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Perspectives on Agricultural Diversification in St. Kitts and Nevis

OPENING ADDRESS

First, let me officially welcome you to our beautiful islands on behalf of the Government and people of St. Kitts and Nevis, and do hope that during your stay here you would find time to savor the friendliness and hospitality of our people and discover the beauty of our beautiful islands. Our National Anthem begins:

"O Land of Beauty
Our Country where Peace Abounds
Thy Children Stand Free..."

I am sure that during your stay here you will discover that these are not just mere words but reality.

The theme of this Conference is "Implementing Agricultural Diversification: Policies and Strategies," and I must say that at this point in the evolution and development of our Region, the topic is not only relevant, but also timely. We are presently faced with the situation where we have no choice, we must not only diversify our agricultural sectors, but also our economies.

The development of agriculture must be seen in its socio-economic, political and historical context. We must move from colonial times to the present day, as we evaluate and rationalise the growth and development of the sector, and we must do this looking at the history, politics, and the social and economic developments which occurred over the period.

Economists, particularly those who have been involved in work on the concept of Dependence, see a clear picture of the pattern of development which is export led. This is even more pronounced in the case of small open economies like those in our Region. We see a picture of the colonies being the producers of primary commodities for export to the "mother country" and then being importers of the finished foods. This pattern still exists today. In recent times, however,

falling commodity prices have impacted negatively on our economies. This has led us to review our whole strategy of development and to seriously evaluate the pattern of production which we inherited. We are now seeking to establish forward and backward linkages, and seek not only to be the producers of primary commodities, but finished goods as well.

It has been contended that the agricultural potentials of the economies of the Caribbean islands are relatively small, except perhaps the Dominican Republic, and Haiti. Land resource which can be used for agricultural development is limited, as most of the good agricultural lands are already used in the production of the more traditional export crops. Poor market prospects for traditional products is another constraint to positive agricultural development in the Region. Our domestic markets are believed to be too small to absorb any significant increases in production, while the export markets tend to be volatile and highly competitive for our high cost production.

Traditional export crops, primarily bananas and sugar, are the principal source of agricultural income in the Region: sugar and bananas to the preferential U.K. market, and sugar to the U.S. Prospects for the continued expansion of markets for the traditional exports are not good. With the expected oversupply of bananas from the Region, increasing pressures on lowering prices of bananas in the U.K. market is a reality. The future of the banana market in the U.K. is uncertain after the current Lome Convention expires in 1992. The dilemma of sugar is well documented and needs no repetition here.

Any major change in the protected market for our traditional exports should be gradual and not abrupt, so as to avoid shocks to the economies of the primary commodity producing countries. In light of the foregoing and with the sharply declining trend in the

quota granted by the U.S. for sugar exports from the Region, there is urgent need to diversify agricultural production and exports.

I shall now give some insights which could be considered for agricultural development in the medium to long-term; such a strategy will involve among other things:

- A wider review of market possibilities and potentials
- The identification of areas of production which have a comparative advantage
- A determination of the limits to diversification; and
- Development of a detailed production/marketing programme based on the market and production potential.

I shall now turn to our Agricultural Diversification Programme being implemented. A comprehensive project has been developed with assistance from CDB, FAO, and UNDP. I shall extract extensively from that report.

THE NATIONAL DEVELOPMENT PLAN OF ST. KITTS AND NEVIS

The National Development Plan of St. Kitts and Nevis 1986-1990 clearly rationalizes the need for an Agricultural Diversification Programme.

The decline in the economic importance of the agricultural sector has resulted from several factors. Principal among these are:

- Factors relating to the difficulties in the sugar industry
- The under-development of non-sugar agriculture; and
- Deficiencies in the institutional support sector.

The problems within the sugar industry relate to the erosion of markets, depressed sugar prices and technical and management inefficiencies within the system.

The non-sugar sub-sector suffers from a combination of problems which are listed in the Development Plan. With respect to crop production for example, the lack of security

of tenure, inadequate and unreliable rainfall and marketing constraints are noted. In the case of livestock, tick-borne diseases and the availability of animal feeds are among the major constraints highlighted. In the case of fisheries, the problems identified are those of the small size of boats, the inadequacy of landing and storage facilities, and the over-exploitation of some species.

To overcome the identified constraints the Agricultural Diversification Programme will focus on the following objectives:

- (a) To develop a viable small farmer sector through the vehicle of land settlement
- (b) To increase production of food crops and livestock and the productivity of farms
- (c) To increase farm incomes of the target population
- (d) To improve marketing and credit arrangements for crops and livestock
- (e) To stimulate the process of modernization and improve viability in the fishing sub-sector; and
- (f) To strengthen the organizational structure of support institutions especially the Departments of Agriculture.

It is proposed that the Agricultural Diversification Programme will attempt to tackle the broad issues and constraints to agricultural development and as such is targeted to impact on the widest possible farming community.

The Programme is estimated to benefit some 4,927 persons either directly through the marketing, extension, fisheries and institutional strengthening components or directly with respect to farmers and personnel in agricultural institutions benefitting from training, credit, settlement and communal pasture components.

The proposed Agricultural Diversification Programme is sub-divided into two sub-projects: the St. Kitts Sub-Project and the Nevis Sub-Project.

THE ST. KITTS SUB-PROJECT

This sub-project is comprised of the following components:

- (a) *Farm Settlement Component* - involves the settlement of Tree Crop, Livestock and Arable Crop Farmers. In addition to establishing the various farm units, the project will provide for extension, credit, cultivation services, marketing and training for the settlers.
- (b) *National Agricultural Development* - the emphasis is on institutional strengthening, especially with regard to the Department of Agriculture, Marketing and Credit Institutions. Extension and training will also be provided under this component. In addition, emphasis will be placed on small farmer development, including women's programmes with a view to planning and organizing production for import substitution and import replacement.
- (c) *Fisheries* - the fisheries component involves the provision of infrastructure, research, training and information gathering systems.

THE NEVIS SUB-PROJECT

This sub-project is comprised of the following components:

- (a) *Government Estate Development* - here the rehabilitation of production programmes at the Government Estates would be undertaken as a demonstration to small farmers and as a source of improved inputs. The production activities in this sub-sector will involve both livestock and crops.
- (b) *Small Farmer Development* - support to existing small farm settlements and establishment of a beef settlement are the major activities of this component.
- (c) *Strengthening the Department of Agriculture* - this component will involve support to the Department of Agriculture with respect to staff addition, existing programmes and the introduction of new programmes in such areas as marketing, credit, incentives, soil conservation and training.

- (d) *Fisheries* - the fisheries component will provide assistance to the on-going co-operatives as well as provide infra-structural facilities and a research vessel.

It has been estimated that the Total Programme Cost will be E.C. \$41.4 million (U.S. \$15.2 million) of which Capital Investment Cost accounts for E.C. \$34.7 million (83%) and operating and maintenance cost E.C. \$6.7 million. The foreign exchange component of total cost is estimated to be 59% of the total cost.

The foregoing has been extracted from a document presented at the recent meeting of the Caribbean Group for Co-operation in Economic Development (CGCED) at the World Bank in Washington, D.C.

My Government has already begun the Agricultural Diversification process and has established a number of projects and programmes to date. Government has established a small farmers' equipment pool. A revolving fund, buildings for storage of agricultural inputs for small farmers have also been established, and we have constructed feeder roads. Soft and interest free loans are available for farmers, and we have successfully implemented a white potato production programme.

THE ROLE OF UWI

The University of the West Indies (UWI) must play a significant role in any Agricultural Diversification Programme. It is my contention that the members of the Faculty of Agriculture at UWI should be given credit for work done in this area which is beneficial to our small farmers. Such credit should go towards promotion and tenure. Our regional scientists should not only content themselves to do research merely to present academic papers at seminars. They should be encouraged and rewarded to undertake practical work which is of vital importance to the development of our small farmers. It is imperative that the needs of our small farmers be always foremost in our deliberations. This dispossessed group is tired of hearing about seminars and reports; they and their families are yearning for practical and realistic solutions to their problems. They and their families are longing for a brighter day, a day when they will feel a sense of achievement.

I am urging that this Conference be used not solely as an academic exercise, but as a practical exercise where at the end of the day our farmers would benefit from your deliberations. They have waited a long time, let

us not disappoint them; they are watching us, and their future is in our hands. I wish you every success at this Conference.

I take pleasure in declaring this Conference open!