that other countries, even within the hemisphere, have been using export subsidies. Unlike the Caribbean, these countries did reserve the rights to use certain export subsidies, to support commodities, such as, flowers and flower buds, onions, shallots and garlic, fresh tomatoes, bananas, plantains (fresh and dried), guavas, mangoes, melons, papaya, cocoa, coffee. I raise this because of the tendency of our CARICOM colleagues to under-estimate the extent of the importance of the discussions on export subsidies for us. The perception that export subsidies only relate to, or affect the big commodities

that are produced by industrialised countries is erroneous, and CARICOM should be concerned and take a keen interest in these negotiations. In fact, we have every right to be concerned about all of these policy instruments within the context of all the negotiations, WTO and FTAA and we need, as a matter of policy, to re-examine how well we utilise the space we currently have in the negotiations.

A significant point I wish to leave behind, is that CARICOM still has a tremendous opportunity to support agriculture by developing the policy instruments that already exist in the WTO Agreements and also to employ these measures in a more targeted manner. In this regard, there is need for quantitative research on the cost of distortions to guide the use of such policy instruments. To illustrate, if a domestic industry holds 90% of the market share and imports account for only 10%, then import duties are applicable only to this 10% of the market space. With increased market opening, the market share of the domestic industry declines to 50%, with an additional 40% import market share that did not attract duties before, on which the country can now levy duties. Because there exists several commodities where such WTO sanctioned policy instruments are still being used, it provides the justification for requesting governments to support agriculture, through adjustment assistance. This adjustment assistance could be financed from the revenues collected from the duties levied on the new 40% import market share, the growth of which was at the expense of a contraction in the market share of import-competing domestic agri-food industries. Theoretically, such revenues can be used to provide adjustment assistance and increase investment in agriculture. The macroeconomic question that may arise, is whether the effects of this policy are more distorting than other policy instruments. There are indicators that it is not, so that there is a good basis for Caribbean governments to develop, what I call a 'production subsidy' for industries that are under threat from WTO-allowed (legal) subsidised imports.

The Way Forward

In spite of the difficulties, CARICOM must continue what we have been doing in the negotiations. In the context of the WTO we need further co-ordination of our efforts and actions; we need to put in place the necessary infrastructure to carry the process forward. In the context of the FTAA, we have now signalled that we CARICOM are no longer prepared "to play ostrich". We have indicated that unless certain elements of the legal text are examined and adjusted, we are not prepared to 'play ball'. And I think that this message has been heard, because there is now some sense of increased synergies occurring among the countries. But there are also a number of cross-cutting issues which we need to consider.

While our primary concern is with agriculture, we need to be aware that many of the issues in agriculture are determined in conjunction with negotiations in other negotiating groups, such as, market access and intellectual property. We also have to be concerned with the broader picture, in terms of what is likely to be the outcome of market access commitments for commodities of all other industries/sectors. Time-lines! Are we going to get rid of tariffs in 10 or 15 years? Are we going to have differential time-frames for agriculture? These issues are determined in the negotiations on market access. So although we are discussing agriculture specifically, we cannot be oblivious to the

fact that this is a broader issue, spanning many negotiating groups. That is one of the benefits of having a co-ordinated approach to the negotiations.

SPS, another critical area. If CARICOM decides that we want to adhere only to an SPS arrangement that is WTO-compliant, with no further disciplines or obligations, then the WTO Dispute Settlement will be sufficient. However, if we decide to seek an SPS arrangement that is WTO-plus, with stronger disciplines and bindings, in terms of reviews and time-lines, equivalence, etc., then we may well need to go the route of an FTAA Dispute Settlement Mechanism. We need also to be aware of the implications of our positions for other negotiating groups, as well as what effect the positions of other negotiating countries/groups will have on us. This further illustrates the benefits of having a centralised negotiating mechanisms on these cross-cutting issues.

For many of these key issues, no other negotiating area have had to face these difficulties, because agriculture is the area in the WTO that is the most advanced in the context of the negotiations. It has also been the area that was least reformed, so this in itself, is not cause for a lot of celebration. But in the context of these current negotiations, agriculture is the group that has been advancing more rapidly towards some resolution of these difficulties. And as that arises, the imperative of a co-ordinating mechanism for agriculture becomes even more urgent.

Towards a Centralised Negotiating Mechanism - the Agricultural Trade Negotiating Unit


What have we done to facilitate the process of creating a centralised negotiating mechanism to effectively address cross-cutting issues in agriculture? At the Basseterre Meeting, The Heads of Government mandated the establishment of an Agricultural Trade Negotiating Unit (ATNU) under the auspices of the CRNM, to lead the negotiations in agriculture in all areas. The ATNU will initially be established for three years, and has been established with support from IICA, the Caribbean Development Bank (CDB), and the University of the West Indies (UWI). The Unit will essentially build consensus at the national level and since it will comprise three staff, (a negotiator, research assistance and administrative officer), it is expected that back-up technical support and assistance from Member countries will be forthcoming. In fact, the only way the Unit can hope to even begin operating, is to work with the countries. The difficulty again arises of how to reconcile the absence of the national negotiating mechanism across the sectors, and in the individual countries. While informal and stop-gap mechanisms for consensus do exist, such as the loose relationship established with Trinidad, Jamaica, Barbados and Bahamas, for example, it is imperative that an integrated and collaborating mechanism be developed and sustained. Once operational, the ATNU will collaborate with national counterparts to strengthen, and where they do not exist, to establish formal mechanisms to ensure co-ordination and co-operation on matters critical to the agricultural negotiations. In this regard, the collective force of CARICOM will be brought to bear on the process, which is critical in terms of accommodating the specificities of country issues, such as, the differences between the tariff binding of Suriname and the rest of CARICOM.

Within the co-ordinating mechanism, there are also plans to establish a regional Technical Advisory Group (TAG), which will bring together the CRNM, Ministers of Agriculture and high level technicians from Member countries. The purpose of this TAG will be to discuss national negotiating positions at the regional level, and in collaboration with CARICOM, develop a draft regional negotiating agenda for consideration of the Prime Ministerial Sub-Committee and ratification by the Heads of Government. This will then become the negotiation position for CARICOM. In this regard, A frequently asked question, is whether countries can have a negotiating position which is different to the CARICOM position? The answer is that, if we follow through with the process of national consultations, then regional meetings and reflections groups, then the Prime Ministerial Sub-Committee, and then the Heads, hopefully, at the end of this process, we should have a negotiating agenda which is broadly accommodating of the interests of all CARICOM member countries. If this process is allowed to work, then any differences and difficulties will not be surmountable. In fact, the EU surmounts its difficulties quietly, by building this broad negotiating agenda. So do other regional groupings.


In closing, let me re-iterate that, in the context of the Caribbean, and in the case of the small ATNU, we are up against other countries, including developing countries, with formidable experience and resource-full negotiating teams. The DR has a team of thirteen persons in Geneva; the US, with a twelve strong delegation in Geneva addressing issues solely related to agriculture; Canada, with seven full time professionals in agriculture, complemented by specialists from the regional capitals when meetings are convened; and a Mexican team that is formidable, experienced and resource-abundant. This is what we, in the Caribbean region, are up against. There is much at stake in these negotiations, in all the forums. We must learn from our mistakes, since we are now experiencing what will happen when we are 'slow off the block'. And in this regard, I would like to recognise the progress of Jamaica in the finalising their negotiating positions for the FTAA and WTO Group and to also signal that what has been done in Jamaica is where we all need to go. The onus lies with all us, the Ministers, private sector, all stakeholders, to make this ATNU work and the regional co-ordinating negotiating mechanism function well.

Finally, Honourable Ministers, the Chief Negotiator Sir Shridath Ramphall and the Lead Technical Advisor Sir Alister McIntyre extend their regrets that they were unable to participate in this meeting. They have asked me to convey to you the Ministers of Agriculture, how much they appreciated your participation and involvement in the Ministers of Trade and Agriculture Meeting, in Port of Spain in May 1999. They also indicated that the outcome of that meeting is the sort of initiative that we need to continue in building this positive negotiating agenda for agriculture. The CRNM and the ATNU, look forward, some time, before the end of this year, to holding another such meeting of Ministers when the we have something concrete to offer. We pledge our continued support to taking the process forward.

I should like to conclude by thanking you colleagues and Ministers of Agriculture. We remain your humble servants.

WORLD TRADE ORGANIZATION 

**Main Negotiating Positions Presented by
WTO Members before the
Committee on Agriculture**
- January to October 2000 -



Dr. Rodolfo Quiroga Guardia
Director of Trade and Policies Area
Inter-American Institute for Agriculture Cooperation
IICA

Framework of WTO's Agricultural Negotiations

- Opening: January 1, 2000.
- Negotiation timeframe: Not defined (December 2002?)
- Principles of the negotiations
 - Single undertaking
 - "status quo" Principle
 - Transparency
 - Complementarity between development objectives and trade benefits
 - Differential and special treatment for Developing Countries and Least Developed Countries
- Structure of the Negotiations:
 - Governing Body: WTO General Council
 - Negotiating Body: Committee on Agriculture

Special Session: Negotiations Chairperson: Committee Chairman: Hon. Emb. Jorge Boto-Bernales, Perú	Regular Session: Administration of AOA Chairperson: Committee Vice Chairman: Hon. Emb. Yoichi Suzuki, Japan
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Framework of WTO's Agricultural Negotiations

5. Schedule for the Negotiations

- First Meeting: March 23-24, 2000.
- Special Sessions for year 2000: June, September, November
- Special Sessions follow regular sessions of the Cmte on Agric.
- Deadline for presenting negotiating positions: December 2000
- Final Agenda: March 2001
- Location: WTO/Geneva

6. Issues for the Negotiating Agenda: Article 20 of AOA

- Expanded market access
- Further reductions in subsidies and domestic supports
- Strengthened rules for special and differential treatment to DC's and LDC's
- "Non-trade concerns" (food security, environment, multifunctionality, etc.)
- Others issues outside of Article 20 (Animal welfare, quality and food safety, genetically modified organism -GMO's-, etc.)


List of Paper Positions Presented by WTO Member Countries in Extraordinary Meetings of the Committee on Agriculture


Groups or Country	Issues	Document Reference
Japan Group	Export Competitions	GA/AG/AG/11
Canada	Market Access	GA/AG/AG/12
Seven Countries of	Special and Differential Treatment	GA/AG/AG/13
Seven Countries of	Green Box	GA/AG/AG/14
United States	Market Access; Export Subsidies, Domestic Support, SBT and Food Security	GA/AG/AG/15
United States	Domestic Support	GA/AG/AG/16
European Union	Domestic Support: Blue box policies	GA/AG/AG/17
European Union	Food Safety	GA/AG/AG/18
European Union	Welfare Animal	GA/AG/AG/19
Argentina	Export Subsidies	GA/AG/AG/20
European Union	Amber to other committee positions	GA/AG/AG/21
Japan	Market Access; Export Subsidies, Domestic Support, SBT and Food Security	GA/AG/AG/22
India	Access to other committee positions	GA/AG/AG/23




1/ Special Sessions: March 23-24 and June 27-29, 2000.
 2/ G-11: Cuba, Rep. Dominicana, Honduras, Pakistan, Haití, Nicaragua, Kenya, Uganda, Zimbabwe, Sri Lanka, El Salvador

Negotiation Positions Presented by WTO Member Countries in Extraordinary Meetings of the Committee on Agriculture

1. Market Access


 **Consensus** Need to reduce tariff levels, tariff picks and tariff escalation





 **Consensus** Establish transparent mechanism for the administration of tariff rate-quotas

-  (Canada) Eliminate in-quota tariffs (two-stage tariffs) and increase quota volumes
-  (US) Eliminate Special Agricultural Safeguard (SSG) Establish disciplines for trade in GMOs
-  Eliminate the SSG for Developed Countries

Negotiation Positions Presented by WTO Member Countries in Extraordinary Meetings of the Committee on Agriculture

2. Domestic Support







 **Consensus** Reduce domestic support levels (discussion centered on reduction periods)

-  (US)* Simplify domestic support measures; only two boxes: "EXEMPT" and "NON EXEMPT" policies
-  * (EU & Japan) Reduce domestic support levels, based on the bound AMS (Aggregate Measure of Support)
-  (Japan) Maintain the existing classification of domestic support (three boxes). Recognize the importance of "blue box" measures
-  Maintain "blue box" policies in the transition stage between amber and green boxes.







**Negotiation Positions Presented by WTO Member Countries
in Extraordinary Meetings of the Committee on Agriculture**

3. Subsidies and Export Restrictions

-  **Consensus** Reduce or eliminate export subsidies (discussion centered on reduction periods)
-  **Consensus** Establish new disciplines for export prohibitions and restrictions (Art. 12 AoA)
-  **Consensus** Eliminate the "Peace Clause" – Art. 13 AoA - (December 2003)
 -  (US) Eliminate all export taxes
 -  (US) Establish disciplines for state trading enterprises
 -  **Canada Group** Reduce by at least 50% the levels bound at the U.R.





**Negotiation Positions Presented by WTO Member Countries
in Extraordinary Meetings of the Committee on Agriculture**

4. Special and Differential Treatment to developing countries (DC's) and least developed countries (LDC's)

-  **Consensus** Establish special consideration and compliance periods for developing countries and least developed countries in all issues subject to negotiations
-  **Consensus** Eliminate in-quota tariffs and increase quota volumes
 -  (US) Utilize technical assistance as a instrument for special and differential treatment
 -  Establish a special "development box" for special and differential treatment measures for developing countries (DC's) and least developed countries (LDC's)




**Negotiation Positions Presented by WTO Member Countries
in Extraordinary Meetings of the Committee on Agriculture**

5. "Multifunctionality" of Agriculture

-  (US) "Non trade concerns" should consider, inter alia natural resources, rural development, and the environment.
-  Address "multifunctionality" issues in the context of Annex 2 of AoA domestic support)
-  (EU) Deal with "multifunctionality" issues as a "non-trade concern"
-  **Canada Group** Eliminate "multifunctionality" from the agenda for agricultural negotiations




**Negotiation Positions Presented by WTO Member Countries
in Extraordinary Meetings of the Committee on Agriculture**

6. Negotiation by Products or Product Groups

-  Proposes negotiations in barley, malt and oilseeds
-  US supports products or product groups negotiations but do not specify items
-  Exclude from the negotiations "sensitive products" from developing countries (DC's) and least developed countries (LDC's)



**Negotiation Positions Presented by WTO Member Countries
in Extraordinary Meetings of the Committee on Agriculture**

7. Food Security

-  Renew the commitment of the Marrakech Ministerial Decision about net-food importing developing countries (NFIC's)
-  (US & Japan) Take into consideration food security programs in the negotiations on agriculture
-  Establish a discretionary mechanism to modify tariffs when import levels threat food security in developing countries (DC's) and least developed countries (LDC's)

**Negotiation Positions Presented by WTO Member Countries
in Extraordinary Meetings of the Committee on Agriculture**

8. Other issues (food quality and animal Welfare)

-  (EU) Protect origin and quality certifications through labeling requirements for foodstuffs
-  (EU) Introduce animal welfare issues in the negotiations



Attachment 3.3

Session 3

Recommendation of Commodity/Enterprise Workshops



DAIRY INDUSTRY

The workshop on dairy and dairy products took note of the positive impact of raising duties on ice cream from 20% to 75% at the last COTED meeting to counteract the sudden surge of imports experienced by Trinidad & Tobago, Barbados, and Suriname. This degree of protection is consistent with that adopted by the US, Canada and the EU for their ice cream markets. It is hoped that other CARICOM countries will follow suit. The workshop also noted the contribution made by the Commonwealth Secretariat in the restructuring of the Jamaican Dairy Sector which will lead to long term sustainable dairy industry in Jamaica.

The Caribbean is producing about 20% of its milk requirement so 80% of the milk and milk products are imported and lead to:

- high rural unemployment
- high foreign exchange requirements, likely to double in 5 years time
- idle land and other resources
- increased crime leading to high migration
- lack of food security

Why is the Caribbean only producing 20% of our milk needs?

This situation is due to cheap, dumped milk imports over the last 4 decades. The milk powder dumping is due to a surplus in the world market. In essence, this surplus milk powder is subsidized by exporting countries.

The world milk powder surplus is depleting, as the dominant world milk producing countries cannot subsidize their export under the new WTO regimen because of this, they are committed to producing less. As a result, the world surplus has fallen from 5% of world production to 1% and has already raised world milk powder prices by 100% over the past seven years. It is likely that these prices would double again in the next five years further. The expenditure in foreign exchange for milk imports will double in the coming 5 years.

To overcome this situation, it is recommended that the Caribbean governments:

- (i) Support a policy which will provide self-sufficiency in milk on a long term, globally, competitive and sustainable basis. This can be achieved by implementing a duty system on imports consistent with the Tariff Rate Quota (TRQ) system used by countries leading the trade liberalisation movement. This duty should be used to boost the development of the dairy sector.
- (ii) Creating a Regional Dairy Association for stimulating development of the sector.
- (iii) Empowering the dairy farmers to explore the most efficient means of producing, processing and ensuring a market for their milk. In all dairy developed countries, dairy co-operatives and federations exist that cut out the middleman and process and market their own milk.
- (iv) The government's policy for dairy development should be steered by a body within the government which will lay down policies and ensure they are implemented. This body will also be responsible for research, data collection and development of local dairy sector within the international scenario to ensure quality standards are maintained.

One of the recommendations is to apply for restitution/ damage control grants from developed dairy nations such as Europe who historically dumped into our markets. These grants can be used for training, organizations and redevelopment of the dairy sector.

Finally, a major point of concern in the dairy industry is the flow of information regarding negotiation positions at WTO. For example, there is a lack of clarity of what happens after the RNM makes recommendations to our Ministers of Trade who take it to WTO and how do we communicate with them to establish the status/outcome of negotiations?

It was generally felt that the dairy processors need enormous assistance to penetrate export markets, particularly in the area of market development for our products in the metropolitan markets. This will include grant funding and loan funding at international rates.

.....

Chairperson: *Fiona Black, Managing Director, Jamaican Dairy Federation*

Presenters: *Wilbur Balgobin, Dairy & Ice Cream Association, Trinidad & Tobago*

Dr. Ram Aneja, Dairy Development Advisor, Ministry of Agriculture, Jamaica

CARIBBEAN POULTRY ASSOCIATION

TOWARDS A WTO COMPATIBLE INDUSTRY DEVELOPMENT STRATEGY

The Caribbean Poultry Industry

With sales over 300 m USD in poultry meat and 30+ m USD in eggs the Caribbean poultry industry compares favorably with other large regional agro industries. Unlike many of the other agro industries the poultry industry has been growing steadily over the last 10 years. It also makes a significant contribution to the nutrition, employment and economic activity of the rural economy .

Investments in the industry have continued at relatively high rates (5 – 10 m USD per annum) as the industry seeks to expand output, improve product range and improve cost. The current investment program includes refurbishing 3 major plants (Jamaica, Bahamas and Barbados) , building new 5 processing plants (St Lucia, Dominica, Suriname, Guyana, Trinidad) building 3,000,000 sf of environmental housing and related expansion of hatcheries, feedmills and grain terminals. See fact sheet attached.

Trade in poultry is limited to (1) the importation of low priced poultry meat cuts for low income groups and (2) raw material and equipment, mainly from the USA. In addition trade within CARICOM is limited to < 1% of regional production, mainly because of SPS and TBT measures existing in each state.

While there have been some important improvements in costs/ prices in some states there is a two fold difference in the of production across the region. In addition there is significant difficulty being experienced competing with low priced dark meats which are sold into the region below the cost of production. See attached.

Caribbean Domestic and Trade Policy Governing the Poultry Industry

Most of the domestic support for the poultry industry was dismantled in the 1980/90s and since then little green box expenditure takes place to support poultry farmers.

The extra regional trade policy for the industry varies significantly across states with effective tariffs varying from 10 to 136% across CARICOM, and one country (Barbados) using Tariff Rate Quotas as opposed to simple tariffs, and two countries (Bahamas, Belize) using licenses to manage trade in poultry. Half the region has committed to reduce tariffs on poultry while the other s have not.

SPS and TBT legislation and the enforcing institutions are significantly out of date and unable to provide the support the industry requires.

Only one country (Barbados) is close to enacting safeguard legislation but reports suggest that most are well behind in implementing this legislation which will be important in supporting the industry.

Several governments see the duties on imported poultry as an important source of revenue.

The International Poultry Industry

The playing field in the international poultry industry is quite un-level. Major developed country poultry industries have continued to receive high levels of domestic support to this day, long after CARICOM dismantled its support for the local industries in the 1980/90s.

In addition to payments and support to farmers these countries limit access to their markets to less than 7.5% of their consumption while CARICOM currently allows for access to 35% of its markets.

Consumer preferences for white meats in developed poultry markets cause dark meats to be sold way below the cost of production into residual markets in developing countries, thereby displacing local production in these markets. Were it possible for CARICOM to enter the US and EU markets with white meats, in amounts equal to our own imports of dark meats, CARICOM producers would be much better placed to compete against the low priced dark meats being imported.

Moreover, these high levels of support have increased in real terms in spite of the commitment to reduce same since the UR round and have allowed producers to make continued investments in these industries to improve marketing efforts, product mix, and efficiencies, which the CARICOM industry has not had access to.

Key Issues

The WTO positions held by CARICOM will have seek to harmonize extra regional trade policy especially for lower tariff positions such as in Suriname

The industry will have to continue to receive support by way of higher tariffs, especially for parts while it is improving its efficiencies.

Tariffs will have to be adjusted to ensure that other products (turkey, further processed products and egg by products do not) are not threatened as the industry extends its product range in these categories.

Our WTO positions will have to provide time for continued marketing and cost improvements, including for example the use cheaper and more foreign exchange efficient feedstuffs such as corn in Belize and rice by products in Guyana and Suriname.

Position for the WTO

In June 1999, the CPA submitted proposals to the RNM and is now carrying out a Caribbean Development Bank funded "Industry Competitiveness Study" as the basis of fine tuning these proposals. In June 2000 COTED recognized the efforts of the CPA and requested that no further positions were taken until this work was completed. We expect to have a more comprehensive "Industry Development Strategy, Supporting Enabling Policy Requirements and WTO Industry Position" for our Ministers of Agriculture in November 2000.

Robert A Best, Caribbean Poultry Association, Jamaica, October 2000

Key Facts on the Caribbean Poultry Industry

Poultry Meat Consumption – 35.00 kg per capita per year, ranging from 1 kg in Haiti to 50 kg in the OECS. Compares with 24 kg per capita in the average industrialized nations.

Animal Protein source - In the Caribbean chicken represents 65% of all meats eaten, compared to 30 – 45 % for all major countries in the world

Sales – Approximately 162, 000 mt of poultry meats, valued at 300 m USD are sold.

Sales Growth – At 25% over the last 10 years, has been more and continues to be more than most other agro industries in the region

Investment – It would take an investment of over 450 m USD to replace the assets currently employed in the regional industry. Investment in the industry over the last 3 – 5 years is in the order of 35 – 50 m USD.

Employment - is in the order of 30,000 people including 15,000 small/ backyard farmers

Support for other agro industries – The poultry industry volumes contribute to driving down feed costs for the regions milk, pork, beef and aquaculture sectors. The poultry industry has large investments in beef and aquaculture projects across the region.

Regional spread – Production is distributed evenly across the region, with most countries producing 100% of egg and 50 – 100% of their poultry meat needs.

Intra Regional Trade – Limited to less than 1% of production due mainly to SPS measures adopted by the Vet Services of most countries.

Extra regional trade – focused on import of raw material, mainly from the US. Future extra regional trade options seems limited to larger companies exporting a limited amount of breast and Caribbean further processed product.

Poultry Meat Industry In the Caribbean

State	Production	Local Prod	Per Capita	Vol Growth 90-99	Chixn % Meats	Live Sales
Jamaica	63.0m	65%	43.4	22%	63%	18%
T&T	45.0m	95%	35.5	5%	75%	50%
Barbados	11.5m	85%	46.5	13%	-	10%
Guyana	11.2m	60%	28.9	400%	80%	32%
Bahamas	10.6m	61%	40.0	80%	-	0%
Belize	7.5m	99%	32.8	23%	-	5%
Suriname	3.4m	50%	20.5	(74%)	-	30%
OECS	2.1m	10%	50.0	11%	-	10%

All States over 95% self sufficient in egg production.

Key Facts on the International Poultry Industry

Support for farmers in developed countries had been increasing - Total Support in 1995 was very high at 40% for the EU, 30% for the US, and 17% for Canada expressed as a % of Total Value of Production ie sum of Amber/Blue/Green/*de minimis* measures

Since the Uruguay Round, Total Support has increased as shown in the following data reported by the WTO.

- US Total Support went from \$46 b in 1995 to \$51 b 1997
- US Producer Subsidy Estimates went from \$15 b in 1995 to \$46 b 1999
- EU Total Support went from \$82 b in 1988 to \$95 b in 1996
- EU Producer Subsidy Estimate went from \$94 b in 1995 to \$129 b 1998

The EU, US and Canada are shifting these increased supports from the amber box into the green box, where the levels of support can be unlimited and cannot be legally challenged by other members eg CARICOM. However, all the measure (eg tariffs) that CARICOM can use to support its farmers can be (and are currently) being legally challenged.

Producer Support Estimate which relate specifically to Poultry Prod Cost in 2000 were reported by the OECD to be EU - 25%; Japan - 13%, Canada - 15%, US - 5%

Export subsidies - 85% of all export subsidies on poultry are available to only the EU/US

While CARICOM allows access of 35% of consumption volumes to its poultry markets the developed poultry industries enjoy protection as follows

- EU through TRQs - Imports at less than 1% for chicken
- Canada through TRQs - Imports less than 7.5%
- Mexico through TRQs - Imports less than 10%
- US through SPS & TBT measures - Imports less than 4% from Cda, Mex, Israel, H/Kong (Brazil the lowest cost producer with modern, purpose built facilities cannot export to the US)

Like CARICOM some major poultry producers use differential tariffs to protect the parts of the markets which are important to them.

- US Tariffs - Boneless - \$0.176, Whole Chicken - \$0.08.5, Processed - 10%
- EU Tariffs - Boneless E 1,024 MT vs Whole Chick - E 325 MT, Processed - 10.9%
- Canada Over Quota Tariffs - Boneless- 249%, Whole Chick - 238%

Others have single tariffs for all chicken products closer to the CARICOM CET - Mexico (50%), Brazil (35%), Japan (11.9%)

The Caribbean Poultry Association

The CPA seeks to provide leadership to the industry in developing international competitiveness and in collaborating with the public sector to establish the institutions and policies to enable the continued development of the industry.

The Caribbean Poultry Association is comprised of 12 members from 5 CARICOM countries – Bahamas, Jamaica, Barbados, Trinidad and Tobago and Guyana. Eleven companies and one a national producer organization which altogether represent over 60% of the regions production. We have had expressions of interest from the Belizean and Surinamese producer associations, and from several OECS producers. See attached list.

The CPA is considering the following objectives for the regional industry for the next ten years

- Stimulation of demand for poultry to support increases in consumption from 36 to 45 kg
- Increasing self sufficiency form 65% to 80/85%
- Improving the product mix to offer higher levels of convenience, fresh, and further processed products
- Improving value (not just price) for consumers
- Promoting intra regional trade, but not at the expense of destroying the contribution of each industry to its home population
- Exploiting the limited opportunities for extra regional trade in breast and further processed products
- Continued high investment and employment in the sector

List of CPA Members/ Participants

Bahamas

- Gladstone Farms

Belize (In process of joining)

- Belize poultry Association

Jamaica

- Jamaica Broilers Group
- Caribbean Broilers Group
- Wincorp Ltd

OECS (Collaborating Companies)

- Eastern Caribbean Group of Companies
- Eden Feeds/ Hyline Poultry
- Caribbean Agro Industries Ltd.

Barbados

- Chickmount Foods
- Roberts Manufacturing
- Barbados Egg and Poultry Association

Suriname (In process of joining)

- Suriname Poultry Association

Trinidad and Tobago

- Supermix Group
- WGM Group
- National Flour Mills
- Malabar Farmsl
- Mastermix Feeds

Guyana

- Bounty Farms

Caribbean Poultry Industry - Whole Broiler Price/Cost

State	Froz USD/ Kg	Local Prod	Live	Whole Bird Duty	Leg Qtr Duty	B&N Duty	Lic ense
Barbados	3.34	85%	10%	207	207	207	Apr 00
OECS	2.77	10%	10%	n/a	n/a	n/a	No
Bahamas	2.68	61%	0%	42	42	42	Yes
Jamaica	2.09	65%	18%	86	86	0	No
Belize	1.80	99%	5%	40	40	40	Yes
Guyana	1.79	60%	32%	54	54	0	No
Suriname	1.62	50%	30%	12	12	12	No
T&T	1.59	95%	50%	40	136	136	No



The Jamaica Egg Farmer's Association

Overview of the Jamaican Egg Industry – October 4, 2000

Background

The Jamaican egg industry has in the last 3 years been through very trying times. In 1998 Jamaica experienced a prolonged period (some 9 months) of oversupply/ low demand. This resulted in low prices in the egg market and subsequent low demand for point of lay birds as egg farmers saw their future as uncertain at best. Due to these factors by the early part of 1999 egg farmers were left with aging flocks, as they were unable to finance replacement birds. This situation eventually led to a shortfall in local egg supply by early 1999.

The latter part of 1999 saw a return to normality with farmers replacing flocks and supply and demand approaching equilibrium. This trend has continued through the first 9 months of the year 2000.

Throughout this period (1998 – 2000) the threat from imported eggs and egg products became increasingly evident. The illegal importation of these items posed the greatest threat, as there has been absolutely no control over the quality and quantity of these items coming into the island.

The recent history of the egg industry in Jamaica as well as changes in international trade policy emphasizes the need for a new approach to the business. While there a number of improvements that egg producers will have to put in place to ensure the viability and sustainability of the industry there are also areas in which government has to take responsibility.

Egg Industry's responsibility

- 1. Improvement of efficiencies in grow-out operations.**
- 2. Improvement of efficiencies on layer farms.**
- 3. Development of marketing strategies.**
 - Jamaica at present markets eggs primarily in generic form. The industry needs to move to packaging and presentation which the consumer will find more attractive.**
 - The egg industry needs to develop a serious and sustainable advertising program.**
- 4. Development of new and different egg products.**
 - Possibly products aimed specifically at the Jamaican / Caribbean palate.**
 - Products which would be more readily accepted by the tourism sector e.g. sanitized eggs, pasteurized egg products.**

Government's responsibility

1. **Development and maintenance of systems at our ports to eliminate illegal importation of eggs and egg products.**
 - **Without constant vigilance the egg industry will continue to be threatened by unscrupulous importers. Cooperation between private interests in the poultry industry and government agencies such as Customs and the Ministry of Health must be fostered and maintained.**
2. **Increasing per capita consumption of eggs fueled by increasing incomes and growth in tourism.**
 - **Jamaica's per capita consumption of eggs has remained constant for the last 10 years at less than 1 egg per week. The U.S. per capita consumption is 6 eggs per week.**
3. **Assisting in local and regional market research.**
4. **Collection of egg industry data on an ongoing basis and making this information available to all the players in the industry.**
 - **At present there is little information available as to size of the national flock, available hen house capacity and other key factors affecting the egg industry.**

While the Jamaican egg industry has remained stagnant over the past 10 years it is the view of Jamaican egg farmers that the industry can be expanded even in the present climate of "free trade" and Jamaica's harsh economic landscape.

It cannot be business as usual. For us to move forward we must work in unison – private sector and Government.

Regional perspective

While the focus is on the Jamaican egg industry the Caribbean region faces similar challenges. It is our hope that we can work closely with our neighbors to develop a regional strategy which will not only result in maintaining our industry but will lead to growth and expansion in the years to come.

**Ian Banks
Chairman
Jamaica Egg Farmers Association**

SUGAR INDUSTRY GENERAL

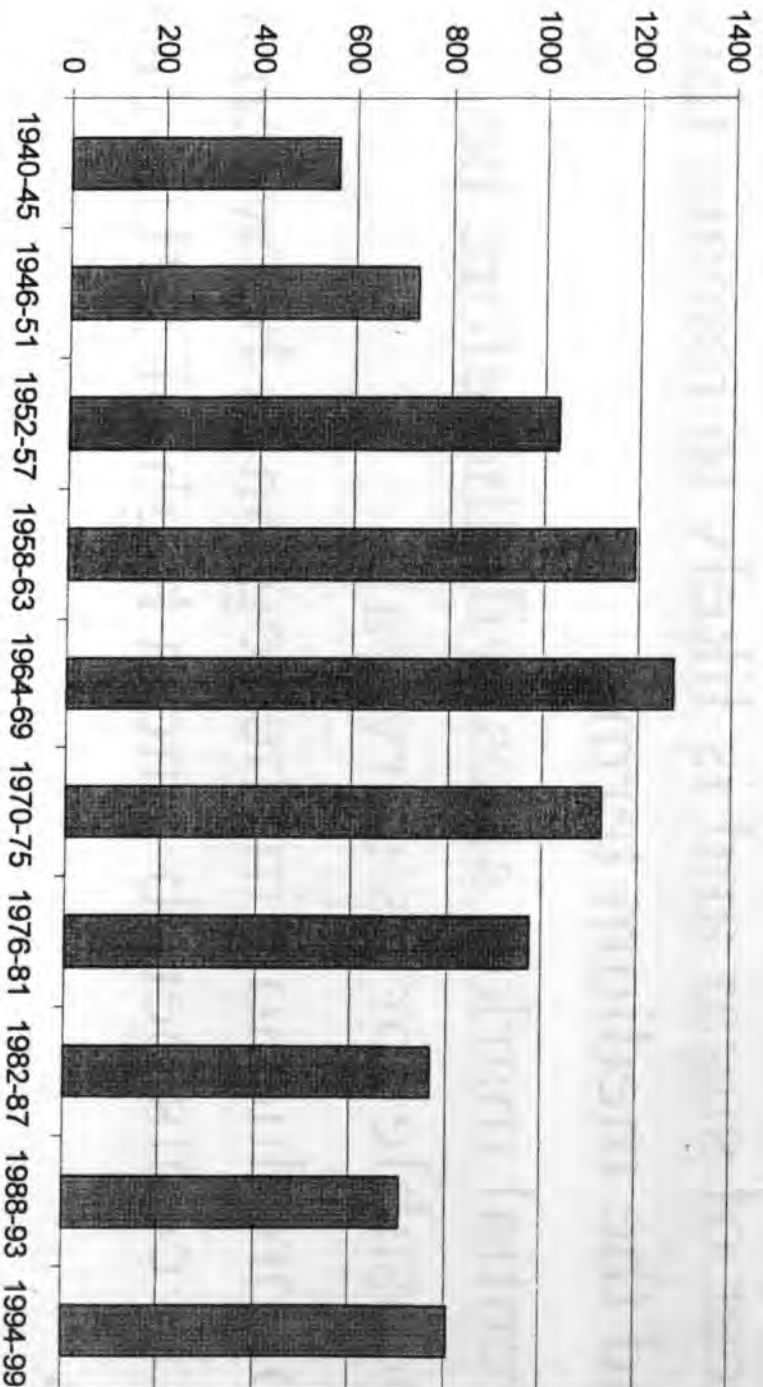
- Sugar is still the most suitable agricultural commodity for the region to produce.
- Several of the problems confronted today are not new but existed many years ago.
- Historically preferences and various forms of market support have been used in the world sugar industry

- Significant growth of beet sugar production in Europe facilitated by subsidies.
- Sugar is protected in most countries of the world even those who claim to defend free trade.
- Sugar is the most political commodity in the world and the industry will continue to exist in the Caribbean for a long time.

PERFORMANCE

- The region is a high cost and un-competitive producer of sugar and is likely to remain this way beyond the medium term.
- Preferential market sales will therefore be indispensable for its survival.
- Cost of production in the region is between a low of 16US cents per lb and a high of 50US cents per lb.
- Average cost of production on the world market is between 15 & 16 US cents per lb.

Regional Output of Sugar (six-year averages) Output of sugar ('000 tonnes)



Factors contributing to Industry's Decline

- Reduced throughput
- Weak infrastructure, maintenance, rehabilitation
- Aged equipment
- Cane varieties, pests and diseases
- R&D and work-force training
- Politicisation
- Industrial relations, working conditions, wages etc.

- Labour (ageing and drift to alternative occupations)
- Management
- Information and data management

RESPONSE

- Regional Industry exploring the following:
 - value added sugars
 - mechanization in field and factory
 - production of sugar by-products
 - increasing sugar cane yield per hectare
 - increase production to supply all markets
 - improve management systems.

The ACP-EU SUGAR PROTOCOL

- 85% of regional exports sold to EU market.
- Reasonably good performance of Caricom in fulfilling quota requirements.
- Possible threat from EU's review of its common agricultural policy.
- Further liberalization in the WTO.
- Best case scenario - possible reduction of 2-3% per annum in price from 2001
- Worst case scenario - threat to the existence of the Protocol and consequent closure of the industry (except possibly for Belize and Guyana)

US MARKET

- Caribbean quota of about 57,807 tons
- Greatest potential threat to Caribbean preference from Mexico within the framework of NAFTA
- At present Mexico's increased quota is not at the expense of the Caribbean.
- Situation needs constant review as by 2008 Mexico could have unlimited access to the US market
- US sugar preferences could disappear as the market becomes more open to international competition.

DOMESTIC MARKET

- During the 1980's the region moved from a position of net exporter to net importer of sugar
- Significant regional markets for raw (154,000 tonnes) and refined (126,000 tonnes).
- Region unable to supply full requirements.
- Proposals from SAC regarding a range of options to produce refined sugar in the region for domestic and other purposes.

RECOMMENDATIONS

- A regional response is necessary to address the problems of high cost of production and un-competitiveness .
- Establishment of a Regional Commissions to investigate the operations of the industry and to make recommendations concerning its future direction and policy requirements.
- Public education offensive on the ACP-EU Sugar Protocol to correct the public misconception that this arrangement is a hand-out.

- Credible performance of the Caribbean on the EU market together with the contractual nature of Protocol V place Caribbean Negotiators in an advantageous position in the context of ACP-EU Negotiations.
- Declining production and high cost however present some difficulties for sugar negotiations generally.
- Regional Governments should take the necessary policy decisions regarding the options presented by SAC for establishing increased capacity for refining sugar in the region.

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October 5, 2000

CARIBBEAN RICE INDUSTRY DEVELOPMENT NETWORK

Recommendations of the Rice Workshop

Agriculture Beyond a Sectoral Approach
"2nd Annual Caribbean Week of Agriculture"
October 3-7th, 2000

Rice situation

million tonnes in 1999, out of which only 18 to 20 million tonnes or about 4% enters the world trade (Figure 1). It should also be noted that the ending stocks have been more than 12% of world production representing about 3 times the world demand for rice traded. It is highly unlikely to expect any significant long term increases in prices and countries with large stock balances, could easily respond to changes in demand or increases in price.

The world production of rice is over 500

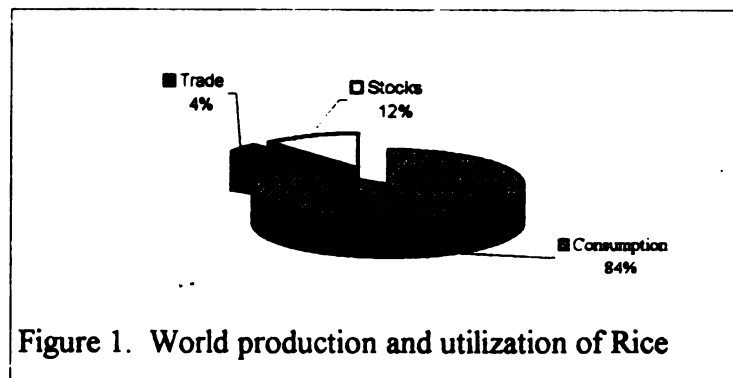
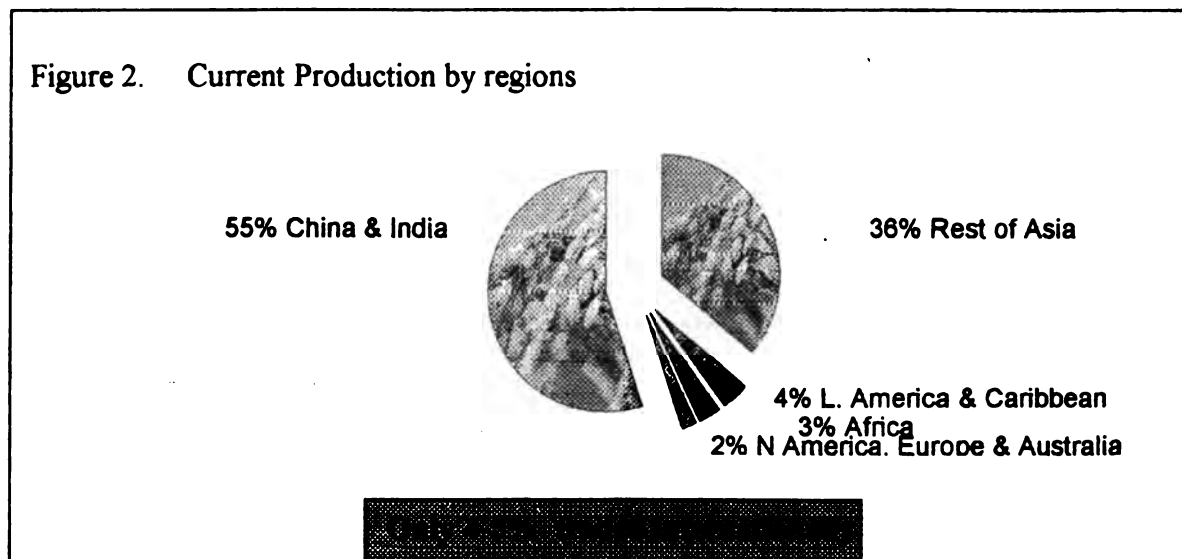


Figure 1. World production and utilization of Rice

From the total rice produced only 4% is produced in the entire Latin America and the Caribbean.

Figure 2. Current Production by regions



From this the Caribbean with a population of just over 31 million persons produces about 1.1 million tonnes of rice annually. Coincidentally, the Caribbean consumption is also approximately one million tonnes annually and consequently, the Caribbean should have no problems of

marketing their rice from the exporting countries of Guyana and Suriname. However, imports into the region have resulted in these two countries having to seek markets outside the regions.

The rice industry of the Caribbean generates over US \$ 300 million contributing to the livelihood of about 120,000 farm families directly and a further 200,000 in support services. In the case of

Country/tonnes	Production (t)	Imports (t)	Main Production system
Dom. Republic	225,000	25,140	Transplanting, Direct seeding (5,000 – 8,000 farmers)
Cuba (estimated)	450,000	75,000	Transplanting, direct seeding (20,000 to 30,000 farmers)
Haiti	105,000	25,000	Transplanting (75,000 farmers)
Trinidad	0	45,000	Transplanting, Mechanized (4,000 farmers)
Jamaica	0	92,000	
Suriname (export)	42,000	0	Fully Mechanized (5,000 farmers)
Belize	3,000	0	Mechanized, Direct seeding (2,500 farmers)
Guyana (export)	275,000	0	Fully Mechanized (10,000 farmers)
Total	1,100,000	262,140	

Guyana and Suriname, it is a major contributor to their foreign exchange earnings being more than \$US 110 million dollars in 1999.

Caribbean work programme

There have been significant attempts by both the private and public sector with support from funding agencies to refurbish and improve the capacity of the industry to be competitive and sustainable. Towards this end, in Suriname, the research infrastructure has been improved and in Guyana, the GRDB has established itself as a responsible entity to manage the industry for research, extension, quality control of rice and its products. Currently, Suriname is establishing itself according to the model of Guyana to manage the industry through the establishment of RIOS.

The countries of the Caribbean are linked through the private sector under the Caribbean Rice Association under a project partly funded by the EU through the CAFP called the Caribbean Rice Industry Development Network (CRID Net). The main objectives of this network are to establish a secretariat as a regional information service provider to the stakeholders of the regional rice industry. The research and extension programmes are geared towards commercial development that will lead to sustainable and competitive rice industry.

A number of studies have already been conducted on means to improve and increase the efficiency of the industry. Some of these include:

1. Drainage and irrigation infrastructure and mechanization requirements
2. Concept and design of a marketing information system
3. Extension and communication strategies
4. IPM for rice with focus on food safety
5. Improved processing techniques for Guyana and Suriname

It is anticipated that in the coming year the following will be conducted and contribute to the strategic plan for the Caribbean:

- i. The feasibility of new plant types (NHV) in the Caribbean Rice Industry
- ii. Feasibility studies and recommendations for specialty rice's
- iii. Feasibility on value added products
 - a. Extruded rice's
 - b. RBO
 - c. Label product promotion
 - d. SWOT analysis
 - e. HACCP
- iv. Feasibility and Opportunities for ISO 9& 14000 series
- v. Strategic plan for CRID Net for 10 years

These will be executed as soon as funds are available. The rice industry is developing a strategic plan for the viability and might resulting some countries having to reposition themselves into other commodities. This will require external funding.

Challenges and opportunities

While the industry is experiencing numerous problems, only a selected few problems require interventions by the Governments of the region. The main problems facing the rice industry are not dissimilar to those of bananas, sugar, and rum. Those identified for attention and action are as follows:

1. The deterioration of the infrastructure as a result of lack of capital funds for development, and the need for
 - i. Refurbishing and management of infrastructure
 - ii. Implementation of effective research programs
 - iii. Reinstatement of training and extension programmes
2. The weak organization of producers, millers, exporters and importers and the need for capacity building and institutional strengthening (human resource development)
3. The current high interest rates that are being paid by the industry
4. Negotiations and/or decision making conducted without adequate consultation with the stakeholders of the ACP
5. The ACP countries continue to be producers of primary products
6. The inadequacy of the knowledgebase (in depth analysis, technical and economic) for the industry that could foster improved policy and decision-making process.
7. The need to identify appropriate state of the art technologies that could make the industry sustainable and competitive
8. Inadequate information linkages and systems for the industry

9. Rice from outside the region is now being traded freely in the Caribbean some of which is subsidized and others not subjected to the CET
10. There is limited access to the EU market

It is therefore recommended that action be taken to remedy and promote the industry through the following:

Government interventions

1. The governments should promote and foster regional trade as priority. This might require a policy statement of priority choice on produce (rice) from the Caribbean.
2. The Caribbean must provide greater support to the regional negotiating machinery and lobbyists in the ACP/EU in regional and extra regional negotiations
3. Accelerate the procedures for accessing finance and implementation of programmes addressing the concerns of the industry.
4. The industry should be re-defined and re-engineered to be internationally competitive and sustainable. It is expected that Governments will play an active role in provision, improvement and allocation of resources (including human) to the agencies managing the rice industry.
5. To request or to support requests for assistance in the "social recovery programme" for farmers and workers who will be displaced during re-structuring the industry for international competitiveness and sustainability.
6. The establishment of infrastructure that will promote the development and modernization of the rice industry through capacity building, research, technology transfer and strategic planning, production, processing, and marketing are urgently required.
7. To enact appropriate legislation that will establish national and regional standards and quality control in trade for all classes of rice (paddy to finished products)
8. To support and promote an improved Caribbean Information Systems to aid in decision-making
 - a. Establishment of a data management system (collection, verification, analysis and reporting) in collaboration with:
 - i. CARICOM
 - ii. Customs Department
 - b. A requirement for national and international polices, WTO etc.
9. Governments should foster and promote establishment of partnerships and joint ventures:
 - a. Facilitate return cargo from importing countries that will increase the efficiency in transportation (freight charges)
 - b. To encourage regional investments by stakeholders through cross border investments
 - c. Approve CET waivers for the importation of fertilizers due to the current monopoly of the suppliers of this product.

These interventions will promote social stability; ensure viability of rice, sustain employment, ensure food security to the region's rural poor and at the same time earn much-needed foreign exchange.

The industry itself through the private and public agencies will be undertaking a full programme towards efficiency and competitiveness.

Industry responsibilities

1. Conduct research and training that is cost effective and will create high impact and improvements in the industry. This is funded in part by the EU and counterpart funding provided by the private sector.
- 2- The development of new and improved varieties that are pest and disease resistance with sustained high yields together with the appropriate agronomic packages (including IPM) to meet the quality requirements and standards for the Caribbean and the world.
3. Environmental friendly practices, concern of women and the underprivileged workers are considerations in the implementation of new and improved technologies.
4. Conduct a detailed registration of rice farmers, millers and other stakeholders that will enable planning and execution of work programmes.
5. The establishment of national coordinating committees (NCC) in most countries linked via a national coordinator (NC) promote the sharing of knowledge, experiences and skills on a dynamic basis.
6. Use of State of the Art technologies for crop improvement that will do the following:
 - a. Increase yield and reduce productivity constraints
 - b. Accelerate the development of new and improved varieties
 - c. Implement an effective IPM programme which focuses on cost reduction and environmental safety
 - d. Challenge the traditional agriculture research systems to make it more cost effective
7. To conduct in-depth studies and analyses on the intrigues and nature of competitiveness in relation to:
 - a. Subsidies, safeguards and interventions
 - b. WTO and dumping
 - c. Role of CET
8. More studies in technology application for value added products which will promote the diversification of rice and its products such as:
 - a. Milled rice, packaging, enriched, fragrant rices, labeling, branding etc.
 - b. By-products, Rice Bran Oil, Flakes, Baby foods, etc.
 - c. Hull (20% of paddy) and straw (50% of plant yield)
9. Strengthen linkages between the region and with IRRI, CIAT, IICA, UWI, UG, UOS, and CARDI

If our requests are addressed, and the hidden subsidies and tariffs are removed, the stakeholders of the Caribbean Rice Industry are confident that it will grow, and fulfill the demands expected.

EOD

Position Paper on the Caribbean Fruit Industry

Introduction

1. Historically, the Caribbean grew tropical fruits for domestic consumption. The need to diversify the traditional agricultural production base led Caribbean countries to capitalize on the expanding international trade in fresh tropical fruits and add value through processing of these commodities. The industry has depended heavily on backyard gardens and trees grown in the wild. Commercial production of fruits is limited to citrus, papaya, avocado and to a lesser extent mango and pineapple.
2. The Caribbean fruit sub-sector (defined to include fruit processing) has demonstrated that it has the ability to compete in open market conditions and increase its contribution to agricultural GDP. It also has the potential to capture a larger share of agriculture in the region in the years ahead if the proper support measures are put in place. This assessment is supported by research conducted to date and the successful experiences of existing businesses.

The favourable performance of the fruit sub-sector has taken place within the context of policies that have often created an anti-agricultural bias and militated against growth of the sector. A dynamic and competitive Caribbean fruit sub-sector requires that urgent attention be paid and sustained comprehensive efforts taken to address the challenges facing the industry while taking advantage of the opportunities at the domestic and regional level as well as at the global level within the context of the WTO agreements.

3. This note aims to profile the fruit sub-sector, highlight the constraints, identify the prospects and propose recommendations with a view to creating an environment which facilitates the attainment of the goal of sustained development of the industry. It is hoped that the recommendations advanced will contribute to the emergence of a more dynamic sector capable of further growth in the globalized and competitive environment.

Profile of the Sector

4. The Caribbean fruit sub-sector comprises in the main, approximately 80% small farms of 1 – 10 acres generally of mixed cultivation and 60% cottage and small-scale processing enterprises employing from 1 to 25 persons. These are predominantly family-owned. A wide range of fruits is processed into jams, jellies and marmalade, pickles and sauces, frozen or aseptic fruit pulps and juices, citrus concentrates, fruit based syrups and ready to drink beverages.

The majority of medium-to-large-scale processing enterprises export to regional and extra-regional markets such as Canada, USA and Europe. Cumulative annual sales of sixteen medium to large scale-enterprises which participated in a 1999 survey was

US\$ 70 million approximately and the total estimated annual sales for two hundred fruit processing enterprises was US\$ 200 million. Information provided on annual turnover suggests that the more successful enterprises are those which produce mainly pulps, juices and ready to drink beverages.

In 1997, total value of exports of jams, jellies, and marmalades for nine CARICOM countries amounted to US\$529,907. The corresponding value of imports of these products was US\$3,503,026. Total export value of concentrates, juices and pulps was US\$6,884,675 and the corresponding value for imports of these products was US\$16,200,546. Jamaican ackee exports continue to expand and the industry has recently benefitted from the implementation and certification of HACCP systems by USFDA in selected enterprises, thus underscoring the need for continued research and conformance to international quality and food safety requirements.

It is more difficult to capture data on the annual sales of fresh fruit traded. Nine countries reported a total value for fruit exports of approximately US\$ 50 million dollars. The commodities, which captured the greatest share of the export market, were citrus, papaya, mango, plantain and avocados. Other exotics which are being exported include; breadfruit, soursop, golden apples.

Greater consumption of tropical fruit in both the fresh and processed form is being promoted internationally and the extra regional market is responding positively. Additionally, consideration must be given to domestic and regional consumers who consume fruits in all available forms and are becoming as discerning and demanding as consumers in foreign markets. Regionally, acreage in pineapples and passion fruit and other minor exotics is expanding to satisfy domestic and regional demand.

Constraints to Growth in the Sub-sector

5. A range of factors has hindered the faster development and growth of the regional fruit sub-sector. These could be classified as domestic or external industry specific issues and limitations arising from macro-economic and sectoral policies.
6. The industry specific factors can be discussed in relation to the production and marketing of fresh and processed fruits. The fresh fruit industry is beset by problems which include:
 - Limited availability/low volumes of quality fresh fruit resulting in an ability to meet market demand both for export and processing
 - Lack of technical and financial support for commercializing production
 - Limited research and development for improving production systems, studying the impact of climatic changes on fruit productivity and exploring new technologies for optimizing productivity
 - Pest and disease e.g. Pink Hibiscus Mealybug, Citrus Tristeza Virus, Papaya Ring Spot Virus, fruit flies, mango seed weevil and other phyto-sanitary issues including the new challenges in addressing WTO/SPS and food safety measures; complying

with the new European Union (EU) harmonized regulations on Maximum Residue Levels (MRLs) for pesticides and implementing Good Agricultural Practices (GAPS) to comply with requirements of major markets in particular Europe, Canada and the USA markets.

- High cost of freight; unreliability in services and lack of adequate storage facilities at ports. The OECS, Guyana and Suriname are most significantly impacted. A new threat is the amalgamation of Atlantic Maritime services which is anticipated to result in an increase in the cost of sea freight between the Dominican Republic and North America.
- Limited financial investments (public and private sector) which impact on the availability of fruits since old fields are not being replanted nor are new fields being established at a sufficiently fast rate to satisfy demand. In addition there is reluctance by farmers to invest given the long gestation period for many fruit trees to come into bearing and the lack of data to support investments.

Similarly, fruit processors are faced with problems such as:

- Limited market analysis and intelligence and loss of markets owing to an inability to meet international food safety and quality requirements. Additionally the high cost of freight makes prices uncompetitive. Within the region processors also experience difficulty in accessing markets for fruit based products.
- Limited availability and high cost of fruits and other inputs such as packaging on which relatively high import duties are paid.
- Insufficient financial support to facilitate; investment in new plant and machinery, packaging innovations, research and development for new products and improved processing technologies, which further impact on product quality and price.
- Inadequate technical support as most research and analytical laboratories are inadequately staffed and equipped which further limit the ability of the enterprises to meet international quality and food safety standards. The costs for implementing these international standards are very high.
- Weak government support as demonstrated by the absence of an enabling macro-economic and sectoral policy framework.

A 1999 study on fruit processing enterprises demonstrated that there has been an improvement in the industry since 1994 and noted that “although the problems are still the same, improving market access and conforming to international requirements are now the critical issues”. This indicates the clear global dimension to the future success of the sector.

7. Economists, including Krueger, Schiff and Valdez (KSV, 1988, 1992) and Ramkissoon (1999) have found that the agricultural sector in developing countries is adversely affected by a host of policy measures or “interventions” at both (i) the macro or economy-wide level (direct policies) and (ii) at the micro or sectoral level, (indirect policies). Macro policies include general trade, exchange rate policy, as well as interest rate and other policies which are not aimed specifically at the sector but which have strong effects on its performance. Sectoral policies or direct interventions include specific tariff rates or other taxes and specific input or output subsidies.

Interventions by governments in the past have served to drive a wedge between domestic and international prices or to "distort" domestic agricultural prices relative to non-agricultural prices for consumers and producers. This then led to a mis-allocation of resources often to the detriment of agriculture. The fruit sub-sector in several Caribbean countries e.g. Suriname, Jamaica, Guyana and St. Vincent and the Grenadines has been negatively impacted and further challenged by these policies.

8. Taxes on exports of processed fruits are a major form of negative intervention, since they result in the contraction of the export sector. In some cases direct support in the form of a range of subsidies for fresh agricultural commodities can be positive. However, subsidies in general have been declining.
9. As far as the macro effects are concerned trade and exchange rate and interest rate policies figure prominently. Often import-substitution-industrialisation behind high trade barriers restricted imports and led to an overvaluation of the exchange rate. Fixed exchange rates over long periods of time can also lead to exchange rate overvaluation with concomitant growth in the non-tradable sectors of the economy at the expense of the tradable sectors within which agriculture and by extension the fruit sub-sector falls. These indicators transmit price signals in that they affect the actual price the consumer pays for a commodity or the price a producer receives for his product. It was found that the effects of these policies were negative on agricultural producer prices.
10. Because the sector responds to the combined effects of policy and the macro effects dominate then even when the direct effect was positive the negative indirect or economy-wide effects dominated the total effect. What this means is that it is important for the macro-economic environment to be supportive of agriculture and by extension the fruit sub-sector since it influences what producers and processors will choose to do.
11. In Trinidad and Tobago the direct effect on average was positive and although the total effect was negative it was not as large as in the group of countries studied by KSV. Specifically, the revenues from the oil boom allowed a high level of financial support to the agricultural sector. Among Caribbean countries Trinidad and Tobago would have been unique in this respect. Nevertheless economy-wide policies were on average not as facilitative as they could have been.

Recommendations

12. These results give rise to a number of possible recommendations that can be applied to the fruit sub-sector in the Caribbean region. These should be based on: the premise that:

(i) appropriate macro-economic policy is important for economic development. Such policy must largely reflect market fundamentals and far less reliance on government

interventions. Market signals must therefore play a far greater role in the determination of resource allocation. Not only is this consistent with WTO rules but experiences have shown a competitive agricultural sector has the best chance of long term sustainability. Notwithstanding this and given the higher tariffs imposed on Caribbean processed fruit exports mainly jams, jellies and marmalades and other sugar based products in extra-regional markets, Caribbean governments may wish to consider reciprocity when setting tariffs for similar products which enter the Caribbean market.

(ii) appreciation of the exchange rate should be avoided and where this is not feasible, support measures and incentives should be given to facilitate the emergence of competitive firms

(iii) provision of direct support which are consistent with the WTO Green policies and target:

- improvements in public infrastructure with emphasis on the upgrade of both public and private nurseries
- institutional support for intelligence gathering, development of successful marketing strategies and promotions recognizing that trade promotions alone are inadequate
- enhancement of extension and laboratory services to include facilitating specialized technical training in fruit propagation, production with emphasis on orchard management and processing. There is a limited number of tropical fruit specialist in the region
- research and development which is market led, demand driven supported by policies which facilitate innovative financing mechanisms and promote private/public sector co-partnerships in determining research direction as well as in the funding of the activities. Linkages with international funding agencies should be pursued.
- improvements in pest and disease and pesticide control; quarantine infrastructure and upgrade of inspection services and health and food safety legislation and standards. Producers and processors should be supported in implementing Good Agricultural Practices(GAP), Hazard Analysis and Critical Control Point (HACCP) Systems and meeting the EU challenges for Maximum Residue Levels (MRLs)

13. Policy makers must find a balance between the interests of the consumer and the producer/processor remembering that the producer/processor is also a consumer. Effort must be directed at fostering increased availability of domestic/regional supplies and creating the necessary linkages between raw material suppliers and fruit exporters and processors. Priority should be given to quantifying domestic and regional demand for processing and fresh fruit consumption and identifying in country capacity to supply fresh fruit for targetted markets. It has been demonstrated that successful processors/exporters control at least 40% of their raw material supplies and innovative policies, which facilitate improving access to land to support expanded production should be considered for implementation. Policies should therefore facilitate growth in the fruit sub-sector, fostering both, import replacement and export growth on a competitive basis recognizing that fruit is important in the

diets of Caribbean people for its contribution to health and well being and for economic growth.

14. As far as the WTO negotiations are concerned the region accepts that agriculture and the fruit sub-sector in particular must be able to confront a more liberalised environment. The Caribbean market has traditionally been more open than the industrialised countries themselves and further liberalization threatens to expose a greater share of Caribbean agriculture to the rigours of the international market thus underscoring the need for focussed and well targetted interventions to position the Caribbean fruit sub-sector to function and survive in the highly competitive, often hostile trade environment..

Conclusion

The Caribbean fruit sub-sector must be recognized as important to the economic and social well being and health of Caribbean people. It has developed in spite of the lack of support and the present international scenario is now threatening this emerging industry. Efforts by industry players to withstand these challenges in accessing markets and continuing on a path of sustained growth need government support.

Recognizing that the macro-economic framework is important to the survival and growth of the fruit sub-sector and not withstanding the attendant issues, Governments in conjunction with industry players, regional and international agencies and academia must move toward upgrading the pest, disease and pesticide management and food safety systems including laboratories and regulations such that they are harmonized within the region and are consistent with international requirements for equivalency with regional and international trading partners.

Policies must be implemented to support:

- research and technology innovation which facilitate/promote investments for expanding production, upgrading plant, equipment, processing and packaging technologies and product development to increase responsiveness to changing market forces;
- specialized training in all aspects of the fruit commodity chain
- upgrade of extension services
- market intelligence and strategy development.

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The Banana Industry

OVERVIEW

Banana has traditionally been one of the Caribbean region's major agricultural industries. As an export industry, its success as a major earner of foreign exchange and employment provider is rooted in preferential trading relationships established with the United Kingdom.

While agricultural production in some of the banana growing countries are diversified, the majority are heavily dependent on this crop. Production figures range from a high in Belize of 70,000 tonnes per annum to 15,000 tonnes per annum in Grenada.

Shifts in global policy, increased competitiveness and a reduction of the protection afforded by the European Union (EU), indicate, however, that if the industry is to survive, the approach to the production, management and marketing of bananas must undergo radical change.

The seven banana exporting countries of the region - Belize, Jamaica, Suriname, Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines - are all challenged to retool their operations to achieve international competitiveness which has been affected by high cost of production and poor fruit quality. The following activities are required to redress this problem:

- Re-evaluate productive capacity
- Improve institutional capability
- Give more serious attention to research and development
- Improve efficiencies in marketing and distribution
- Modernize the industry
- Reform macro and agricultural policies
- Increase strategic links both regionally and internationally

According to an earlier study, the issue of cost of banana production in the Caribbean has and continues to be of critical importance, given the need to increase competitiveness in order to sustain the industry. An analysis of cost of production data within the banana industry of the Caribbean, shows that variable unit production costs averaged US 11.1 cents per lb; ranging from US 8.0 cents per lb in Suriname to US 12.6 cents per lb in Dominica. A comparative analysis

of variable costs of production for Caribbean Banana exporting and selected Latin American countries shows that Latin American producers enjoy a competitive advantage over their Caribbean rivals. The lower labour costs that exist in Latin America is partially responsible for this advantage (except in Jamaica where the devaluation of the currency seems to be impacting positively on the cost structure). Wage rates in the Caribbean region are considered inflexible downward, due in part to the power of Trade Unions. This fact suggests that the banana industry in the Caribbean must find ways to increase labour productivity in order to gain some cost advantage.

Caribbean banana exports to the UK frequently are downgraded because certain defects are consistently above respective established tolerance limits. The major defects affecting fruit from the Caribbean banana exporting countries are:

- Mechanical injury
- Pathogenic diseases
- Premature ripening of fruit
- Latex Staining
- Thrip Damage
- Undergrade
- Sooty moulds; and
- Underpeel Discoloration

Central to these threats and weaknesses are the farmers, many of whom have become so accustomed to the traditional dependent and paternalistic relationship with the local banana authorities and government, that they have yet to develop a business approach to banana production and have little knowledge of the input-output relationship and how to manage these to their overall benefit. A strategy for the development of the Caribbean banana industry must recognize the critical limitations at the farm/farmer level and include high priority action to correct these limitations.

An analysis of the banana production environment in the Caribbean shows that the banana industry does have a number of positive characteristics which, if protected and nurtured could strengthen its ability to survive in a competitive world. The industry must, however, address and overcome the threats and weaknesses which could undermine its ability to remain viable in the medium to long term.

CHALLENGES

Dr. Hall's presentation underscored the importance of the industry to the Caribbean highlighting the following areas:

1. The WTO arrangements
2. Caribbean options to maintain itself in banana

1. WTO Arrangements

The WTO's decision, which supports preferences but rules out quantitative quotas and provides tariff benefit for ACP countries but nothing else, is conflictual, Dr. Hall said.

The new tariff rate quota, he explained, divides the tariff structure in two and raises the question of **who should benefit, once there is a quota**. In WTO preferences are not discriminatory. Those discriminated against must therefore access preference but at different levels.

According to Dr. Hall, the problem is compounded by the number of players, (including growers and importers) in the mix. In addition to the Caribbean and African countries, large multi-national dollar countries are now active participants. Given the structure and the nature of the industry, the cast of players makes it difficult for them to come together on common ground.

Consideration was given to the EU's "method" proposal for either a **Tariff Only or Boat Race** (first come first served) approach to dealing with the present impasse.

Disadvantages: The Tariff only method has no cap on price competition, therefore, if the market is flooded, the Caribbean is at a disadvantage. The region is advocating for a cap on the amount going into Europe to ensure that there are reasonable returns for bananas.

Protection will continue until 2006 and on a tariff only basis to 2010, after which the level now enjoyed by the Caribbean will be reduced.

In this regard, the two Major areas of concern for the Caribbean are access and price. An important consideration is whether reduced tariffs can be structured to continue to permit access while facilitating a good price.

The reduction of preference has serious implications for the survival of the industry.

2. Caribbean Options To Maintain Itself In Banana

The survival of Caribbean Banana and the development of a sustainable industry depends on:

- 1. Reducing high cost**
- 2. Increasing revenue**

1. Reducing High Cost

- **There is a need for a change in the administrative structure as there are too many organizations (e.g. AIBGA, BECO, Banana Board). Administration must be cut so that cost can be reduced.**
- **Shipping adds 1/3 of the cost of bananas. With a cost US\$400,000 for a ship to cross the Atlantic and one ship operating per week, ships must therefore go full to be cost effective. The new thinking is to ship what is projected.**
- **The cost of growing bananas in the Caribbean is also too high. To alleviate this, we must cultivate export crop only on soil ideal for bananas, otherwise the marginal grower will want a price that the market cannot afford and services that he cannot afford.**

2. Increasing Revenue

- **Knowledge Of The Market is important. Growers must be encouraged to produce high quality fruit to secure the best price. Supermarkets now have the ability to trace bananas to their farms of origin. This is based on the demand from consumers for wholesome foods. More pressure will therefore be placed on the Caribbean to meet world standards.**

- **Niche Marketing** presents possibilities but there is also the risk of over supply.
- **Branding** should be considered as a strategy for giving the product prominence in the marketplace.
- **Organic Production** is a very important niche with prices ranging from 30 – 40% higher than the regular price. The transition to this method, however, is long (minimum of 3 years – maximum of 5-7 years). There is also the question of whether world demand will continue. Organic production may only be viable if the traditional market is also maintained, as it is hard to survive on its own.
- **The Fair Trade Option** now being explored by the Windward Islands is also being used in Latin America and losing importance.
- **Value Added Products** present a possibility for sustaining the industry and producing user-friendly food. It must be seen as another way to add value. The rapid growth of the fast food sector makes this a critical area for consideration. While Jamaica Producers Foods has had some success with its green banana fries, there is also a problem in peeling green bananas. This is costly and time consuming and ways are now being explored to alleviate this problem.

It is possible to increase sale for a number of products. The challenge, however, is to make food user friendly for consumers, failing which we will loose ground to first world countries.

Mr. Atherton Martin

Mr. Martin called for the "breaking of new ground to go beyond the boundary" and the exploration of the new opportunities that lie in the adversity now plaguing the industry.

CHALLENGES

Poor Soils

Soils are dying. In Dominica, for example, it is becoming difficult for soils to absorb fertilizer. New enterprises must therefore be found to share the load traditionally carried by banana.

An effort is being made to restore and regenerate the soil by adding organic matter. As a result, composting is now becoming a viable new enterprise for young people in Dominica. He pointed to an obvious synergy among agriculture, soil regeneration, employment and road repairs.

Diversification

There is also the need for **diversification**. Agriculture can no longer be "one crop driven". Land utilization and farm planning must also be addressed by modern agriculturalists to facilitate sustainability.

Labour

With the introduction of herbicides, women who have been traditionally employed in banana in Dominica have been displaced. This has led to urban and overseas migration. While young people are being encouraged to form companies to provide services to the industry, there is the need to examine other enterprises that meet the need for employment and increased revenues.

FACTORS THAT AFFECT THE INDUSTRY (collateral activities)

There are linkages between agriculture and other sectors that must be examined.

Health

The spread of HIV /AIDS is having a significant and serious impact on the Caribbean and farming. Agriculturalists must pay greater attention to nurturing, and monitoring children as this has serious implications for the labour force.

Tourism

Mr. Martin said tourism is a partial contributor to the Caribbean's enormous food import bill and there is the need to explore new opportunities for forging links between agriculture and tourism. He pointed to the need for increased farm / agriculture based attractions (e.g. Crop Over / Barbados).

Work Ethic

There is disparity in the operations of St. Vincent and Dominica where the yield is vastly different. **Contributing factors are the soil quality and work ethic.** Farmers in St. Vincent spend up to 10 hours per day on their farms. Dominican farmers spend 2-3 hours per day on theirs. This has implications for earnings.

Negotiation:

It is difficult to seriously and successfully negotiate, when there is failure to access approved aid to facilitate development. This compromises the capacity of negotiations to be firm and effective.

Corruption

Problems of corruption affect the industry both directly and indirectly. This problem must also be addressed.

Certification

There is the need for industry workers not directly involved in the production process (e.g. stevedores, drivers, handlers) to be certified. This will help in the long run to improve efficiency.

Coordination of Agencies

To achieve economies of scale, there should be greater coordination of agencies. This will help to facilitate sustainability.



Attachment 4

Session 4

Suggested Organisational Requirements for the "New" Agriculture

Chairman - *Hon. Deepu Deman Persaud*
Minister of Agriculture & Parliamentary Affairs, Guyana

Coordinating Food Safety and Quarantine Requirements in a Changing World

A Presentation to the 1st Meeting of the Alliance for Sustainable Development of Agriculture and the Rural Milleu in the Caribbean
October 03-07, 2000



Anne A. MacKenzie
Associate Vice President
Science Evaluation Unit

Key Message

“Food Safety Opens Doors
to New Markets.
The Lack of Food Safety
Closes Markets”

Key Issues

- Addressing food safety, animal health, and plant protection and how they impact trade
- Meeting WTO Sanitary and Phytosanitary (SPS) Obligations
- Establishing strong national food safety systems

ISSUE # 1

Addressing Food Safety,
Animal Health, and Plant
Protection and How They
Impact Trade



What is Food Safety?

- Microbial pathogens
- Zoonotic diseases
- Parasites
- Adulterants -- physical, such as metal or glass
- Mycotoxins
- Antibiotic drug resistance
- Pesticide residues
- Heavy metals
- GMOs

Hazards in Foods: *Historical Perspective*

- The 1980's
 - Major concerns were chemicals (pesticides) and physical (broken glass)
 - Concerns about pollution of the air, water, and soil carried over



Hazards in Foods: *Historical Perspective*

■ **The 1990's:**

- Microbial contaminants
- Central issue of emerging diseases



Food Safety Today

- North American Perspective
 - Gate-To-Plate
- European Union Perspective
 - Production & processing methods
 - Ethical, cultural, religious preferences
 - Quality attributes, and other legitimate factors



Food Continuum



Importance of Food Safety investment for the Caribbean Countries

- Facilitate growth in food exports
- Improve the health and well-being of consumers



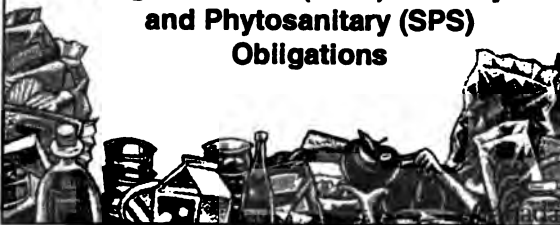
Basic Food Safety Principles

- Leadership
- Political Will
- Systematic focus on the food chain
- Awareness, commitment and shared responsibility from the producer to the consumer
- Determination of food safety policies
- Capacity to manage risks
- Education and Information

* Dr. Kevin Walker, Director, Food Safety, IICA

ISSUE # 2

Meeting World Trade Organization's (WTO) Sanitary and Phytosanitary (SPS) Obligations



The SPS Agreement

The SPS Agreement sets out several ground rules with the intent of ensuring that they do not pose unfair barriers to trade. These ground rules include:

- Transparency
- Equivalency
- Science-based measures
- Regionalization
- Harmonization
- National Sovereignty
- Dispute Resolution

Canada/IICA Sponsored Workshop on Codex

Objectives

- To assist CARICOM countries meet their obligation under the SPS Agreement
- To give participants a better understanding of how Codex functions and how it impacts trade.
- To develop strategies/recommendations to have more effective national/regional participation in the Codex Alimentarius process.

Date: January 22-26, 2001

Location: Toronto, Ontario, CANADA

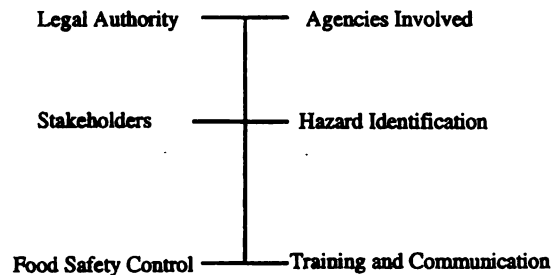
ISSUE # 3

Establishing Strong National Food Safety Systems

Requirements for a National Food Safety System

- Infrastructure
- Modernization of Laws and Regulations
- Technical Requirements
- Consumer Education
- Strong Inspection Presence

Conclusion





What is **BAHA**?

The Belize Agricultural Health Authority is a newly formed Statutory Body responsible for Animal health; Plant health; Quarantine; Food Safety.

BAHA

- hopes to enhance the competitiveness of Belize's agricultural products, especially in foreign markets, by improving the quality and financial viability of animal and plant health services;
- seeks to reduce losses from disease and ensure the safety and quality of agricultural products for both domestic and foreign consumers.

BAHA Services

Plant health administration

- Import permits
- Official importations
- Phytosanitary certificates
- Export certification
- Disease Surveillance: exotic & local plants
- Disease control
- Quarantine Assistance

Animal health administration

- Import permits
- Official importations
- Sanitary/Health certificates
- Export certification
- Disease Surveillance: exotic & local animals
- Disease control/ Field Service
- Quarantine Assistance

BAHA Services

Food safety administration

- Regulates and supervises processing plants for all food stuffs produced in Belize
- Regulates and supervises the quality of all drinking and industrial use water
- Ensures that local products meet the quality standards set by the Belize Bureau of Standards

BAHA Services

Veterinary drugs, biologicals, and Medicated feeds administration

- monitors the importation and use of these products

Fertilizers and feeding stuffs administration

- ensures that all activities are complied with.

BAHA Services

Quarantine administration

- covers both plant and animal quarantine regulations
- charged with external, internal, and post entry quarantine measures



BAMA Activities

Control and Prevention:

- pink mealybug
- medfly
- lethal yellowing
- citrus tristeza
- classical swine fever rabies
- equine encephalomyelitis
- vesicular diseases
- exotic plant and animal diseases

Monitoring and Certification




- HACCP (Hazard Analysis at Critical Control Points) Systems in processing plants to ensure food quality and safety

BAMA Activities

Monitoring and Certification

- Packing sheds exporting agricultural products
- Inspection and approval for plant and animal exports and their products;
- Inspection and approval of imports
- Registration of feeds, fertilizers, and veterinary drugs

**Food Safety and Globalization
of trade in Food**

Maritza Colon-Pullano
U.S. Food and Drug Administration
Office of International Programs

Points to Cover


- Food Safety Challenges
 - Domestic and International
- FDA/FISI International Activities
 - Produce Activities
 - Partnerships

Food Safety Initiative


GOAL: To reduce to the greatest extent possible the incidence of foodborne illness.

FOOD CHOICES HAVE CHANGED

1949



1999



Globalization of the Food Supply

- World Trade Organization
- Increased in Imported Food
- Complex Products
- Where are we eating?
- Who is eating?

Emergence of Foodborne Pathogens

<p>•1942</p> <ul style="list-style-type: none"> - <i>Staphylococcus aureus</i> - <i>Salmonella</i> - <i>Clostridium botulinum</i> - <i>Streptococci</i> 	<p>•1975-1995</p> <ul style="list-style-type: none"> - <i>Campylobacter jejuni</i> - <i>Clostridium botulinum</i> (infant) - <i>Escherichia coli</i> O157:H7 - <i>Listeria monocytogenes</i> - <i>Salmonella Enteritidis</i> - <i>Vibrio cholerae</i> (Latin America) - <i>Vibrio vulnificus</i> - <i>Yersinia enterocolitica</i> - Norwalk and Norwalk-like viruses - Rotavirus - <i>Cryptosporidium parvum</i> - <i>Giardia lamblia</i> - <i>Toxoplasma gondii</i> - BSE prion
---	--

**Reservoirs For Produce Outbreak
Agents:**

<p>• Human:</p> <ul style="list-style-type: none"> - Salmonella Typhi - Hepatitis A - Shigella - ETEC - Cyclospora 	<p>• Animal/Human</p> <ul style="list-style-type: none"> - Salmonella Non-Typhi - E coli O157:H7 - Cryptosporidium
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Developing Nations--Challenges

- Two-tiered production system
- Outmoded legislative/regulatory authority
- Impaired infrastructure
- Poverty

In the US, outbreaks have been associated with domestically produced AND imported foods.

FDA/FSI International Activities Key principles

- Food safety activities should emphasize prevention
- International activities should parallel domestic activities
- Activities should be based on partnerships

FDA/FSI Produce & Imported Foods Plan

- Survey of Imported Foods
 - 1,000 samples
 - 8 fruits and vegetables
 - Analyzed for *salmonella*, *shigella*, *e.coli* 0157:H7
 - 95.4% free from contamination
- Outbreak response
 - Staff Development
 - Partners
 - CDC; State and Local authorities
 - Industry; Foreign Governments

FDA/FSI Produce & Imported Foods Plan

- Technical Cooperation
 - Food Safety Systems Assessments
 - Developing Baseline of Agricultural Practices
 - Survey of Consumer Food Safety Practices
 - Partners
 - Donor organizations (IDB, USAID, Foreign governments, Industry, sister federal agencies, state agencies)

FDA/FSI Produce & Imported Foods Plan

- Education
 - Public Awareness campaigns
 - Partnership for Food Safety Education
 - Training
 - Good Agricultural Practices (GAPS)
- Partners
 - Foreign governments, international organizations (e.g., FAO, PAHO, IICA), industry, sister agencies, universities, consumer groups

Leveraging resources makes sense!!!

Proposal for a Caribbean Agricultural Health and Food Safety Agency (CAHFSA)

*Ronald M. Gordon, CARICOM Secretariat
Sandra Vokaty, IICA
Gene V. Pollard, FAO*



Background

- Technical endorsement: Meetings of CARICOM Chief Plant Quarantine Officers (October 1998) and Chief Veterinary Officers (June 1999)
- Political mandate: Meeting of CARICOM Ministers of Agriculture (December 1999) mandated CARISEC, IICA & FAO to develop proposals for a functional, self-sustainable regional Agricultural Health agency to support trade.

Background

- January 2000: Meeting of CARICOM, FAO, IICA, CAFP to start developing concept, structure, function of CAHA.
- February 2000: CARISEC circulated preliminary framework to MoA's for comment. Weak but positive response.

Background

- April 2000: Caribbean Food Safety Initiative working group recommended that concept be broadened to include food safety.
- May 2000: CARICOM Regional Planners Forum recommended regional workshop to refine concept

Background

- June 2000: COTED agreed to proposals to include food safety & to hold regional workshop to determine CAHFSA objectives.
- August 2000: CFSI held workshop of technical personnel from MoA's & MoH's of CARICOM + IICA, PAHO/WHO, UWI, CFIA, USAID, USDA, FDA, OIRSA.

Recommendations of CAHFSA workshop:

- ***Objectives of CAHFSA:***
- A functional body to coordinate services that assist Members in:
 - facilitating safe agricultural trade
 - strengthening food safety systems
 - meeting WTO/SPS requirements
 - compliance with IPPC, OIE, Codex obligations
 - strengthening inter-governmental cooperation

Prerequisites to CAHFSA

- Effective national agricultural health and food safety systems in member states
- Harmonisation of policies & legislation in Caribbean, based on SPS commitments.

CAHFSA: Proposed structure

- Board of Governors representing Ministers of Agriculture or Health of member countries.
- Seven members, staggered 2 year rotation among member countries.

CAHFSA: Proposed structure

- Selected Technical Advisory Committees for plant health, animal health, food safety
- Management committee

CAHFSA: Proposed staff

- Overall technical coordinator, with expertise in plant health, animal health or food safety + experience in project development & management
- Small core of professionals to complement Coordinator's expertise
- Data management professional
- Support staff (secretarial, accounting).

CAHFSA: Scope of Work

- Monitoring & evaluation of national agricultural health & food safety programs & provision of technical support where needed.
- Promotion of development & use of regional and international SPS standards

CAHFSA: Scope of Work

- Harmonisation of technical procedures for quarantine systems, surveillance, laboratory analysis, risk assessment.



CAHFSA: Scope of Work

- Strengthening national & regional capacities:
 - Fostering partnerships among stakeholders, i.e. Private & public sectors, academia, consumer groups to strengthen national agricultural health & food safety systems.

CAHFSA: Action Plan for Establishment

- Feasibility study & Business plan: FAO, IICA, PAHO, CCS & CAFP PMCU: Euro 25,000 allocated under project "*Strengthening Agricultural Quarantine Services*".
 - National consultations with public & private sectors to prepare business plan.
 - To include CPA, CTO, CAIC, CABA, national importers & exporters associations.

CAHFSA: Business Plan

- To consider phased involvement of countries.
- Determine minimum number of countries required for feasible CAHFSA
- To project membership costs for participating countries & revenue from cost recovery for services.
- To consider possibility of CAHFSA being administered by existing regional agency
- IICA to do financial & economic analysis.

CAHFSA: Action Plan for Establishment


- Preparation of legal agreement to create CAHFSA: FAO offered assistance. CCS to make formal request to FAO.
- Promotion of CAHFSA among public & private sectors of member countries, based on results of business plan.

CAHFSA: Action Plan for Establishment

- Formal agreement among member states to create CAHFSA.
- Selection of host country for CAHFSA Secretariat
- Employment of CAHFSA staff
- Initiation of CAHFSA operations.

Preparatory actions by Caribbean countries

- Necessary to strengthen national agricultural health and food safety services, for effective participation in CAHFSA. (e.g. Belize Agricultural Health Authority)
- Promote intra-country dialogue based on business plan
- Expedite execution of legal agreement



1st meeting of the Alliance for Sustainable Development of Agriculture and the Rural Milieu in the Caribbean
 October 06-07 2000
 Conference Center, Kingston, Jamaica
 Presented by Gaetan Lussier



A Canadian Perspective:

- ◆ Challenges and opportunities for the agribusiness arising from a new global marketing environment.

Role of Government:pre NAFTA

◆ To inform	◆ Systematic communication with farmers & agribusiness organizations
◆ To educate	
◆ To communicate	◆ Creation of technical committees
◆ To listen	
◆ To negotiate	◆ Policy and position elaboration
◆ To inform	

Government input:Post NAFTA

- ◆ Information Dissemination
 - Track World Agriculture Outlook
 - Set yearly Agriculture Conference
- ◆ Harmonize various regulations related to trade and food inspection.
- ◆ Defend the interest of the Industry at International forum and international tribunal
- ◆ Encourage the Unification of the Industry Associations and organize and participate in Government-Industry High Level Trade Mission

Accelerated Change:Impact on Canadian Farmers.

- ◆ Change creates fears
- ◆ Competition is global
- ◆ Cost reduction is everywhere
- ◆ Consumers taste is in constant evolution

The Agribusiness reorganizes

- ◆ Strengthen the national organization
 - Mission: from GPMC to FCPMC
 - Vision : Services to Members
 - Taking position on policy Trade Relation
- ◆ Create a club agro-export: to give an infrastructure to small and medium size companies to export



Regroup and supply services under one umbrella to the Canadian owned companies

Globalization affects food trade

- ◆ Demographics
- ◆ Risk of backlash
- ◆ Food quality is an instrument and a victim
- ◆ Food quality definition
- ◆ Is food safety the next trade barrier?
- ◆ Food recall
- ◆ New food technologies
- ◆ Good Manufacturing practices
- ◆ HACCP

A modern, competitive food regulatory system

- ◆ The Uruguay round and Codex Alimentarius
- ◆ Food biotechnology
- ◆ Food Safety
- ◆ Labelling
- ◆ Intellectual property

Industry Actions on Food Safety

- ◆ **OBJECTIVES**
 - Promote and support food safety education;
 - Establish Supply chain response to food safety;
 - Efficient and effective recall system;
- Measurable results**
 - Extend Allergy Beware revision to include retail
 - Industry-Government Conference;
 - Develop a recall manual;
 - Develop a traceability system.

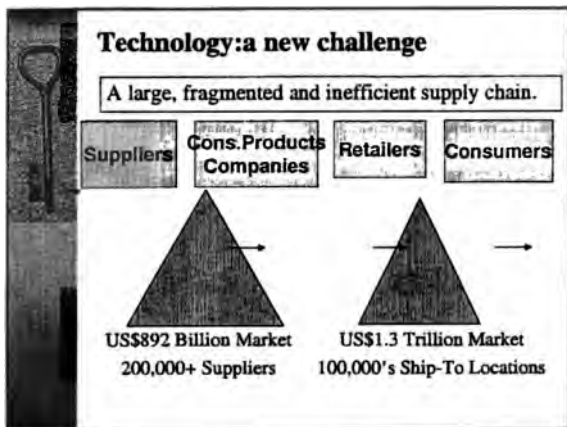


New supplier-distributor relation

- ◆ Consolidation of the distribution around the world
 - Ahold, Walmart, Carrefour
 - In Canada 5 food chains controlled the market 2 of them have a market share of over 60%
 - Soon one buyer will have a world mandate

Agribusiness-Trade relationship

- ◆ ECR (Efficient Consumer Response)
- ◆ Adopting EDI Protocol
- ◆ Adopting bar code protocol
- ◆ GTIN (Global Trade Item Number)
 - 14 digits : to replace UPC and EAN8
- ◆ Setting a Web for buying of food products



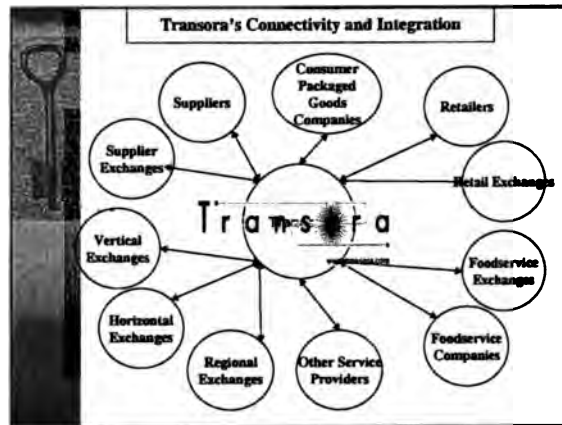
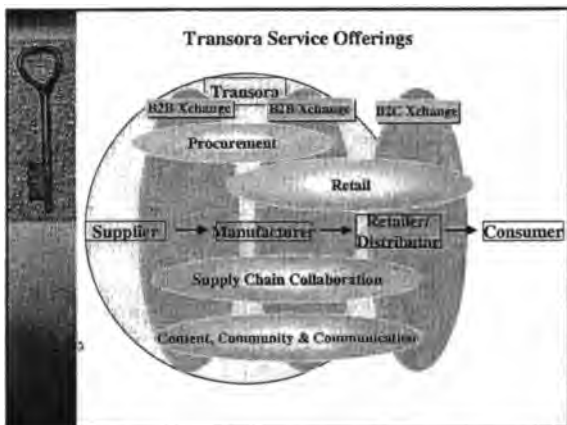
Procurement Costs Inconsistent and incomplete information; unnecessary costs

Inefficient Processes Paper-laden; lack of integration; each consumer products company spends millions on administrative costs

Inventory US\$1 trillion in surplus "safety stock"

Media Costs US\$50 billion in unnecessary media expenses

Shipping/Transportation . . Half the trucks on the highway are empty



CONCLUSION

- ◆ The next WTO negotiation round crucial for Canadian Agribusiness: Milk, Canola,
- ◆ Globalization forces the agribusiness to work closer with distribution sector
- ◆ Agribusiness must become more efficient and competitive or disappears
- ◆ Agribusiness must remain conscious of consumer changing behaviour
- ◆ Government-Industry must be on same wave length.



Other Attachments

Caribbean Network of Rural Women Producers (CRNWP)

Caribbean Council for Higher Education in Agriculture (CACHE)

**The First Meeting
of the
Alliance for Sustainable Agriculture and the Rural Milieu**
Conference Centre, Kingston, Jamaica

**Recommendations from
The Caribbean Network of Rural Women Producers**

Rationale

In the world today, there are more than 550 million people who live in rural areas. This represents 60% of the world's population. Seventy percent of rural people who live in poverty are women. Women represent one third (1/3) of the work force and account for two-thirds (2/3) of all hours worked. Women possess only 1% of the property in the world and receive only one-tenth (1/10) of the income. Women's access to land and credit has been restricted, even as part of agricultural reforms, due to cultural values and legislative regulations. Twenty percent of the GDP from agriculture is contributed by women, who work approximately 14 – 18 hours per day generating between 38% and 66% of monetary and non-monetary family income.

Note, however, that most conservative re-evaluations of feminine participation in the agricultural economy of Latin America contradict the 20% shown in official figures and indicate a minimum 37% contribution from women. In the Caribbean, these reevaluation analyses indicate that Caribbean women participate in the agriculture economy at three times the official rate. It has been noted, for example, that an average of 45% of small farm agriculture households in just Barbados, Guyana, Suriname and Jamaica are headed by women.

Ongoing Initiatives

Accepting this invisibility of women in Agriculture has serious negative implications for macro policy development for the rural sector. The Inter-American Institute for Cooperation on Agriculture (IICA) has been trying to address this problem at the hemispheric level through the International Centre for Rural Development (CIDER) and at the regional levels through the support given to the establishment of regional umbrella associations.

Starting in 1998, a number of national networks of rural women producers were established in Trinidad and Tobago, Guyana, Barbados, and Jamaica. The membership of these national networks/associations include individuals and groups which are involved in a wide array of activities throughout the food chain and including handicraft using indigenous grasses and other materials. Many of these micro-producers in the area

of agro-processing are leading the way in product innovation. However, the scales of operation remain at the cottage level.

Last year, the Caribbean Network of Rural Women Producers (CNRWP) was officially launched on the occasion of the *First Meeting of the Wives of Heads of State and Heads of Government of the Caribbean* in Port of Spain. The declaration was signed by members of the aforementioned groups. The integration of Suriname, Haiti and the Organization of Eastern Caribbean States into the regional network is imminent.

The CNRWP has as their collective vision "to be recognized as the most effective advocate of rural women producers in the region." Its main objectives are:

- 1) To develop a marketing mechanism to promote their members products.
- 2) To develop gender sensitive policy
- 3) To secure supplementary financial resources.
- 4) To support the establishment of a legal framework that will give support to women's issues and
- 5) To develop gender sensitive data collection instruments and facilitate exchange of information.

Recommendations

The annual meeting which was held as part of the Caribbean Week of Agriculture, here in Jamaica, The Caribbean Network of Rural Women Producers re-affirmed their commitments to these objectives and developed a work plan for next year. The women themselves identified three main areas of policy recommendations as follows.

The Ministries with responsibilities for Agriculture and Rural Development be mandated to:

- 1) Collaborate on the development of dis-aggregated national statistics that recognize and validate women's contributions in agriculture and the rural economy;
- 2) Support the establishment of specialized financial services and facilities in areas such as credit programs and investment schemes.
- 3) Facilitate access to local, regional and international market information, including the identification of marketing opportunities, dissemination of information on quality control standards and trade regulations; and opening of relevant marketing channels.

In conclusion, a serious reflection on women's participation in agriculture and the rural economy reveals that rural women are *not* asking for special favors or privileges, rather, they are asking only for a recognition of what they already do and have been doing with appropriate support from both the public and private sectors.



**THE UNIVERSITY OF THE WEST INDIES
FACULTY OF AGRICULTURE AND NATURAL SCIENCES**

ST. AUGUSTINE, TRINIDAD, W.I.

OFFICE OF THE DEAN

**MECHANISMS/PROCESSES FOR ACHIEVING VISION AND FOR
MAKING UNIVERSITIES AND AGRICULTURAL COLLEGES CENTRES
OF EXCELLENCE AND THEIR ALUMNI MORE COMPETITIVE**

By

C.R. McDavid and S. Maximay

If we accept the definition of a competitive graduate as "one that can produce agricultural products or provide services to the sector more profitably, locally, regionally and internationally", then the vision of caribbean institutions of higher education in agriculture must be "to provide our graduates with marketable skills together with improved or new technology which will enable them to do this". As indicated by the previous speaker these skills, in addition to crop and livestock husbandry, must include business management and marketing, and the graduate must also be "au fait" with contemporary global issues such as TRIPS, GMO's, environmental protection and biosafety. This short presentation seeks to identify some of the mechanisms/processes that will enable regional tertiary level agricultural institutions to achieve this vision.

As indicated previously there has been a decline both regionally and internationally in the number of students enrolling for degrees in agriculture. Two factors that undoubtedly contribute to this are: (1) declining availability of jobs and (2) the relatively high economic cost per student which results from our small size and fragmentation which does not allow us to exploit economies of scale. The first activity therefore must be to make our programmes more competitive as well as viable, and our strength must therefore lie in collaborative efforts for the effective utilisation of our limited human and financial resources. For our agricultural sector to be competitive globally the services our graduates offer, and the products they produce, must be non-traditional ones which can give us a competitive edge and the training must address the interface of traditional agriculture with other sectors including health, environment, tourism, recreation and sports nutrition.

The new curriculum must have a solid scientific base so that our graduates can major jointly in agriculture and other disciplines such as the life sciences, chemistry, environmental science, food technology and food science which will increase their job opportunities. They must also be able to help in the improvement of traditional and new commodities to create niche markets for value added products. These opportunities will be found in the choice of crop (i.e. whether genetically modified or not), the way in which the crop is grown (whether organically or traditionally), and the processing, packaging and promotion of the commodity. Of particular relevance will be the services the

graduates provide which must be tailored to the unique circumstances of small and medium scale farming. Most of these producers will be supplying high quality, premium markets and would be constantly pressured to innovate in order to maintain market share.

In order to facilitate these developments CACHE has placed high priority on the development of a common curriculum for regional associate and bachelors degrees in agriculture which will be more attractive to students and more responsive and relevant to the needs of the regional agricultural sector, as well as the job opportunities of our graduates.

Some economy of scale can and must be achieved by linking regional agricultural institutions, through a commitment to the articulation of their programmes and to a regional accreditation system, to enable a seamless movement of students through the system, and of graduates within the region. The work of ACTI and CACHE in this regard is acknowledged. The mechanism to effect this vision of competitive graduates emerging from centres of excellence involves some demarcation of roles. Individual centres cannot excel in everything, and efforts should be made to build on the strength which some centres already have, and to minimise competition and duplication of effort among the regional institutions, which if unchecked, will weaken most of them, particularly at the higher end. The links to the productive sector must be improved through mandatory production-linked research, which CARDI and the Universities must conduct in collaboration with each other. This will

improve both the quality and quantity of the research and the effectiveness and relevance of the training by incorporating the farm-based research results and methodologies into the curriculum by means of seminars and other structured exchanges.

The region, as part of its overall competitiveness and product diversification, has to embrace specific aspects of low input sustainable agriculture, and as we have heard in previous presentations, the specialty products so produced must be branded, recognisable and quality assured to international standards. Many of our graduates will be service providers keeping the producers and processors abreast of world marketing trends, quality parameters and specially adapted and new technologies. With specific reference to exporters they too would have to be trained at the various institutions in various applied business programmes. To be deemed centres of excellence our institutions must be geared towards problem anticipation and problem solving and the ever expanding internet and other communications technologies will render many of them irrelevant if they do not offer a sufficiently differentiated educational product, which prepares graduates for the application of science and technology to new environments, unique operating conditions and demanding markets.

Two examples can be used to illustrate this perception of the vision, one in agro-tourism and the other in sports nutrition. Tourism as a mainstay of the region will hardly fade away and a major concern has always been the use of

imported rather than locally produced food to satisfy the tourists. Whilst this is slowly being addressed and will always present volume and competitive price issues, other interactions are possible such as the development of quality outdoor museums (theme parks) as a way of linking agriculture with a country's unique history, culture and productive sectors. This would require special landscaping and production needs, along with craft and other skills and would provide sustainable jobs for park management graduates while providing a unique eco-tourism thrust. The second example is the sport and recreation industries which are fast growing and provide significant opportunities for specialized production. The region is the centre of origin of many medicinal plants, products from which have legally stimulatory effects. The production of performance enhancing foods and so called designer foods for the sports enthusiasts or fitness conscious is therefore another niche area that can be exploited profitably. In both cases there would also be training needs.

Finally, ladies and gentlemen we must consider the vexed question of financial resources. CACHE, with the help of IICA (which we greatly appreciate) has been trying since its inception about four years ago to facilitate the networking, regional accreditation and curriculum development which will catalyse the fulfillment of the vision. Progress, however has been greatly limited by financial constraints since CACHE's funding is obtained from membership fees and an annual contribution from IICA. The cost of attendance at CACHE meetings is generally met from the limited budgets of member institutions.

Approaches are being made to funding agencies, but many of these now require counterpart funding from governments and/or the private sector, and we urge you to assist us in getting the financial assistance which is critical to our success and viability.

To summarise - the mechanisms/processes for achieving vision, and the development of centres of excellence and competitive graduates must include:

1. Agreement on a shared vision;
2. More effective use of our limited physical, human and financial resources through networking, collaboration and development of Centres of Excellence.
3. Development of an articulated regional curriculum and an accreditation system to allow a seamless system of transfer between institutions, and of graduates within the region;
4. Production-linked Collaborative Research among CARDI, Ministries and Universities to improve the quality and quantity of research and to enrich the teaching programmes; and
5. Provision or sourcing of adequate financial resources to make this possible.

October 4, 2000

