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# RATIONALIZATION AS AN INSTRUMENT FOR DEVELOPMENT OF CARIBBEAN AGRICULTURE

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## Summary

Regional cooperation in agricultural production and marketing has been accepted by Commonwealth Caribbean Governments as an essential and desirable objective in the movement towards closer economic integration. In the five years of Carifta, a considerable measure of regional cooperation has been achieved through the growth of intra-regional trade in both manufactured and certain agricultural commodities. In the case of trade in the latter, much of this has been conducted under the Agricultural Marketing Protocol (AMP) which forms an integral part of the Carifta Agreement and is the principal instrument outlining any form of agricultural policy. The Protocol is essentially a marketing Agreement and makes no provision for regulating agricultural production among Carifta Member States.

It has been recognised by Carifta Governments that while the provisions for marketing contained in the AMP are necessary in themselves, they are insufficient to achieve the long-term goals for the development of agriculture and trade in the Region and a satisfactory redistribution of benefits among all Member Territories. In fact, in the five-year history of Carifta trade and production have tended to polarise in favour of the More Developed Countries, a consequence though largely due to differences in resource endowment.

The Carifta Governments have endorsed rationalisation of agriculture as an appropriate strategy for working towards closer regional cooperation in agricultural production and marketing. Rationalisation is conceived as a means of achieving certain levels of national specialisation in agricultural production and optimising the use of national and regional resources. *An important and immediate aim of rationalizing agricultural production in the region would be to reduce the current degree of duplication and competition in agricultural activities and to work towards the achievement of greater complementarity among national agricultural programmes.*

In the Caribbean the concept of rationalisation of agriculture is without precedence and this is equally true for the application of such an approach in a regional economic grouping. National political considerations together with the current efforts of Member Governments, independently and insularly, to expand and diversify their economic activities add to the difficulties of accepting, let alone applying such an untried approach to agricultural development in the Region.

This paper discusses the current efforts in Carifta to promote closer cooperation in agricultural production and marketing and some of the problems inherent in developing such a strategy. The possible benefits to individual Member Territories and to the Region as a whole require no further elaboration. There are existing areas of cooperation both in production and marketing which clearly demonstrate some of the potential benefits and these will be examined briefly.

Finally, the point is emphasised that any approach to regional cooperation in agriculture -- and this is equally true for other areas of activities -- cannot be based solely on economic considerations such as

would be determined by comparative advantage criteria. Given the common historical experiences and current agricultural activities, the national aspirations, the similarities in the physical and climatic conditions in the Region, cooperation in agriculture will depend, in the final analysis, on political considerations and the degree of commitment to regional integration.

## Background

### *In Pursuit of National Development*

The second half of the 20th century may well be recorded as the period of the industrial revolution in the Commonwealth Caribbean. The process of industrialisation, it would be recorded, started in Jamaica during the 1950's following after the model *Operation Bootstrap* in the Spanish-American Caribbean island of Puerto Rico. The model was simulated by Trinidad and Tobago and is slowly being applied to other Commonwealth Caribbean Countries, albeit with minor variations.

In seeking to industrialise the island economies, the Governments of these Caribbean Countries have been motivated by several considerations. On the one hand, the societies, without exception, are characterised by the historical dependence on export monoculture, the maldistribution of agricultural resources, especially the land resource and generally low levels of agricultural production. On the other hand, the countries have all been experiencing rapid rates of population growth, increasing levels of unemployment and underemployment and continuing dependence on foreign markets for foodstuffs as well as for manufactured goods. In this context, and given the changing political environment, industrialisation is regarded as a means of achieving economic diversification, providing new job opportunities, and generally satisfying a greater proportion of the consumer needs of the expanding population.

The strategies adopted by Commonwealth Caribbean Governments for industrialisation also showed much in common. These were based largely on a policy of attracting foreign capital, technology and expertise, generally through generous tax holidays and other forms of incentives. With their limited natural resource base (and in some cases lack of control of the resource base) industrialisation has been characterised by *screwdriver* type industries employing the inputs of the developed countries. Industries based on primary and domestic raw material inputs, such as agriculture, petroleum and bauxite, were largely neglected or obviated by the foreign control of these resources.

During the initial period, preoccupation with industrial activities and the benefits that were expected to accrue from such activities contributed further to the historical neglect of domestic agricultural development. However, and this perhaps somewhat in retrospect, such development required, among other things, restructuring of the ownership pattern and massive inflows of capital and technology to transform traditional agriculture; and these conditions were not forthcoming. In the last decade, failure to realise the high expectations from industrialisation prompted Governments to look anew on agriculture in order to provide additional opportunities for employment and a source of primary inputs for agro-based industries, increase the levels of domestic food production, reduce the high food import bill and conserve foreign exchange.

The early post World War II period was also one of growing nationalism and the experiences with Federalism in the late 1950's contributed little to political regionalism let alone economic integration. With increasing political autonomy, each Territory pursued in isolation its own economic policies and

programmes with respect to both agriculture and industry which often duplicated the activities in other States. Those countries with resource advantages such as land, labour and minerals, particularly Trinidad & Tobago, and Jamaica, had undisputable advantages over those other countries less endowed and more dependent on agriculture. They experienced fairly high growth rates, rapid expansion in the public and private sectors and rising national and per capita incomes.

In the agricultural sector each country pursued its own policies of agricultural diversification aimed at satisfying the increasing demands of the domestic market and in some cases producing surpluses for export. Given the common historical legacies, aspirations and similarities in the organisation of agriculture, and the ecology, these conditions encouraged the pattern of duplication among the national programmes.

The continuing failure of national economic policies to achieve the stated objectives, for example, higher levels and increasing rates of employment and greater levels of production, were due not only to inappropriate strategies and technologies for industrial development and to the structure and traditionalism of agriculture, but to a large measure, the small size of the national markets. The employment of industrial units not designed for small economies or markets resulted in much unused surplus capacity and high unit costs of production. Very soon industrial plants were faced with the spectre of stagnation and retrenchment of workers due to the saturation of the domestic market and inability to develop outlets to foreign markets or to compete in such markets.

In the agricultural sector farm producers were caught up in a vicious cycle. Apart from a few crops, the small urban markets (constrained in part by the lack of innovation and modernisation) were readily satisfied by the aggregate production of a large number of small farmers earning small incomes and who then were not motivated to expand production. Without motivation there was little or no expansion in production with resulting stagnation in agriculture. Superimposed on these conditions, were the seasonality of agricultural production which aggravated further the problems of markets and production. Markets that were over-supplied during the *normal* season and grossly under-supplied in the *off* season, severely affected prices and farm incomes and exposed their lack of organisation.

#### *Towards Regional Cooperation*

The decision of Commonwealth Caribbean Countries in 1968 to form themselves into a Free Trade Area (Carifta) immediately opened up new vistas for economic development and expansion. For the stagnating industrial plants, the larger regional market offered possibilities for utilising surplus capacities for expansion and for greater benefits from economies of scale. For agriculture there were corresponding possibilities for the reorganisation of production and transformation of traditional agriculture into modern, commercial activities. In other words, the larger Free Trade Area provided a necessary condition for growth and modernisation in these two sectors.

These possibilities, unfortunately, could not be automatically realised. The Carifta integration movement faces at least two sets of problems. On the one hand, there are the policies pursued by the various Member Territories independently and in isolation and which contribute to considerable duplication of each other's efforts. On the other hand, there are wide disparities in the levels of economic development and rates of growth between individual Member States.

These two sets of circumstances threaten to negate the potential benefits of an expanded Carifta market and to promote conditions which would widen the gap between the relatively more advantaged

and less advantaged Member Countries. In point of fact, while the national programmes prior to Carifta duplicated each other, they did not compete because there was little economic interaction among the Countries. With Carifta, these programmes led directly to competition on the regional market. Conscious of a principal aim of Carifta -- *to ensure that the benefits of free trade are equitably distributed among Member Territories* -- it became necessary, from the inception, to work towards regional policies and programmes aimed at reconciling these differences and to lessen the possibilities of polarisation of development in favour of the more developed countries of the Region. To this end, special measures were considered necessary if all Member Countries were to benefit from regional economic integration; or in more practical terms, if no Member Country was to find itself less well-off.

In recognition of the circumstances outlined above, the Carifta Agreement contains provisions aimed at assisting Member Territories in working towards the achievement of the stated objectives. These provisions include the establishment of a common external tariff, the setting up of regional industries, the adoption of a regional policy with regards to fiscal incentives, the location of industries in the Less Developed Territories, and the Agricultural Marketing Protocol regulating intra-regional agricultural trade. Together these measures may be regarded as a *package* and no one measure by itself is considered to be sufficient and adequate to achieve the expressed benefits of Carifta.

### Regional Cooperation in Agriculture

#### *The Agricultural Marketing Protocol (AMP)*

The Carifta Agreement sets out no detailed policy outline towards regional cooperation in agriculture. Recognition is given, however, to the fact that in order to achieve the goals of the regional economic movement, Member Governments should work towards the adoption and implementation of a regional policy in agriculture. This fact is interpreted from Articles 17:4(a) and 18:7(a) of the Agreement which suspend the application of provisions restricting Public Aids in the case of the former and Public Undertakings in the case of the latter, from offering certain forms of aid or preferential treatment to domestic agriculture:

*"... until such time as Member Territories shall agree upon a regional policy with respect to the production and marketing, including the subsidisation of agricultural products"*.

The immediate actions which were to be taken at the inception of Carifta toward agricultural cooperation are contained in Annex A to the Agreement which embodies the Resolution of the Fourth Heads of Government Conference held in Bridgetown, Barbados (October 1967). The Agreement is in the form of a Protocol -- the Agricultural Marketing Protocol -- which forms an integral part of the Carifta Agreement and sets out the basic recommendations for regulating trade in selected agricultural commodities within the Carifta Region.

The Agricultural Marketing Protocol (AMP), as the name implies, *is essentially an agreement regulating the conditions of trade in selected agricultural commodities within the Carifta Region*. The Protocol sets out no guidelines for developing agricultural production but its principal objective, stated in very broad terms, is that of:

*"encouraging the agricultural development of the Caribbean Free Trade Area as a whole by ensuring that commodities capable of being produced in the Area are in fact produced and distributed at prices remunerative to growers and reasonable to consumers"*.

The regulations of the Protocol are concerned almost exclusively with marketing of the listed

agricultural commodities and are interpreted in very practical terms in their operation. Essentially, the AMP provides for the diversion of trade in specified agricultural commodities from third countries and the removal of barriers to trade in those commodities among Member Territories. In effect, the AMP provides three important incentives to producers within Carifta:

- (i) an expanded market concomitant with the removal of trade barriers among Member Territories;
- (ii) provision of the machinery for fixing guaranteed minimum prices for AMP products;
- (iii) provision of a list of agricultural commodities (which may be added to or subtracted from) which qualify for Carifta treatment, including the protection from competition from third countries.

Under the terms of the original document the concern of the AMP with marketing and the absence of regulations governing agricultural production, left each Member Territory technically free to pursue independently its own domestic programmes, without reference to the programmes in other Member Countries and to compete with each other on the Carifta market. In other words, the AMP simply formalised the pattern of agricultural development which existed prior to Carifta, but now providing encouragement for intra-regional trade and limiting such trade in the commodities listed from third countries, except when there is a shortfall in the Region.

It was recognised from the outset that, given the differentials in the levels of development and the disparities in the distribution of resources among Member Territories, to permit the free development of agricultural trade would be to put the Less Developed Countries (LDC's) at a competitive disadvantage vis-a-vis the More Developed Countries (MDC's) and would further exacerbate the already mal-distribution of benefits. Accordingly, in the actual operation of the AMP additional measures have been introduced from time to time designed to encourage production and to give preferential treatment to exportable surpluses from the LDC's. Thus, when exportable surpluses are declared by Member Countries the surpluses from the LDC's are allocated before surpluses from the MDC's.

In spite of the provisions for preferential treatment of the LDC's produce, however, there is another inherent weakness in the AMP. In the operation of the AMP it is conditional that trade can only take place *if there are exportable surpluses at the same time that there are corresponding deficits*. If all Member States have surpluses there can be little trade. Likewise, if there are no declared deficits there can be no guarantee of trade taking place. In the five years of Carifta this has been the pattern of development, with the MDC's progressively moving towards self-sufficiency, declaring smaller deficits, and reducing the possibilities for expanding trade in agricultural products.

While the concern of the AMP is almost exclusively with developing more orderly and satisfactory marketing of agricultural produce, the need for some regulations and cooperation in production had not been entirely overlooked. In fact, *it was always recognised that it would be necessary to go beyond simply a marketing arrangement if indeed such an arrangement itself was to succeed*. As early as the second Meeting of the Agricultural Marketing Protocol (October 29, 1968), recommendations were made towards:

- (i) the national development of the agricultural sector which would involve making recommendations regarding production possibilities, techniques, etc.
- (ii) the identification of areas of comparative advantage in agricultural production among Carifta Countries which should lead to some recommendations regarding territorial specialisation.

Thus, cooperation in agricultural production at a regional level or rationalisation of agricultural production was recognised as a necessary and desirable strategy in the efforts towards achieving the goals of Commonwealth Caribbean economic integration.

### The Concept of Rationalisation of Agriculture

The concept of rationalisation of agriculture among separate States in a regional grouping such as Carifta is without historical precedence and the definition, let alone the acceptance of such a concept, is much confused. Given the existing conditions of political and economic development in the Region, rationalisation of agriculture finds little popular support and is sometimes regarded as a strategy which would encourage agricultural development in the LDC's with corresponding sacrifices in the MDC's, or *vice versa*.

*Rationalisation of agriculture is conceived as a means of achieving the modernisation and development of agriculture in all Member States within the integration movement but in the framework of regional policies which would encourage the most effective utilisation and specialisation of resources, foster integration of agriculture with other economic activities, lessen inter-territorial competition and duplication in resource use, and achieve greater complementarity in regional agricultural production.* In the context of Carifta, rationalisation of agriculture cannot mean the development of agriculture in any particular State or States to the disadvantage nor neglect of such development in others.

Under the above conditions, rationalisation of agriculture should offer the advantage of economies of scale and in some cases more mass production of agricultural produce and a higher quality of market produce. Such conditions should also create the basis for the long-term development of trade within Carifta, expand the possibilities of extra-regional exports and contribute to a more equitable distribution of benefits.

Such a concept of rationalisation applied to Caribbean agriculture is quite new and this perhaps explains some of the hesitancy and suspicion alluded to above. Nevertheless, rationalisation embraces well known and applied economic principles based on comparative advantage and resource specialisation which themselves, as principles, find popular application in many areas of economic activities.

Comparative advantage in certain regions emerges as a practical consequence of the differences in physical and climatic conditions. In North America for example, differences in climatic and soil conditions encouraged considerable regional specialisation in resource use and there it is possible to identify such regions as the Corn Belt, the Wheat Belt, the Cotton Growing Areas, Apple Orchard Areas, and so on. Such regional specialisation has contributed to the advancement of optimum utilisation of agricultural resources and overall improvements in agricultural production.

Comparative advantage is usually thought of in terms of natural advantages derived from differences in geographic factors and endowments such as favourable climate, soils and topography. There are other considerations such as location, proximity to industrial plants and markets, transportation and institutional arrangements which should also be taken into the calculus since all of these factors influence the selection of agricultural activities and encourage the specialisation of production in areas most suitable for certain crop or crops.

Applying the above set of variables to Carifta Countries, it emerges that there are more similarities than differences especially with respect to the geographic factors. Belize and Guyana, more because of their physical size and difference in topography, are somewhat exceptions. In terms of the climatic conditions all the Carifta Countries have the potential to produce much the same types of crops and approximately within the same seasonal cycle. The principal advantage it would seem at first glance which Belize and Guyana have over others such as Dominica and Grenada, is that these Countries are better suited for crops which can be mechanised under large-scale, extensive production. Such crops include corn, soya beans, oil palm, and improved pasture.

When other variables are considered, such as spatial location, countries such as St. Vincent, St. Lucia and Antigua would normally be more favourably located to take advantage of the wider Carifta market than such countries as Belize, Jamaica, Trinidad & Tobago and Guyana which are located at the terminal points of the Carifta Region. *Under the institutional arrangements of Carifta, however, differences in transportation costs (ignoring the time element) are minimised, thus removing any such advantages some Countries might enjoy over others.*

While transportation costs may not be an important variable, the availability of transportation services is more important. With existing services, some Countries have easier access to markets than others. Grenada and St. Vincent, for example, are better serviced by the shipping and schooner routes than Montserrat, Dominica and Belize. Also, Trinidad & Tobago and Barbados are better serviced than Jamaica and Guyana.

Other variables mentioned which contribute to comparative advantage include the institutional arrangements such as research, extension and marketing services. While under the Agricultural Marketing Protocol, the regional market is less than perfect (there is forward fixing of prices and specified quantities of commodities are allocated to particular markets) it is obvious that the better organisation and performance of certain markets give them certain advantages over others. Such marketing organisations are better supplied with statistics on exportable surpluses and better informed about regional demands and are ahead of others less well-informed during AMP negotiations.

It seems, however, that *with one or two exceptions, the similarities in the physical and climatic conditions and transportation costs tend to minimise any comparative advantages one country may have over another. On the other hand, institutional arrangements such as research, extension, and marketing services, may favour certain countries over others and in general such advantages rest with the MDC's.* Employing a set of comparative advantage criteria might, therefore, further contribute to the polarisation of agricultural production and trade in favour of the MDC's. *Rationalisation of agriculture cannot, therefore, be based on purely comparative advantage criteria and other criteria ought to be taken into consideration.*

Member Governments, as pointed out earlier, are all equally concerned with the development of national agriculture to provide additional employment opportunities and to increase the supply of food crops, as well as to diversify production for export. Policies aimed at reallocating agricultural resources on a regional basis, therefore, would involve modifications to national plans, carry social and economic implications, and require political decision-making.

In conclusion, therefore, *it seems that rationalisation of agriculture must be based on appropriate*



*comparative advantage criteria, but must also involve political and social considerations and commitment to regional economic integration.*

### Resource Specialisation and Regional Cooperation

The history of agricultural development in the Caribbean is one based on the specialisation of plantation production. Under the plantation system, sugar cane production characterised and dominated all agricultural activities throughout the Region, contributing to a high level of regional specialisation vis-a-vis Third Countries. Rationalisation of agriculture is conceived as a process which would contribute to some levels of national rather than regional specialisation. This process should lead to greater regional import substitution rather than national and to increasing levels of intra-regional trade.

*National resource specialisation, however, does not mean that each participating country would concentrate all its resources into a single crop but in practice, certain country or countries should be encouraged to develop those crops for which they are best suited; this decision being based, as pointed out earlier, on a judicious application of comparative advantage criteria and political considerations.*

*Such specialisation quite naturally cannot be extended to all levels of agricultural activities nor indeed to the entire range of crops produced within the Region.* It might be useful, for example, to consider only the non-traditional commercial crops which can be produced in exportable surpluses for regional and extra-regional trade. This group would include many of the crops included in the AMP list plus some other products such as soya bean, corn and even beef cattle.

In the case of some of the traditional export crops, there are already some established areas of specialisation in the Region. Jamaica and Trinidad & Tobago are the principal producers of coffee, Jamaica being especially famous for its *Blue Mountain Coffee*. Guyana is the only important producer and exporter of rice. St. Vincent has specialised in the production of arrowroot and Grenada has earned the title of the *Spice Island*. Dominica is a major producer of limes as well as grapefruits.

In a few cases, more than one Territory has developed a certain level of specialisation in one or two crops. For example, the Windward Islands and Jamaica have concentrated considerable resources in the banana industry whereas Dominica, St. Vincent, and St. Lucia are the principal producers of coconuts among the smaller Territories. Sugar cane is now grown in Belize, Jamaica, St. Kitts-Nevis-Anguilla, Barbados, Trinidad & Tobago, and Guyana. In this last case, for example, it may be beneficial to rationalise production further with St. Kitts-Nevis-Anguilla combining sugar cane production with a livestock industry.

The vegetable crops present considerably more difficulties than the established traditional crops because of the relative facility with which such crops can be grown on small acreages and the importance which is now attached to such crops in the agricultural programmes of nearly all Member Governments. These crops, nevertheless, seem to offer the greatest possibilities for regional and extra-regional trade, and accordingly would be most appropriate in regional programmes.

The capacity of all Member Countries to produce most of these crops suggests that a programme designed to rationalise production might usefully and conveniently employ a system of *trade-off*. Vegetable and some other short term crops could be produced intensively on small and medium size

farms and the larger Countries may be willing to encourage such production in the smaller Territories, concentrating their own resources on crops suitable for extensive production. Furthermore, *trade-off*, as McIntyre suggests it, may be extended to other non-agricultural commodities of trade. Countries exporting manufactured goods may well consider restricting domestic production of certain crops in favour of the less industrialised Member Countries which provide markets for their manufactured goods. In fact, such an arrangement will contribute to the earnings of the Countries exporting agricultural commodities, thus improving their capacity to purchase manufactured goods.

### Possible Benefits from Rationalisation of Agriculture

Given the existing conditions of agricultural development within the Region, it is reasonable to assume that the acceptance and implementation of Rationalisation of Agricultural Programmes must affect existing national cropping plans, farm incomes and possible employment. *In certain territories, there may be temporary disadvantages but in the long run, there are numerous benefits to be derived from regional cooperation in agricultural production and marketing and these would be shared by all Member States.*

The most obvious reason for rationalisation of agriculture is that it would provide an appropriate basis for the long-term development of agricultural trade. Carifta offers as the principal advantage the creation of an expanded market. This advantage, however, could quite easily be nullified -- if Member Countries pursue production programmes aimed at self-sufficiency and which tend to duplicate each other.

The second important advantage in rationalising agricultural production is that it would encourage certain areas of resource specialisation which can have tremendous impact on the efficiency of farm production, farm incomes and consumer prices. Related to this advantage is that rationalisation of agricultural production creates opportunities for achieving certain economies of scale, and improves the capacity for the adoption of new technology and increased levels of productions.

In the Island Territories of Carifta with limited resources, particularly land resource, rationalisation of agriculture offers the potential for optimum utilisation of these resources. Specialisation of crop production on a country basis would make greater land space available in some other Territories which may be utilised for expanding other cropping activities. Such specialisation and resource use should create a more favourable environment for developing intra-regional trade.

In addition to freeing land for a few selected crops, there is the further advantage in being better placed to zone agricultural products within each Territory, thus achieving better use of land and higher levels of production.

The use of resources, other than land, for example, capital, labour and personnel, could also be better utilised. Too often the available resources such as credit and extension services are spread too thinly to achieve stated objectives. Rationalising production would encourage the concentration of the limited resources into selected and specific activities, thus maximising returns.

Continuing research is necessary to improve agricultural production. Many territories, however, cannot engage in the wide range of research necessary to service agriculture, nor indeed to employ

personnel in the many specialised fields. Regional cooperation in Agriculture could result in the pooling of resources to conduct the research and provide the technical expertise necessary for servicing agriculture.

As distinct from rationalisation of agricultural production, regional cooperation in agricultural marketing should provide Carifta countries with added benefits. Pooling of resources in the promotion and marketing of commodities in extra-regional markets will enable Member Countries to secure better prices and more secure markets. Rationalisation of agriculture could well facilitate and promote such cooperation.

Finally, it is doubtful whether satisfactory, long-term progress could be made in the Carifta integration movement if the present pattern of agricultural diversification and cropping competition continues apace. The *widening* trade gap between the LDC's and the MDC's might well have adverse consequences for the entire integration movement, but it is also a fact that if the poorer Members of Carifta are unable to sell they may be unable to buy. Furthermore, serious consideration should be given to the extent to which Member Countries, especially the smaller Countries, could diversify agricultural production, achieve self-sufficiency, increase employment opportunities, increase and sustain higher levels of farm income and standards of living of farm families.

#### Established Areas of Rational Cooperation in Agriculture

Even prior to Carifta the desirability and usefulness of regional or sub-regional cooperation in certain agricultural activities was recognised. At the present time there are four such areas of cooperation which serve to demonstrate some of the benefits that can accrue to the participating Countries and to the Region as a whole. These areas include:

1. Oils and Fats Agreement
2. Rice Agreements
3. Banana Industry Agreement
4. Commonwealth Sugar Agreement.

The Oils and Fats Agreement and the Rice Agreements were conceived during the period of World War II. At that time the vulnerability inherent in too great a dependence on extra-regional production and supplies of foodstuff was realised and Governments were convinced of the need to develop production within the Region. It was obvious then that certain territories had provided more resources into the production of the basic commodities, or had the potential to expand production. Furthermore, it was realised that if the regional efforts were to be successful, measures should be taken to lessen the competition from extra-regional sources. These and other considerations led to the first formal Agreements aimed at regional cooperation in agriculture and these arrangements have been continued and strengthened under Carifta.

In the case of the Oils and Fats Agreement, the principal producers and exporters of copra, raw and refined oil are St. Vincent, St. Lucia and Dominica. Under the Agreement supplies at the present time are allocated to all other Carifta Countries at negotiated prices. Under the Rice Agreements, Guyana is the sole supplier of rice to other Members of Carifta.

These two Agreements have encouraged a very high level of regional cooperation in both production and marketing. The producing Countries have been encouraged to concentrate resources in

these activities and have been guaranteed markets in other Carifta Countries. On the other hand, the purchasing Countries have been guaranteed supplies at negotiated prices. Through specialisation and guaranteed markets production has expanded contributing to higher levels of expertise and efficiency all of which have contributed to greater stability of the industry. It has also enabled the purchasing Territories to allocate their resources into other activities.

The other two areas of cooperation demonstrate that there can be greater benefits to the Region through cooperation in extra-regional marketing. The producing Countries in the Windward Islands Banana Industry are Dominica, St. Lucia, St. Vincent and Grenada. Cooperation among these producing Countries extends to the overseas marketing of bananas. This system has served to strengthen the bargaining position of the producing Territories for better prices and a more secured market. At the producing end such cooperation has enabled the Industry to provide better services, for example, research, to their producers. More recently Jamaica, the other important producer of bananas in the Region, entered into agreement with the Windward Islands to rationalise the export of bananas to the U.K. This move has strengthened the position of the Caribbean Industry as a whole, and has helped to stabilise the market at a time when the competition between the two groups of producers adversely affected the price received for banana on the U.K. market.

Under the Commonwealth Sugar Agreement the Commonwealth Caribbean Countries, since the early 1950's, have cooperated in the marketing of sugar to the U.K. The Commonwealth Caribbean is allocated a quota under the Commonwealth Agreement and prices are jointly negotiated by their representatives and the U.K. Government. The chief producing countries within the Region at the present time -- Belize, Jamaica, Barbados, Trinidad & Tobago, Guyana, and St. Kitts-Nevis-Anguilla -- have their own allocations within the Negotiated Price Quota. The existing arrangements also permit any shortfall by one country to be taken up by another country with uncommitted surplus, thus yielding an additional benefit to the Region.

### **Implementation and Impediments to a Programme of Rationalisation of Agriculture**

Rationalisation of agriculture involves activities at two levels. On the one hand, it means undertaking progressive changes in agricultural production at the national level. On the other hand, it involves the formulation and application of new policies at the regional level aimed at regional cooperation and the long-term development of trade. Both levels of operations are interdependent and present a formidable task of research, planning, and cooperation.

To undertake the necessary studies, the Regional Secretariat has been authorised by Member Governments to secure the assistance of a Team of experts who would work in collaboration with counterpart staff provided by Member Governments, and also with the cooperation of other regional institutions such as the Universities and the Caribbean Development Bank. Unfortunately, efforts to obtain such assistance have so far been unsuccessful. In the meanwhile, the Secretariat has been encouraging regional cooperation in agriculture along other lines.

As this Paper has already pointed out, there is no Carifta policy regulating agricultural production in the Region; the AMP is basically a marketing Agreement. However, in the actual operation of the Protocol positive encouragement is given to the LDC's to organise and expand production of certain

commodities and preferential treatment is given to the marketing of such commodities -- particularly in the markets of the MDC's. Some of the weaknesses in the operation of the AMP have been alluded to earlier in the paper. As a result it has been found necessary to introduce a more positive programme to encourage production and marketing.

Under a scheme entitled *Identification of Products and Guaranteed Markets*, which has been accepted by Member Governments, the MDC's have committed themselves to purchasing specified quantities of certain commodities from the LDC's. The MDC's further agree:

*"to undertake whatever national measures that are necessary to ensure that their capacity to absorb the agreed quantities of the product is not affected.."*

Together, these two Agreements (AMP and the *Identification of Products and Guaranteed Markets*) provide a useful and practical initial step towards closer cooperation in agricultural production and marketing within Carifta.

Under the *Identification of Products and Guaranteed Markets* scheme a few crops have been selected which the LDC's consider they are capable of producing immediately in exportable quantities. The programme starts off with very modest quantities which the MDC's agree to absorb with small increments each year. This approach takes account of the many constraints to production and marketing and provides an opportunity to the producing Territories to reorganise their farming activities to meet the new demands of commercial export production. On the other hand, the MDC Governments are given an opportunity to make any necessary adjustments in their agricultural programmes to accommodate supplies from the LDC's.

The first goal must be to consolidate this programme and to assist the producing Territories to organise their production activities. It may then be possible to identify new areas of production activities and expand the areas of cooperation in agricultural production and marketing.

Although the existing programmes make no provisions for rationalising production of traditional crops and are concerned mainly with marketing, more direct encouragement should be given to the reorganisation and expansion in suitable areas of some of these crops. To take the case of the copra and banana industries, for example, Dominica, St. Vincent and St. Lucia have developed considerable specialisation in these two activities and have derived considerable benefits. Efforts should be made to improve the efficiency of production and to expand total output.

In the case of the controversial sugar industry there are strong supporting arguments for Belize, Jamaica, Barbados, Trinidad & Tobago, and Guyana to continue this industry. What is required, however, is a restructuring and rationalisation of the national industry and modernisation of the production activities. In the case of St. Kitts-Nevis-Anguilla consideration might be given to the integration of sugar cane production with a livestock industry.

This approach to regional cooperation in agricultural development is not intended to replace nor obviate the need for the comprehensive Study on Rationalisation of Agriculture. However, it is obvious that such a study will involve considerable investments in personnel, funds, and time. In view of the rapid developments taking place at both the National and Regional levels, it becomes urgent to establish areas of cooperation in agricultural production and such an approach strongly recommends itself.

The most obvious impediments to rationalisation of agriculture are the existing constraints to national agricultural production which are all too well known and need not occupy us here. If certain Member Countries are to forego or restrict production of any crop or crops, other Countries within the Region must be able to supply; and herein lies a major problem -- the need to reorganise and expand production in certain countries.

Such changes and innovations as are required in agriculture are only possible with a strong commitment to agricultural development. In the LDC's, for example, there is increasing preoccupation with the possibilities of setting up industries. There are many factors limiting the scope for industrial development in the LDC's, and while the interest in industrialisation is understandable and the wisdom of exploiting every feasible opportunity for economic diversification is not a question, there is the real danger that preoccupation with industrialisation would lead to the neglect of agricultural development. The experiences of those Countries that had earlier pursued industrialisation (and tourism) and the unsatisfied goals which still cannot be fulfilled could be instructive in the selection of activities for a progressive policy for agricultural development integrated with non-agricultural activities.

Finally, it would seem that the most serious obstacle to a programme of agricultural rationalisation is the difficulty of winning support and commitment for regional programmes over national programmes. For, in the final analysis whatever measures are advocated, regional cooperation in agricultural production and trade can only be achieved if Member Governments are convinced of the practicality and wisdom for such cooperation and the extent of their commitment to regional economic integration.