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**A ROADBED FOR  
JAMAICA'S AGRICULTURAL  
EXPORT DEVELOPMENT**

DECEMBER 1994

IICA

IICA OFFICE IN JAMAICA

## WHAT IS IICA?

**T**he Inter-American Institute for Cooperation on Agriculture (IICA) is the specialized agency for agriculture for the inter-American system. The Institute was founded on October 7, 1942 when the Council of Directors of the Pan American Union Approved the creation of the Inter-American Institute of Agricultural Sciences.

IICA was established as an institution for agricultural research and graduate training in tropical agriculture. In response to changing needs in the hemisphere, the Institute gradually evolved into an agency for technical cooperation and institutional strengthening in the field of agriculture. These changes were officially recognized through the ratification of a new Convention on December 8, 1980. The Institute's purposes under the new Convention are to encourage, facilitate and support cooperation among the 33 Member States, so as to better promote agricultural development and rural well-being.

With its broader and more flexible mandate and a new structure to facilitate direct participation by the Member States in activities of the Inter-American Board of Agriculture and the Executive Committee, the Institute now has a geographic reach that allows it to respond to needs for technical cooperation in all of its Member States.

The 1987-1993 Medium Term Plan, the policy document that sets IICA's priorities, stressed the reactivation of the agricultural sector as the key to economic growth. In support of this policy, the Institute is placing special emphasis on the support and promotion of actions to modernize agricultural technology and strengthen the processes of regional and sub-regional integration.

In order to attain these goals, the Institute is concentrating its actions on the following five programs:

- Agricultural Policy Analysis and Planning
- Technology Generation and Transfer
- Organization and Management for Rural Development
- Marketing and Agro-industry
- Animal Health and Plant Protection

These fields of action reflect the needs and priorities established by the Member States and delimit the areas in which IICA concentrates its efforts and technical capacity. They are the focus of IICA's human and financial resource allocations and shape its relationship with other international organizations.

To further reach its objectives of encouraging, promoting and supporting the efforts of the Member States in the area of agricultural and rural development, the Institute renders technical services aimed at strengthening national institutions involved in this sector and serves as a multinational body for cooperation among member countries. IICA also provides direct advisory services and consultancies, implements projects, and acts as a forum and vehicle for the exchange of ideas, experiences and cooperation between the countries, organizations and other entities active in the agricultural arena.

The contributions provided by the Member States and the ties IICA maintains with its seventeen Permanent Observer Countries and numerous international organizations provide the Institute with channels to direct its human and financial resources in support of agricultural development throughout the Americas.

The Member States of IICA are: Antigua and Barbuda, Argentina, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominica, the Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, the United States of America, Uruguay and Venezuela.

The Permanent Observer Countries of IICA are: Austria, Belgium, European Communities, France, Germany, Japan, Kingdom of the Netherlands, Portugal, Republic of Korea, Russian Federation, and Spain.

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**A ROADBED FOR JAMAICA'S AGRICULTURAL EXPORT  
DEVELOPMENT**

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Jamaica, W.I.**

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**A ROADBED FOR JAMAICA'S AGRICULTURAL EXPORT DEVELOPMENT <sup>1</sup>**

**A. Reyes-Pacheco <sup>2</sup>**

**I. INTRODUCTION: A CHANGING GLOBAL CONTEXT.**

*The international environment is undergoing political and economic transformations. Indeed, the reassessment of democracy --Eastern Europe, Latin America; the formation and expansion of economic trade blocs --NAFTA, EEC, ASEAN; globalization of capital markets, --mobilization of capital and multinational corporations; liberalization and general acquiescence towards free-market oriented economies --GATT, privatization, diminished role of the state are some of the distinct features in this dynamic globality.*

*The outcome of these changes is unpredictable. What is certain, however, is the emergence of a new world order, very much different from what is actually known. This requires the countries to review and update their strategies -- political, economic and technological. Whether it is from production to thinking activities, from single technology to diversification, from visible competitors to invisible ones, or from emphasizing technological break-throughs to technological fusion, these are some of the conceptual readjustments to be made (Watson/94).*

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<sup>1</sup> Paper developed from a presentation at the Farmer's Month Seminar on "Managing Agricultural Challenges For The 21st. Century". Jamaica Conference Center, JADF Kingston, Jamaica. April 27th, 1994.

<sup>2</sup> Representative of the IICA Office in Jamaica

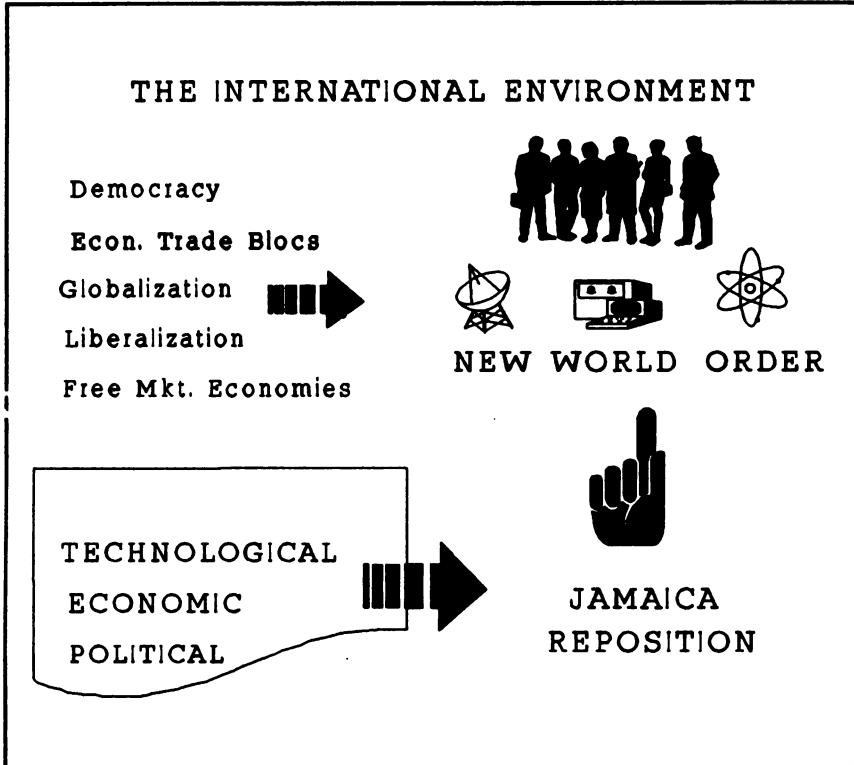


Figure # 1

As illustrated above, inevitably Jamaica as an open-trade nation will be affected by multi-faceted global developments --unfolding within a technological revolution, difficult to comprehend, worse to keep abreast with. Indeed, informatics, genetic engineering, alternative energy, micro-electronics, new materials are some of the main elements that comprise the emerging technological revolution --a high technological fantasy. And thus it would require the country to re-assess its technological, economic and political positions and devise a consequent strategy.



**"Inward" and/or "Import Substitution" economic strategies that prevailed and dictated economic development thinking, are being phased out. The actual trend supports "Outward" and/or "Export-Oriented" strategies having a wider and freer market milieu, surpassing the restricted, closed and managed economies of the past. What was envisaged in the not so distant past; the 1992 Single European Market, (SEM), the North American Free Trade Agreement (NAFTA), the negotiations of the Uruguay Round of General Agreement of Trade and Tariffs (GATT), the LOME Convention and Relations with the African, Caribbean, and Pacific countries --ACP (LOME IV) are among many economic and trade bloc initiatives and relations, that are today a reality.**

**Jamaica is not exempt from the preceding scenario. Agreements that could be the foundation of new trade accords, pose for Jamaica the imperative to update policies and implement institutional and legal changes. Specifically the trade initiatives that heightened trade liberalization to improve global competition, attract foreign investment, and spur economic growth.**

**Thus, the country like other nations is confronted with new challenges and opportunities in a rapidly changing world environment, imposed by wider and freer world markets, which would reflect increasing trade between countries. Conceptually this would lead to higher levels of specialization as reliance would be on their respective competitive advantages. The calling is for countries to develop their competitiveness if they are to profit from expanded markets.**

**Foremost topics of discussion, debates, and negotiations on the agendas of major international forum's confirm the trend towards liberalizing agricultural trade. Separately whether related to commodity agreements, generalized systems of preferences, financial mechanisms, or not, they would surely impact on agricultural trade, (Rodas Melgar/87), thus the future of Jamaica's agricultural exports would have to be considered within this context.**

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*This exercise necessitates a re-structuring of the economy to enable it to adapt to the new changes and enhance policies to promote and diversify exports. This demands an analysis of the conditions and operations in which markets develop, existing barriers, and an appraisal of the country's competitiveness and comparative advantages, this being easier said than done. Notwithstanding, the structural adjustment process that the countries has been subjected to addresses some macro-economic variables to stimulate economic growth based on increased exports (Ossa and Guerra-Borges/89).*

*This paper does not query the nature of the new international trade arrangements, and how trade relations and world agricultural trade are being delineated. Instead, it recapitulates the status of Jamaica's agriculture and its exports. Thus, the magnitude of the exercise could be visualized as that of propelling Jamaica's agricultural export development. A strategy --"TROPICAL BOUTIQUE AGRICULTURE" --(TBA) is proposed to undertake the essential adjustments required for the future development of Jamaica's Agriculture if the country is to contest the challenges and opportunities of a dynamic global trade economic development.*

II. A SNAPSHOT OF JAMAICA'S AGRICULTURE.

A glance at Jamaica's Agriculture is required to assist in identifying its status. This would aid in designing and pursuing appropriate strategic measures to withstand the challenges inherent in an expanded and freer world trade.

The Agricultural Sector's contribution - (GDP constant prices) to the Gross Domestic Product (GDP) declined from 8.3% in 1980 to 5.2% in 1991. Its real growth rate 1980-93 has been erratic at best, but with a slight positive trend. During the period 1990 up to 1993, the Sector had an impressive performance vis-a-vis other productive sectors of the economy.

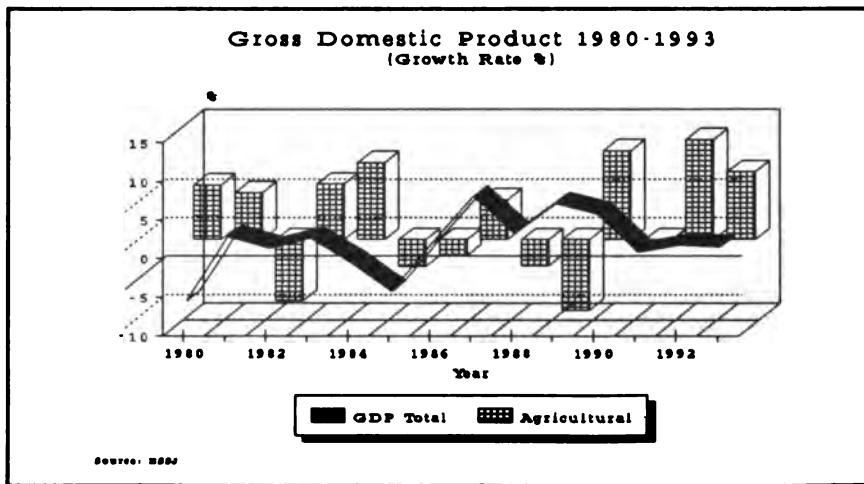


Figure # 2

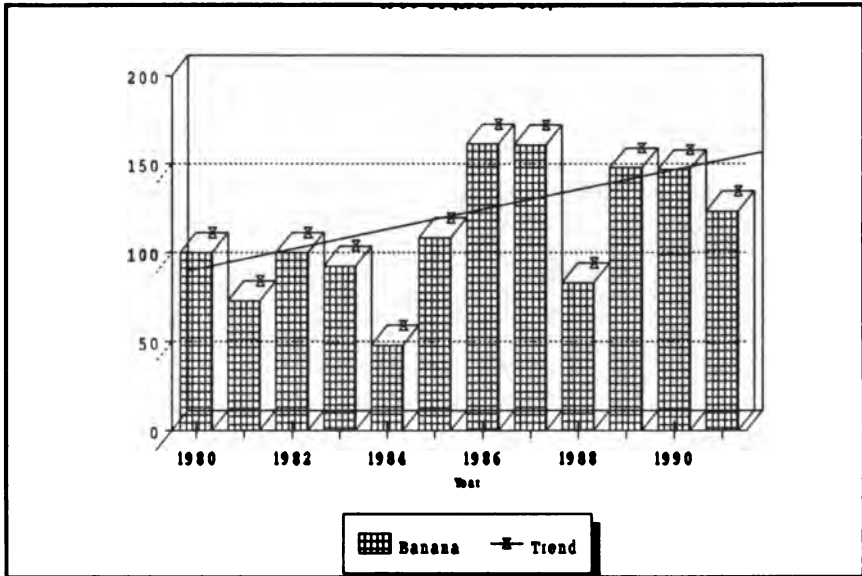
## A ROADBED FOR JAMAICA'S AGRICULTURAL EXPORT DEVELOPMENT

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Whether referring to Export Agriculture or to Livestock and Forestry, the general trend of the sectoral contribution to the GDP has been declining. The Domestic Agriculture sub-sector has consistently accounted for nearly 60% of the agricultural sector GDP, and presents an upward trend since 1990 (See Figures #s A.1 and A.2 in the Annex). Correspondingly, the agricultural production index up to 1991 was somewhat static and has been slightly positive since 1988. This is primarily due to the improved trend for Livestock and Fisheries. The Livestock Sub-Sector has been on an upward growth path except for pork, and milk. The Fisheries Sub-Sector, under which inland fish production is included has been enjoying an improved profile. The Domestic Agricultural sub-sector's performance remains relatively static. Export Agriculture presents a downward trend (See Figures #s A.3 and A.4 in the Annex).

Output indices for selected export crops do not reflect an increasing trend in performance over the last decade. With reference to bananas, the general production has been erratic, due largely to susceptibility to wind damage, but it shows a positive production tendency (See Figure # 3).

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**Figure # 3**

*In the sugar industry, while production has fluctuated, its performance is acceptable. Yet, short of expectations, given the preferential markets for the industry, lately there has been some productivity improvements which are expected to continue. Privatization of major GOJ - owned sugar estates is expected to enhance this trend movement (See Figure # 4). There are still elements of doubt concerning the future benefits which may be expected from existing preferential markets for the sugar industry.*

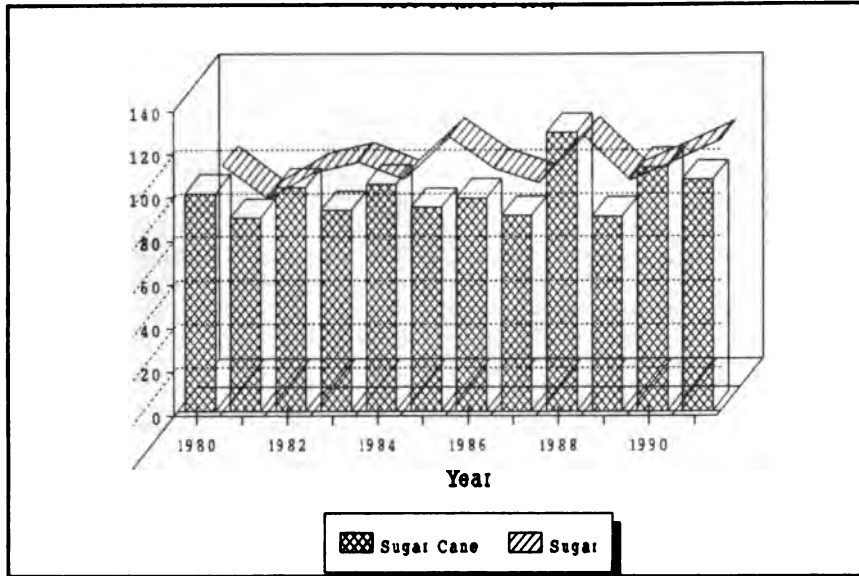


Figure # 4

For the decade 1980 - 1990 coffee production was relatively static while cocoa production showed an upward trend (See Figure # 5). Citrus production, except for 1988 and 1990, was somewhat stagnant if not cyclical. Pimento production has shown a declining trend (See Figure # 6).

A ROADMAP FOR JAMAICA'S AGRICULTURAL EXPORT DEVELOPMENT

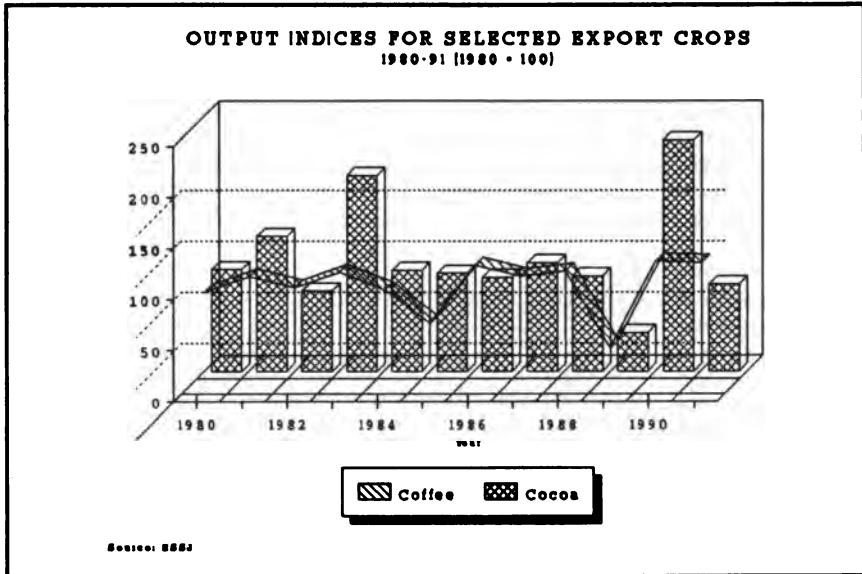


Figure # 5

A ROADMAP FOR JAMAICA'S AGRICULTURAL EXPORT DEVELOPMENT

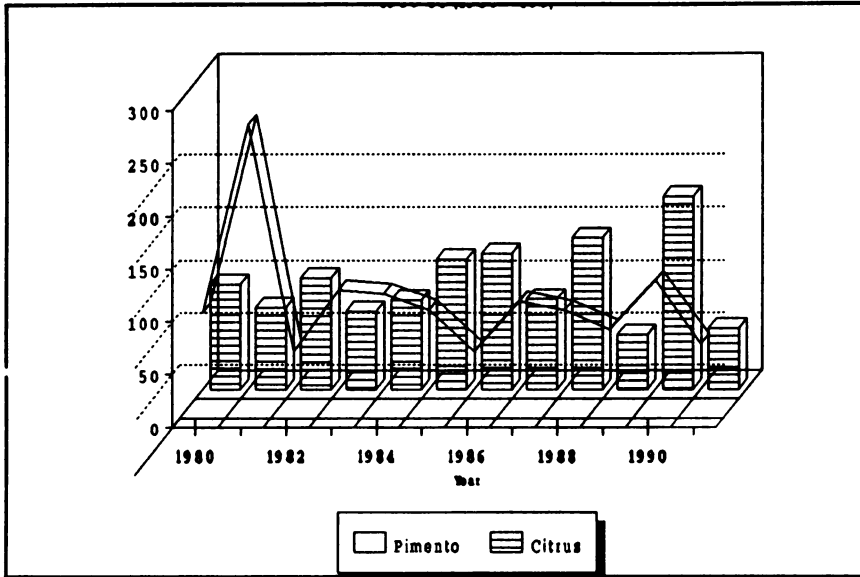


Figure # 6

Thus far, the presentation has been confined largely to a synopsis of the supply trends for export agricultural crops. However, there has been no reference to the structural, economic and social constraints that impact on performance. Neither has there been much reference to the effects of the economic structural adjustment programs that the country has been subjected to, or to the general performance of the Agricultural Sector (marketing, pricing, trade, land, and privatization policies, etc.).

Furthermore, an examination of the productivity of 13 Jamaican crops selected from within the Caribbean region has indicated higher yields for five of them, but compared to other countries outside the region, their productivity is discouraging (IFAD/IICA/94).



A closer look at the export and import markets in the most recent years is presented in Figure # A.5 in the Annex, which highlights the structural problem of the commercial balance of the country. Figures #s A.6 and A.7 in the Annex illustrate the relative static if not declining volume trend of the foremost traditional agricultural exports, with the exception of bananas. Special reference is given to the positive volume trend for non-traditional agricultural exports from 1987-1993 (See Figures #s A.8 and A.9 in the Annex).

The preceding sets the stage for defining the general status of Jamaica's Agriculture, and presents a scenario that requires urgent and decisive corrective policy measures. For Agriculture is at its crossroad, if it is to continue to play an important role in the economic development of the country and enhance the possibilities offered by an expanded and competitive world agricultural market.

### III. AN EXPORT AGENDA: TROPICAL BOUTIQUE AGRICULTURE.

Little doubt can be raised that the tide of the global economy is market-driven. The country's future seems to be leaning towards further economic integration in order to avoid economic marginalization, and take advantage of enlarged markets and freer trade. Certainly, if Jamaica is to compete in the world market, it must think strategically about its actual and potential competitive advantages. Besides Tourism and the Service Sectors that seem to offer opportunities for expansion, the Agricultural Sector also offers some interesting possibilities.

Indeed, if Jamaica's Agricultural Sector can spur economic development, this will depend largely on its ability to accommodate and respond to the challenges posed by the changing world agricultural trade. This essentially denotes improved agricultural efficiency, intensified diversification, and strengthened linkages between Agriculture and other sectors of the economy --in short, the modernization of Agriculture is a task which is easier said than done.

The challenge to achieve modernization, and hence capitalize on the opportunities and benefits of greater international trade, imposes a need to become more competitive. The levels of agricultural production and productivity, simultaneously with changes in capital investment, technological know-how, managerial and marketing reforms, ought to be improved if Jamaica is to become more competitive in those markets. For only through enhanced agricultural competitiveness will its Agriculture achieve success from the roles visualized for it.

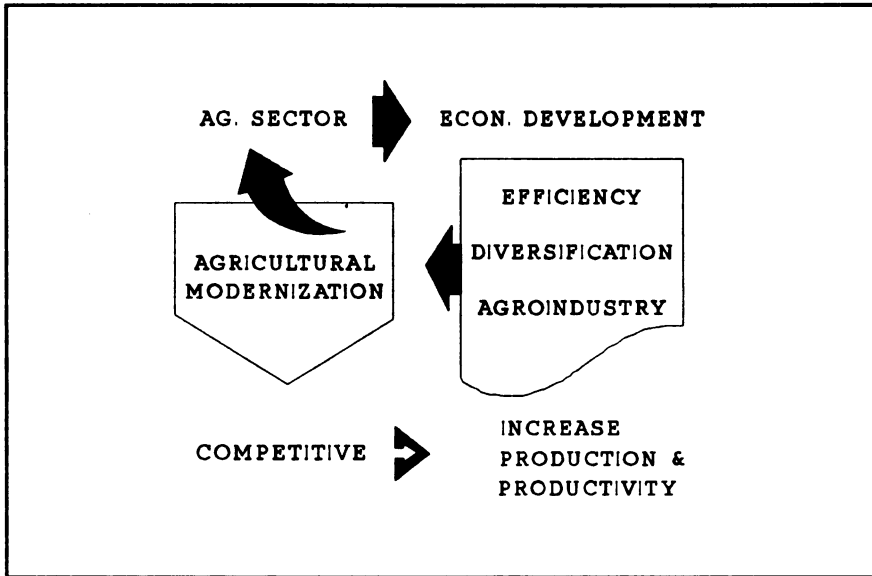


Figure # 7

The wider and freer world trade setting certainly offers challenges and opportunities. The foremost challenge envisioned for Jamaica's Export Agriculture is how the country can remain competitive, given its production and productivity track-records. This is especially, the case when market-driven systems of an economy are being devised to displace preferential-based systems such as LOME, CBI, etc. A matter of great importance is the fact that protected markets for key agricultural exports such as sugar and bananas with the EEC, are currently undergoing concerted challenges from other producing countries. The new playing fields sketched, with or without trading preferences, will require the Jamaican Agricultural Sector to enhance its productive and competitive levels. Apart from bananas and sugar, other mayor agricultural crops for export, namely cocoa, and citrus anticipate intensifying competition.

Thus, it would be judicious to embrace appropriate strategies and the necessary measures to enhance the country's competitive advantages, to deal with the fundamental problem of competitiveness for the crops that have enjoyed preferential treatments and for the Agricultural Sector in general.

Any meaningful economic sector's reform, and that for the Agricultural Sector in particular, cannot be successfully pursued if detached from the general macroeconomic policy context in which it operates. Over the last decade, Jamaica committed itself to a structural adjustment process geared to stabilize its economy, achieve economic growth and ameliorate poverty (Reyes/94). Accordingly, macroeconomic policy measures, whether monetary or fiscal, for dealing with inflation, interest rates, exchange rates, savings, taxes, institutional reforms, among others, must re-inforce sectoral policies to improve production and productivity of the Agricultural Sector --a necessary step in improving its competitiveness. So, the cohesiveness of macro-economic and agricultural policy objectives ought to be compatible.

Jamaica's Export Agriculture (agricultural products and agro-industry) will continue to face competition on an increasing level in world markets. It must therefore enhance whatever competitive edge it has or may have to develop, in relation to the present and future agricultural production and productivity base. One immediate option for Jamaica, is to reflect on a strategy proposed as "TROPICAL BOUTIQUE AGRICULTURE" (Reyes/92).

"Notwithstanding that what is significant to highlight is that while in the Caribbean much improvement can be expected from its traditional tropical produce, i.e. bananas, sugar cane, cocoa, and citrus, among others, its competitive edge rests on TROPICAL BOUTIQUE AGRICULTURE. Certainly, products such as papayas, mangoes, avocados, ackees, breadfruit, limes, squash, dasheen, yams, ginger, pimento, peppers, nutmeg, exotic flowers and foliage and non-traditional tropical fruit and spices among others could well be introduced as BOUTIQUE or GOURMET. The supply range can thrive considering exotic flavors and fragrances, sauces, dry fruits, snacks and a wide diversity of tropical fruit juices.

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These are some of the products for which the region enjoys a competitive lead and the plausibility of finding market niches in thriving world markets."<sup>3</sup>

**TROPICAL BOUTIQUE AGRICULTURE (TBA)**, refers to an expanded agricultural sector (agro-industry) which encompasses high value products that could induce and enhance Jamaica's agricultural competitiveness. It is expected that the idea of TBA could certainly encompass traditional export crops - i.e. bananas, cocoa, citrus, pimento, etc. For what it does is to develop a comparative advantage by establishing differentiated products that would bid a high price in the world market.

Movement towards TBA, requires development of a phased based strategy. It comprises appropriate macroeconomic and sectoral policies, support programs and a strong institutional framework within the public and private sectors. The implementation of this strategy clearly has its own impediments and constraints that generally include:- lack of economies-of-scale, high costs, inadequate technological development, land tenure problems, praedial larceny, inappropriate marketing systems, low production volumes, inferior quality and lack of farmer's entrepreneurship.

However, these disabilities are not confined to Export Agriculture, but are common to Agriculture in general. Thus, if Jamaica's agricultural export products are generally not very competitive without preferential markets and prices then it seems that **TROPICAL BOUTIQUE AGRICULTURE** merits consideration as a viable option. Indeed, to engage on those activities that are economically feasible and as suggested, can be done through increased domestic value added of those products that due to their quality, limited supply, and whatever real or presupposed characteristics --market perception makes them exotic and of unique nature and enables them to demand a high world market price.

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<sup>3</sup> Reyes-Pacheco, A. An Option for Caribbean Agricultural Development: "Tropical Boutique Agriculture." p. 6

#### IV. FINAL COMMENTS.

Whether trade liberalization and expanded world markets proffer a viable opportunity for Jamaica's Agricultural Sector to benefit, hinges on the ability to become more competitive. As envisioned, **TROPICAL BOUTIQUE AGRICULTURE** offers a strategy for making this opportunity a real and profitable one.

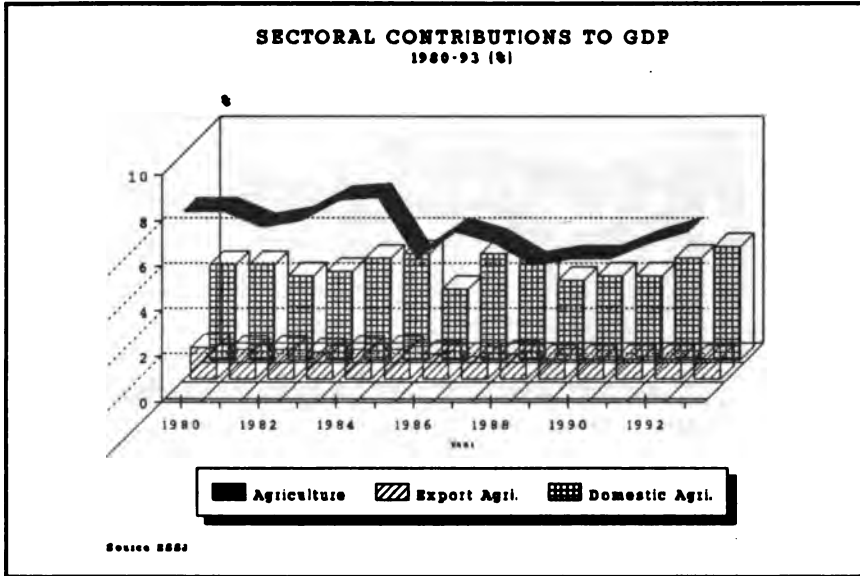
It is conceded that to grasp and readily exploit new technologies to improve productivity and competitiveness in the thrust towards TBA, regardless of whether it is traditional or non-traditional Agriculture is faced with several constraints to be dealt with, in relation to availability of capital, entrepreneurs, and trained professionals, infrastructure, institutional settings, etc.

An option to be emphasized seems pointed to **TROPICAL BOUTIQUE AGRICULTURE (TBA)**. Granted, traditional comparative advantages whether low wages, market proximity --location, large reserves, etc. do not seem to offer enough competitive security in succumbing to technological transformations.

For the agricultural export market to be competitive and remain in an ever-changing and more demanding economic trade scenario, the first step is to realize the significance of gearing the Agricultural Sector for preparing these specialized products. And once Jamaica's agricultural potential to engage in "**TROPICAL BOUTIQUE AGRICULTURE**" is recognized and assessed, the road path for technological, marketing and trade, and institutional policy endeavors ought to be knowingly transparent.

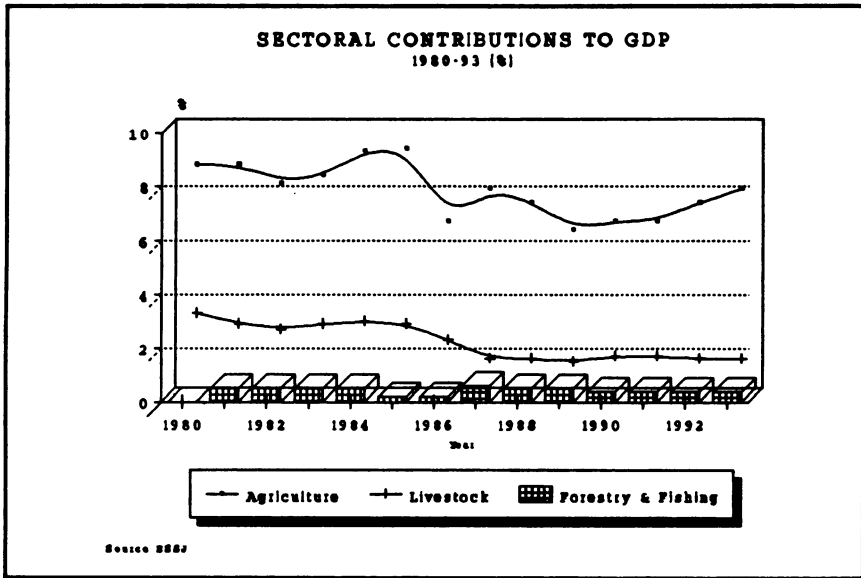
Needless to emphasize that in this export-growth oriented economic environment, the Private Sector is to play a pivotal role. As the private sector flourishes and develops efficiently, the government is to recognize their needs and re-define the Public Sector's role. This requires a fundamental review of its institutional structure and organizational operations, but also for the Private Sector to meet the challenges and gear itself to compete efficiently, given a market-driven economic scenario.

**ANNEX**



*Figure A.1*

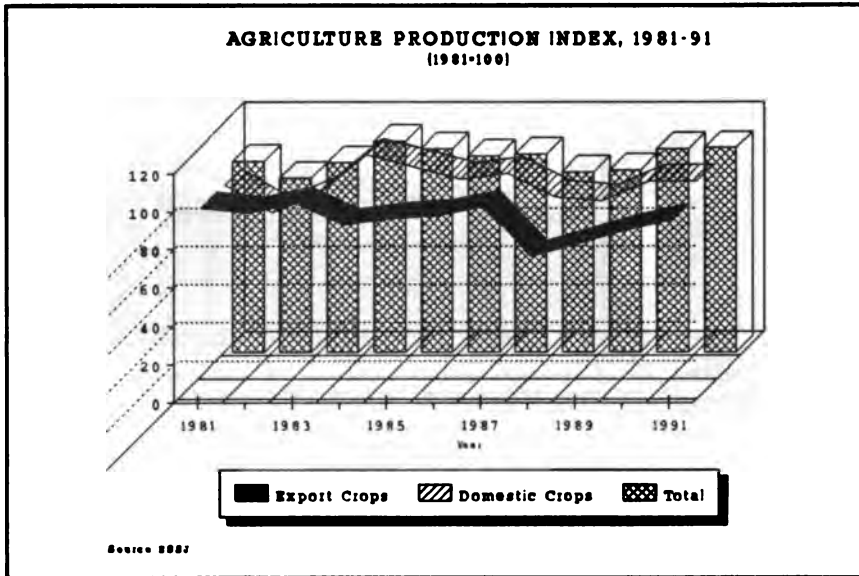
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**Figure A.2**

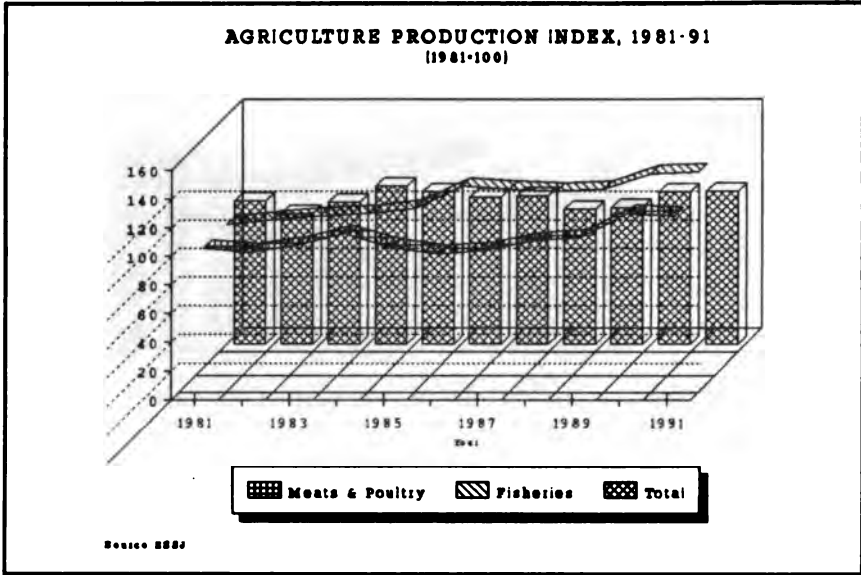


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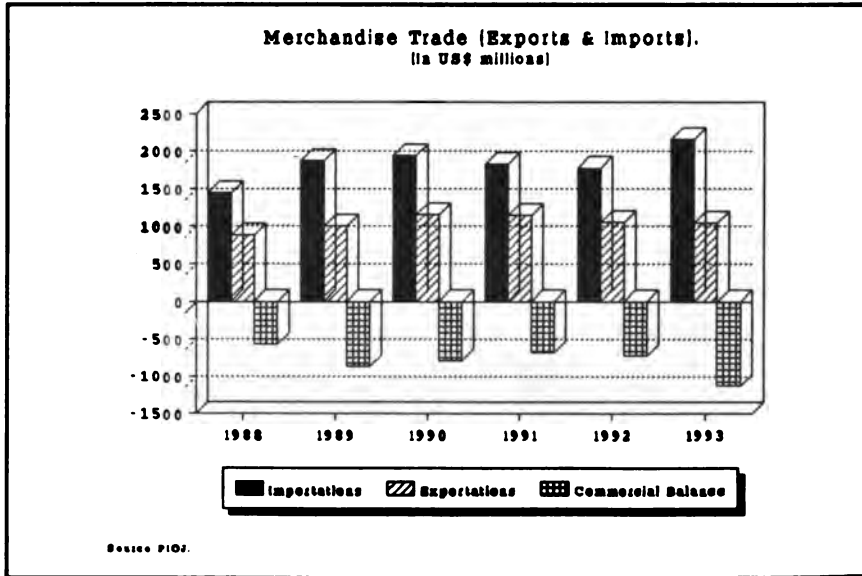
**Figure A.3**

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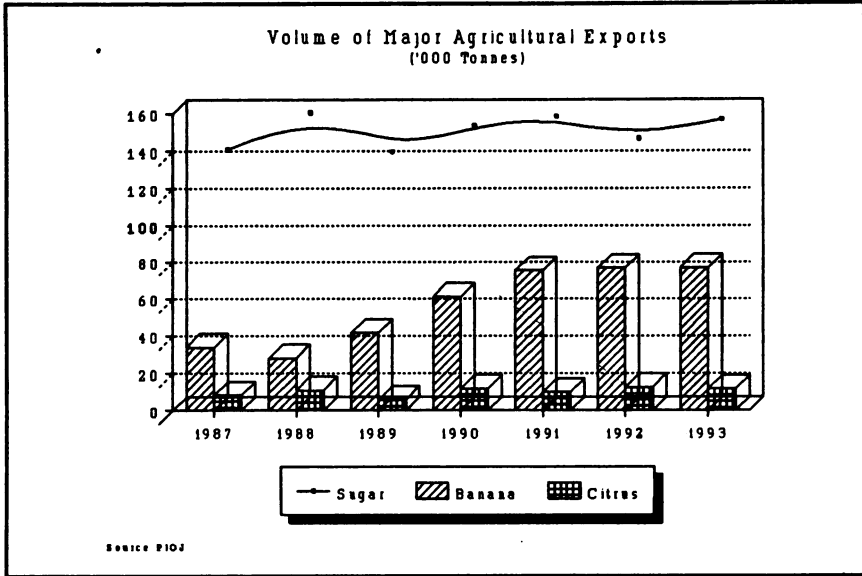
*Figure A.4*

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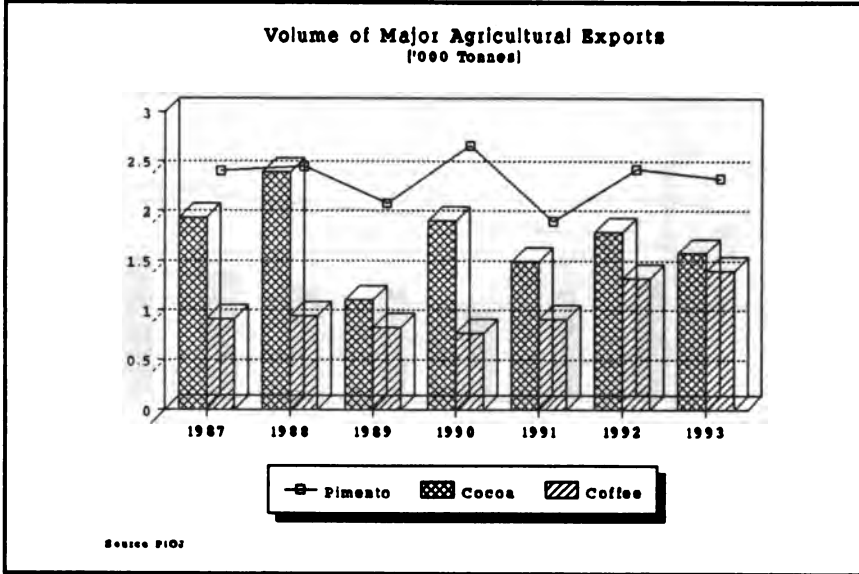
*Figure A.5*

**ANNEX**



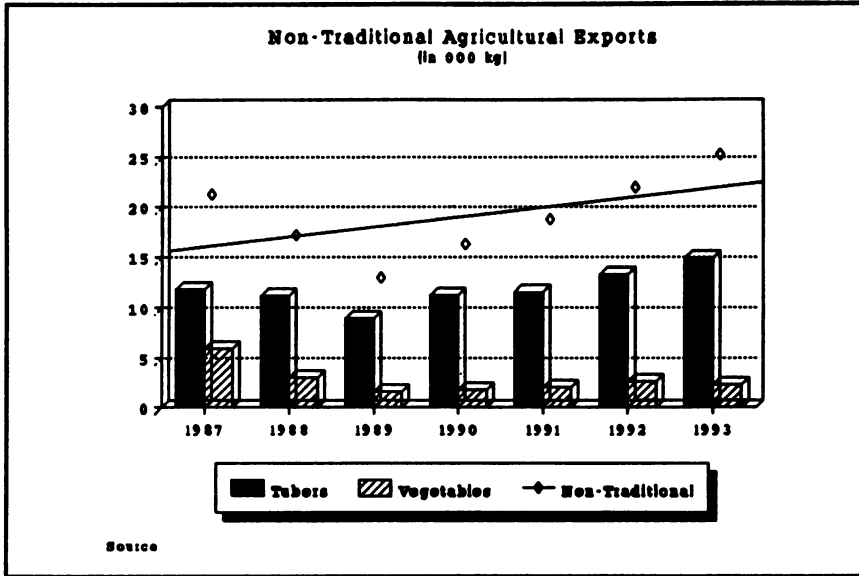
**Figure A.6**

**ANNEX**



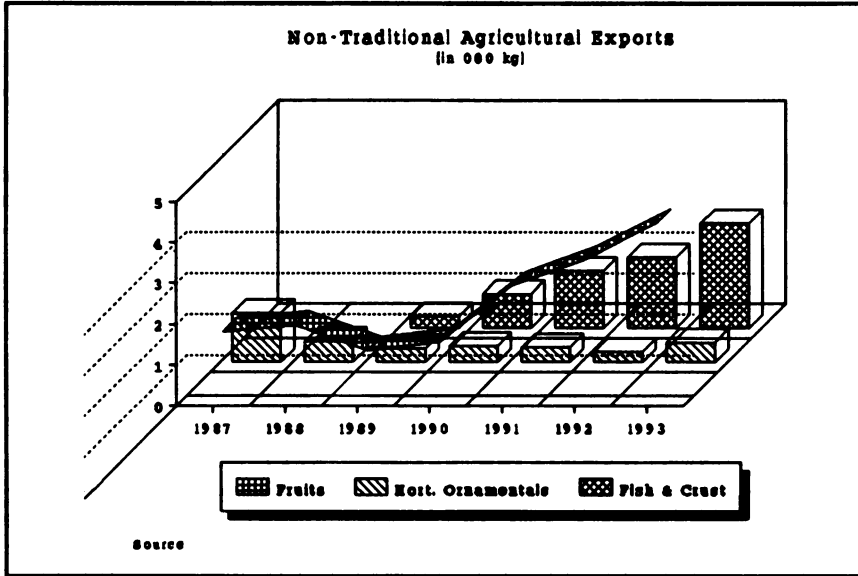
**Figure A.7**

**ANNEX**



**Figure A.8**

**ANNEX**



*Figure A.9*





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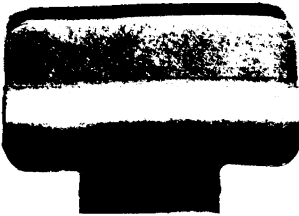
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