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RECOMMENDED TREATMENT FOR PROCESSED
AGRICULTURAL PRODUCTS VIS-A-VIS THE AGRICULTURAL
MARKETING PROTOCOL (AMP)

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RECOMMENDED TREATMENT FOR PROCESSED
AGRICULTURAL PRODUCTS VIS-A-VIS THE AGRICULTURAL
MARKETING PROTOCOL (AMP)

Recognising the potential for growth in the processing of surpluses of many agricultural products, the CARICOM Common Market Council of Ministers, at its Seventh Meeting, in January 1976, decided on the formation of a Working Party to examine urgently the question "whether processed products should be governed by the Agricultural Marketing Protocol". This decision derived from discussions at the 13th AMP meeting in Jamaica on the question of pork and pork product surpluses in the region, especially from Guyana and that of chicken sausages from Jamaica which found difficulty for placement in the area. Not much trade has taken place in the region in those products, only in part due to lack of uniformity in health regulations and sanitary conditions.

The Working Party, in spite of the urgency, was only able to meet on 28 - 29 June, in Georgetown, Guyana, at the CARICOM headquarters to discuss the matter. At that meeting the working paper WP-AMP (Spec.) 76/2 entitled "The Treatment of Processed Agricultural Products under the Agricultural Marketing Protocol" prepared by the Secretariat was distributed as background document.

After detailed presentation of the paper by the Secretariat, the Working Party engaged in a long discussion on a suitable definition of Processed Products. The paper suggested two definitions. The first one by inclusion: "A processed product might be defined as a commodity which has undergone treatment designed to extend its shelf life through changes in form and packaging". The second by exclusion in defining first what is fresh agricultural produce. The Working Party adopted the second definition with some modifications: "A non-processed agricultural produce is the produce that is fresh, chilled or frozen whether packaged or not".

The second issue concerned the extent and scope of the mandate given by the Council, as interpreted by the CARICOM Secretariat - should the Working Group limit itself to the study of the problems resulting from processing of fresh products listed under the AMP; or should it, as the Secretariat presents it, be an all-embracing study covering all sort of processed agricultural products? This issue provoked divergent views as to the real interpretation of the Council mandate.

Nevertheless, in view of the fact, as the working paper puts it, "that the problem facing pork products at the present time will become extremely important for a wider range of products in the near future", the majority of members of the Working Group agreed to consider besides the present AMP products, all food products and others that could by extension be considered such, for example: livestock feeds. It was then suggested that the BTN food items (Art 0-23) could be considered as a guide.

The third problem which confronted the meeting was the advisability to deal with processed products under the AMP. The working party unanimously agreed upon the following points:

- (1) Processed agricultural products should not be traded under the AMP.
- (2) Such products should be under the free trading system or a free licensing system with the conditions that such goods observe the origin criteria and satisfy the quality requirements. Whenever difficulty arises for a product, the case should be referred to CARICOM Council for definition.
- (3) The Agricultural Marketing Protocol should continue to deal with fresh produce. With respect to Pork and Pork Products listed under AMP, Council should give a definition of what is included under this item and for that, it is suggested that the BTN be used as a guide.

- (4) Conditions of quantitative restrictions with respect to third countries should be envisaged, and whenever licenses are issued for imports it should be after all available regional supplies have been exhausted.

In relation to the 4th point, the delegation of Jamaica brought up the problem of price and quality within the framework of regional trading. That delegation considered that no country should have the obligation to buy, from the region, sub-standard products at prices higher than that of the international market. The problem was discussed; but in the light that the Common Market Standards Council is established to fix or set regional standards for processed and fresh products, the problem of standards would be taken care of. As for the level of prices, the market would be free and therefore competitive. Objectionable cases could only occur under a monopolistic situation. However, there is concern for complications with regard to monetary policy for trading in the region (problem of exchange rate) which results in great price differentials among the territories.

But sometimes the level of prices within the CARICOM area might be considerably higher than that of the international market. The difficult question is what should be considered a reasonable level of prices? However, considerations of reasonable protection for state and regional industries have to be envisaged, if the region has to develop, up to the time that infant industries are capable of competing in the world market. The case of vegetable oils is a clear illustration of such protective action.

Anyway in revising all the process of agricultural trade in the region, provisions have to be made in the agricultural pricing system to ensure that imports from third countries do not discourage development of production and processing of agricultural products; in other words, regional production should have precedence over external sources.

Another interesting problem was also discussed in relation to the trading of processed agricultural products outside the AMP, and this has relation to the LDC's. As the Chairman put it, in establishing a free trade system the LDC's could be at a disadvantage. Unless specific measures are taken, a process of polarisation will develop within the integration movement to the benefit of the more developed countries, better equipped for competition. Considerations would have to be made to protect the LDC's. The meeting recognised that special measures in favour of the LDC's agro-industries should be envisaged. However, development of specific industries should be kept under constant review.