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Ad Hoc Working Group in Agricultural Planning
Port of Spain, Trinidad and Tobago
29-30 November 1983



REPORT OF THE FIRST MEETING
OF THE
AD HOC WORKING GROUP IN AGRICULTURAL PLANNING

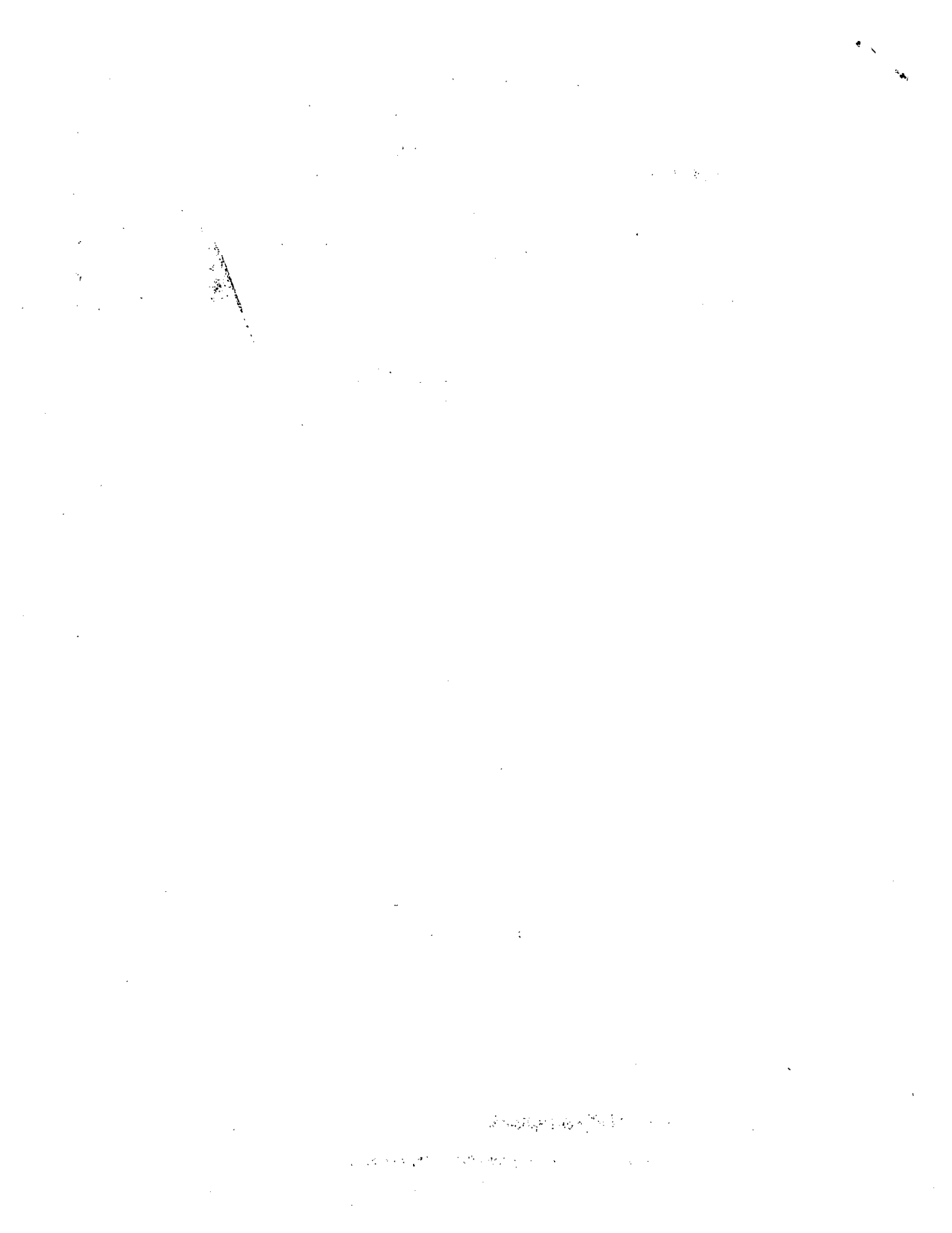


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ORGANIZATION OF THE MEETING

1. The First Meeting of the Ad Hoc Working Group in Agricultural Planning was held at the ECLA Conference Room, Salvatori Building, Port of Spain, Trinidad and Tobago from 29-30 November in accordance with the mandate of the second meeting of Planning Officials and the Fifth Session of the Caribbean Development and Co-operation Committee (CDCC).
2. Participants from the Bahamas, Netherlands Antilles, Saint Christopher/Nevis, Trinidad and Tobago as well as CARICOM, CDB and OECS attended the meeting. A list of participants is annexed.
3. The meeting was opened by the Acting Director of the ECLA Subregional Headquarters for the Caribbean Mr. Wilfred Whittingham. After welcoming the participants Mr. Whittingham made reference to the international economic environment in which the meeting was being conducted, and stressed the importance of effective planning if adverse impacts were to be minimized. He indicated that planning was considered by ECLA to be an important activity, as witnessed by the activities of the ILPES, and had formed a part of the CDCC work programme from its inception. The meeting of Agricultural Planners was to be seen in the context of an overall programme in planning mandated by the second meeting of Caribbean Planners and which incorporated activities in Energy, Physical and Regional Planning, Transport, Manpower and Training as well as in Agriculture. In closing his remarks the Acting Director expressed the hope that the deliberations would assist planners in the ongoing task of formulating effective Agricultural Development Strategies.
4. The meeting then considered and approved the Agenda and fixed its method of work. It was agreed that in the interest of ensuring the fullest participation no formal presiding table would be elected. The Secretariat representative was therefore designated convenor/rapporteur of the meeting.
5. Mr. Silbourne Clarke presenting his paper entitled "Production of Food for Consumption and Export: the need to achieve optimal balance" (CDCC/PWG: A/83/1) indicated that three main considerations guided his research namely, the pressing need of all Caribbean countries to earn foreign exchange and the relevance of the agriculture sector thereto; the need to produce food for the

local population; and the evolution of a strategy for the medium to long-term to meet these needs. He noted that CDCC countries, with few exceptions, were basically agriculturally oriented yet were highly dependent on food imports. The paper therefore treated the food import bill in terms of its absolute size, as a ratio of the total merchandise exports and in comparison with food exports.

6. Comparisons were also made between countries and over time of the ratio of Agriculture to total Gross Domestic Product (GDP). In this regard he found that it was useful to make a distinction between 'export' and 'domestic' agriculture mainly because of data availability although it was recognized that the distinction was not watertight since a portion of the output of some 'export' crops was consumed locally, while a portion of some 'domestic' crops was exported within and outside the region. It was nonetheless clear that while resources did not move freely between the two types of agriculture a more dynamic balance would need to be maintained between the two. It was also necessary for both subsectors to be more responsive to changing demand patterns.

7. In concluding his comments on the approach to the paper he indicated that the issues outlined above lead to the conclusion that there was the need for deliberate steps to be taken to ensure that optimal balances between the two subsectors could be sustained over time in the CDCC countries, and that this was the task of planning.

8. In the ensuing discussions it was pointed out that the question of comparative advantage should not be ignored. One would need to know what resources were available for production and what could be done by each country most efficiently. It was also proposed that in the evaluation of the paper emphasis should be placed on the policy implications of ensuring the attainment of whatever objectives were agreed to.

I. THE FOOD IMPORTS BILL

9. Note was taken of the magnitude of the food imports bill which for 1980 stood at US\$2,000 million, and the fact that for most countries it varied between 15-18 percent of the total import bill. It was indicated, however, that the situation was more starkly revealed by a comparison of the ratios of food imports to total merchandize exports. Countries fell into two broad categories, those ranging from 10-30 percent and in the case of the smaller states those requiring more than 50 percent of export earnings to meet the food import bill. It was noted that in some cases expenditure on food imports exceeded total merchandize export earnings.

10. The presentation also highlighted those countries which were net food importers and those which were net food exporters and the relative shifts which were occurring in them over time. The need to maintain agricultural export earnings while at the same time increasing domestic food production at an annual rate of about 3 percent presented the planner with a serious challenge.

11. Discussion from the floor raised questions about definitions and the use of ratios for comparative purposes. In the first case the SITC Classification '0' might not exhaust the range of import 'food' items. The use of ratios might also disguise the underlying reality for countries having a small import bill as this would show a high ratio of food imports and vice versa. It was agreed that national planners might receive a more complete picture if the ratios were supplemented by the absolute magnitudes involved than in table 1 of the working paper.

II. FOOD IN THE PRODUCTION STRUCTURES

12. The presentation then focused on the role of food production in the generation of Gross Domestic Product. It was noted that for practical purposes agricultural activity was synonymous with food production. Significant exceptions were to be found only in the continental CDCC countries even when forestry was included. Charts were used to show the relative shares of GDP accounted for by agriculture in CDCC countries over the period 1960-1980; It was noted that the OECS, Haiti and Belize generated higher propor-

tions of their GDP from agriculture. In the middle category Guyana, the Dominican Republic and Barbados were to be found, while the remaining countries were clustered in the third category.

13. The evidence also showed a marked secular decline in the relative share of agriculture in GDP, in all countries. The non-agricultural sector had expanded on average at more than double the rate achieved by agriculture. In those instances where large increases in the agriculture sector had occurred they were usually price rather than quantity increases, although in others a decline in non-agricultural output had caused relative increases in the ratios for agriculture. The incidence of real increases in output shifting the balances were few and confined to Belize, Grenada and Dominica. Underlying this trend, however, lay the fact that domestic food production had shown a general and sustained expansion.

14. It was indicated too that despite the limitations imposed by the categorization as well as by the data, he had found it useful to make a distinction between domestic from export food production, with the former category including all except the traditional staple crops sugar, bananas, coffee, cocoa, spices, tobacco, and cotton. Tables were used to show the relative shares of domestic and export agriculture for twelve countries for the period 1961-1981. The figures showed a trend towards increasing emphasis on domestic agriculture. It was also noted that when substantial fluctuations in agricultural performance occurred these had been in export agriculture.

15. He concluded his presentation on the sector by observing that logic dictated that as the purchasing capacity of food exports declined greater stress should be placed on production for local needs and that increasing concern needed to be focused on the allocative efficiency of resources within the agriculture sector.

16. In the ensuing discussions the distinction made between domestic and export agriculture was examined. It was concluded that, increasingly, quantities of export food were being consumed locally and conversely the export of 'domestic' food crops was one of the dynamic areas of intra-Caribbean trade. It was suggested that for planning purposes it might be useful to

recognize the importance of the intraregional market for domestic food items. It was also noted that the full impact of this trade was not recognized by the official trade statistics since the bulk of it was conducted by hucksters via the inter-island schooners and therefore not recorded. A survey of this traffic might usefully be carried out to get a better picture of the actual trade patterns and of domestic production.

17. It was noted that as far as domestic food production was concerned the development of agro-industries and food processing held the potential to significantly improve export performance since post-harvest losses accounted for a high percentage of the wastage of fresh foods.

18. Some participants expressed the view that the use of the ratio of Agriculture to GDP to compare countries might in some cases be misleading. Participants expressed the need to know whether increases were as a result of price or volume changes, and in response copies of the latest ECLA Caribbean Agricultural Statistics publication, CEPAL/CARIB/82/3 were distributed to participants, for their information.

19. Details of the Caribbean Food and Nutrition Strategy for the CARICOM region were outlined. It was noted that work had begun on a resource allocation model which had a series of objectives. Preliminary results showed that primacy should be given to earning foreign exchange. The model was now in the process of further refinement to relate it to the targets of the Food and Nutrition Strategy and to identifying appropriate projects capable of meeting their targets.

III. FACTOR ALLOCATIONS AND PRODUCTS MIX

20. In presenting this aspect, it was indicated that there was a tendency for the larger farmers to produce the traditional export crops while small farmers produced domestic food items mainly by traditional subsistence methods. Increases in the relative ranking of the domestic subsector usually occurred because of a decline in the export sector often due to adverse events such as unfavourable export prospects or for biological reasons. It was noted that different attitudes and technologies existed between the two subsectors

which hampered an easy transfer of resources between them. The effort to increase domestic production had been hampered by the difficulty in getting large farmers to produce domestic crops since the institutional infrastructure was also less developed with respect to domestic agriculture and operated as a disincentive to a dynamic reallocation of resources.

21. In the discussion that followed, it was observed that natural disasters and crop diseases usually had the immediate effect of inducing new investment into the export agriculture subsector, a fact which might have the effect of increasing output in the longer term. In the short-term, however, it was recognized that as a result of inter-cropping, domestic agricultural output might increase. It was felt that the non-transferrability between the types of agriculture was in part caused by the lack of substitutability of inputs including management.

22. It was also noted that changes in the typology of 'domestic' and 'export' farmers was taking place, although slowly. Small farmers were having increased access to capital and information while the larger estates had started to produce crops which had traditionally been grown by small farmers. It was noted that small farmers also produced export crops such as bananas or worked part time on the large estates to supplement their regular income from subsistence farming.

23. Turning to the question of products mix reference was made to Table 5 of the paper which set out those products comprising two-thirds and more of food imports. It was noted that if domestic production was to increase significantly it would need to be more responsive to the demand patterns.

24. It was observed that the patterns of food consumption changed as income increased and this change was likely to shift consumption away from those products in which Caribbean countries had a comparative advantage. Policy measures, it was felt, might however, be used as a means to ensure shifts in taste patterns to centre around high nutrition foods which could be produced locally.

IV. IMPLICATIONS FOR PLANNING

25. After a series of wide-ranging discussions on this section the following points of consensus emerged.

26. Caribbean countries which were mainly agricultural in character were demonstrating an increasing inability to feed themselves. Food import costs were therefore absorbing a greater proportion of foreign exchange earnings. At the same time the foreign exchange constraints to development made policy-makers reluctant to tamper with those traditional crops which earned foreign exchange despite the evidence that Caribbean countries were becoming increasingly uncompetitive in their production. At the same time they also suffered from declining terms of trade.

Objectives

27. It was agreed that a certain level of food security would need to be fixed as an objective by each country to ensure that external events over which the country had no control would not jeopardize its basic nutritional needs. Nevertheless, beyond that level the food sector as a whole should be evaluated so that the most efficient and appropriate products might be produced bearing in mind questions such as comparative advantage and the availability of stable and remunerative markets.

28. Planning should therefore have as its objective a convergence in the facilities and support arrangements available to both subsectors such that neither would be artificially penalized and thus allowing efficiency criteria to be widely applied.

29. The view was also expressed that higher employment should be considered an objective of domestic agricultural development. It was however, agreed that while in the course of expansion the sector would draw in new labour the danger of underemployment of labour should not be ignored as it would affect the long-term viability of the sector as a whole.

Policies

30. Following from the above it was agreed that a series of policies would need to be put into place if the foregoing aims and objectives were to be achieved. In selecting priorities for action a number of policy areas which needed to be addressed were considered as follows:

- (a) A clearly defined land use policy based on a rational evaluation of the existing stock of land. Such policies would need to make provisions for land reform and an appropriate adjustment of land tenure systems, if necessary. Whatever land tenure patterns were adopted, however, would need to be acceptable to the existing and potential farmers and be consistent with efficient farming methods.
- (b) Adequate access to capital. It was noted that the lending agencies were becoming more aware of the importance of agriculture and were increasing the credit available to the sector as a whole. Moreover, as agricultural transformation was a long-term task it was likely that constraints on the speed of transformation would be placed by other inputs such as organizational ability and information rather than access to capital. It was necessary, however, for the terms and conditions of credit to be consistent with the land tenure patterns and the economic conditions of the farmers.
- (c) Effective access to information. It was noted that farming methods lagged far behind the basic existing technology. Research institutions would need to be more vigorous in getting the benefits of research to the farmers and in adapting planting materials and equipment to Caribbean needs.

- (d) A coherent policy towards agricultural labour would need to be devised. The availability of agricultural labour was severely constrained by low levels of remuneration, lack of appropriate skills and a low commitment to agriculture by the commodity at large. *Community?* It was recognised that training policies would need to be devised to upgrade the skills of the existing farmers to meet their fullest potential. At the same time other programmes were necessary to meet the needs of new entrants to agriculture both among the young and transfers from other professions to the sector. Measures would also need to be adopted to induce new labourers into the sector. Concerning agricultural implements labour "serving" devices might reduce the onerous nature of some tasks and so make agriculture more attractive to them.

Priorities

31. Despite the importance of all the foregoing elements it was agreed that the greatest immediate impact to the Agricultural sector could be made by improving the efficiency of that chain of activities which took place between the farm gate and retail outlets. It was noted that post-harvest losses of the order of 30 percent were common for many crops in addition to losses incurred in the field.
32. Policies for the effective distribution of farm produce would therefore have an immediate incremental benefit on farmers earnings by reducing spoilage. It would also provide an incentive for increased production which would otherwise not exist if farmers were denied the prospect of stable markets.
33. It was therefore proposed that food marketing and distribution at the national and regional levels be accorded the highest priority in the planning process.

ANNEX

LIST OF PARTICIPANTS

BAHAMAS	Mr. Carl Francis Smith Senior Agricultural Officer Department of Agriculture P.O. Box N-3028 Nassau
NETHERLANDS ANTILLES	Mr. Irving Moenir Alam Head, Primary Sector Affairs Department of Economic Affairs of the Netherlands Antilles de Rouvilleweg 7 Willemstad, Curacao
SAINT CHRISTOPHER/NEVIS	Mr. Valdemar Warner Assistant Secretary Ministry of Agriculture Main Street, Sandy Point St.Kitts
TRINIDAD AND TOBAGO	Mrs. Patricia Lee-Browne Planning Officer Ministry of Finance and Planning 4th Floor, Guardian Life Building Edward Street, Port of Spain Mr. Eric James Planning Officer Ministry of Finance and Planning 4th Floor, Guardian Life Building Edward Street, Port of Spain
CARICOM SECRETARIAT	Mr. Winston J. Phillips Agricultural Planner CARICOM Secretariat 3rd Floor, Bank of Guyana Building Georgetown
CARIBBEAN DEVELOPMENT BANK	Mr. Errol Berkeley Manager (Agriculture) Caribbean Development Bank P.O. Box 408, Wildey St.Michael
OECS SECRETARIAT	Mr. Fitzgerald A. Francis United Nations Economic Adviser to the OECS P.O. Box 822 St.John's Antigua

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