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COMMENTS ON ST. KITTS/NEVIS AGRICULTURAL POLICY AND INSTITUTIONAL ARRANGEMENTS

Ronald A. Baynes

(Agricultural Adviser, Barclays Bank International Limited,
Bridgetown, Barbados)

Introduction

National policies are usually a reflection of a country's resource base and a series of interacting factors: historical, social, ecological, economic and political ones, to name a few. It is not unusual for policies and hence their implementing agencies to demonstrate an accommodation as circumstances change. Thus, one expects policies and institutional arrangements to be dynamic, with policy-makers on the constant alert to re-order affairs in an effort to utilize fully all available resources in the interest of the nation and its people.

The task of examining policies and their associated institutions is, therefore, not particularly easy, especially when the exercise is done by non-resident non-nationals, who are often in possession only of limited knowledge, not only of the basic facts, but of how they uniquely impinge on one another in any given situation.

This paper is, therefore, prepared in the context of the Caribbean Agro-Economic Society's meeting in St. Kitts. It attempts to offer objective comments in the interest of assisting fellow participants at the meeting to understand better the agricultural and rural development problems of our region, and possibly to permit our hosts to have, perhaps, new insights and appraisals of systems in their country as they have evolved to date. These comments are based on information and data compiled in St. Kitts by the Secretariat of the Caribbean Agro-Economic Society and presented in a document "Background Information on the Agricultural Sector in the State of St. Kitts/Nevis/Anguilla". The author assumes responsibility for interpretation in the presentation, which does not necessarily represent the views of the Society or any other organization.

Agricultural Policy

Policy Statement

While it is obvious that there is an Agricultural Policy for the State, there does not appear to be a detailed promulgated statement, as is the case in some countries, embodied in the annual reports of the relevant Departments or Ministries. Consequently, the resource document has had to rely on excerpts from the Budget Speech presented by the Premier and Minister of Finance. These available include:

1. "The Government Policy is that sugar is to be kept as the mainstay of the economy, and land, when not in use for sugar, to be used for producing other agricultural crops. All other lands must be thoroughly utilized for the production of agricultural crops and livestock. The policy also is to provide full employment for labour in the State."

2. "Food production provides the greatest scope for import substitution and it is hoped that a successful implementation of the Regional Food Plan, when it is implemented, will lead to significant reduction in food imports."
3. "But we should also look at and take stock of the little we have and seek to maximize its use for our benefit. It is in this context that we must view and support every effort at economic diversification and food production, of resuscitation of the coffee, cocoa and salt industries, of the firm establishment of the crafts industry and of the expansion of Tourism."
4. "It is intended that the Multiple Exchange Rate System should encourage exports and discourage imports without imposing too great a burden on consumers."

Concentration on Sugar Cane Production

It would appear that the major thrust of the Policy is to maintain the sugar industry as the most prominent activity. An interesting point in the statement is the provision of full employment for labour. One can assume that the industry is, therefore, particularly concerned with providing jobs for the lower income groups of people.

Compelling arguments in favour of the Policy include the following:

1. Sugar is an important foreign exchange earner.
2. The technology of sugar production is well established in St. Kitts. People at all levels understand the industry and have demonstrated that they like it and are prepared to work in it.
3. Sugar is well serviced by excellent back up resource institutions in the Caribbean and elsewhere. For example, the W.I. Sugar Cane Breeding Station is continuously producing new cultivars for the industry - an indispensable service, without which it would be extremely difficult to maintain production levels.
4. Given the climatic and edaphic conditions of St. Kitts, sugar cane is most probably the best suited crop for production on a national scale.
5. The marketing of sugar, although not without its problems, is easily the best organized of all commodities in the Caribbean. The long-term view is that good demand for sugar can be expected in the future. The new moves to develop an International Sugar Agreement, and the existence of the Lomé Convention, all appear to be working to bring order and reasonable returns on investment in sugar.
6. Sugar is comparatively labour-intensive and is capable of absorbing large numbers of people both directly and indirectly at reasonable wages.
7. Sugar cane is an excellent anti-erosion crop. Soil and water conservation are important considerations in St. Kitts, with its easily erodible, friable volcanic ash soils, the comparatively rugged physiography, and the rainfall distribution pattern, characterized by extreme dry spells, interspersed with short, sharp showers.

8. Sugar is an excellent base on which to build diversification. There are a large number of uses to which sugar and its by-products can be put, including the feeding of sugar cane to ruminants to improve the efficiency of the nation's meat and milk production.

Arguments against sugar revolve mainly around the fact that all agricultural soils in St. Kitts are not well suited to sugar and there might be other foreign exchange earners capable of replacing sugar and satisfying all the necessary criteria. Perhaps participants might want to take this point up in the workshop sessions. I am not hopeful that a ready answer will be found.

Food Production

St. Kitts, like the rest of the Caribbean, is faced with a comparatively massive food import bill, whose value is escalating at an alarming rate with time. For instance, while about 2 million pounds of milk, in all forms, imported during 1970, were valued at about half a million dollars, in 1975 1.7 million pounds were imported, valued at a little over 1 million dollars. The same trends are reported for most items of food, including nutritionally important ones like fish and meat and meat products. It should be noted that many of these can be produced in the region. Thus, any attempt at the stimulation of food production, particularly those essential to balanced diets, can only help to augment the development process.

Food for export is a real possibility for St. Kitts/Nevis, both for the CARICOM market as well as the supply of exotica for North America and Europe.

It would appear that there is some ambiguity in the reported statements, in so far that on the one hand mention is made of the Regional Food Plan and, on the other, of self-sufficiency with respect to cocoa and coffee etc. and the wide range of food items attempted by NACO. One can sympathize with any island in seeking to feed itself when one considers the high cost of inter-island transport and how highly unreliable this has proved to be. One could, however, argue that the emphasis is wrongly placed. Possibly, efforts might be made to improve communications if for no other reason than the limited market available in St. Kitts/Nevis, and that the management base available to agriculture will not sustain serious efforts in a range of agricultural pursuits. Moreover, we know that certain items of food are in surplus in some parts of the Caribbean, albeit seasonally. The organized shunting of food items would appear to be a workable solution, given good will on all sides. In fact, it would be true to state that it is this widespread policy of self-sufficiency which has created problems with the smooth working of the A.M.P. We must accept the fact that we will never be able to produce all our food requirements and some trading is inescapable - indeed highly desirable.

Crafts Industry

It is encouraging to see mention of this, as much of what is done in the Caribbean is based on natural products - wood and related items. The production of raw material for these works is not, to my knowledge, being pursued by any territory. Clearly this could provide a useful line of activity for interested farmers.

Forestry

It was disappointing to have seen nothing in the draft Background Paper on Forestry and Watershed Protection, as these relate not only to the production of wood and fruit, but also to their implications for soil and water conservation, and the improvement of water resources in the State.

Institutional Arrangements

The background document reported that the principal institutions serving agriculture in the State are:

1. NACO - National Agricultural Corporation;
2. Department of Agriculture;
3. A.L.D.A. - Agricultural Land Development Agency;
4. C.M.C. - Central Marketing Corporation; and
5. Caribbean Agricultural Research and Development Institute.

As their names imply, these are all government, quasi-governmental agencies. No mention was made of farmers' or private sector institutions, although one can recall the Cotton Growers' Association concerned mainly with the Cotton Industry in Nevis.

National Agricultural Corporation

NACO, the successor agency to S.I.R.O., has performed a unique task in the Caribbean of stemming the decline of an agricultural industry and recording significant improvement in performance. Sugar production fell to an all time low of 23,828 tons of sugar from 8,600 acres in 1973 and by 1977, on the intervention of NACO, the reaped area rose to 11,200 acres, with a sugar output of some 41,000 tons. Sugar produced per acre rose from 2.77 tons per acre in 1973, to 3.66 tons per acre in 1977.

The sugar industry is capable of producing something in excess of 50,000 tons achieved in 1960, and one is led to believe that this figure is the projected target for NACO. It can be concluded that NACO is an effective agency as far as sugar is concerned.

NACO food crop production efforts are highly commendable when one considers that some thirty-two (32) food items were attempted, during the 1976/77 crop season. However, it would appear that losses of nearly half a million dollars have been sustained, but then these are hardly surprising as these crops are new in commercial agriculture in St. Kitts. Technical problems can be anticipated, as well as difficulty in the planning of production to facilitate orderly marketing. Appendix 8 of the Background Report provided only a financial analysis of this exercise. It would have been useful to see acreages and production data, to understand better the problems associated with food crops in NACO.

The Department of Agriculture

It would appear that the Department of Agriculture has been, to some extent, superseded by NACO and the assumption of Agricultural Land Development Agency (A.L.D.A.) by the Department is an effort to redress

this situation. Based on the complexity of agriculture and the range of services, there is need for a competent authority to act primarily in an advisory capacity to Government and the private sector, as well as to coordinate the several agencies, local and overseas, contributing to agricultural development in the State.

Agricultural Land Development Agency (A.L.D.A.)

It is not clear how A.L.D.A. functions. Presumably the original intention was to establish a quasi-government institution, much like the comparable ones in Dominica and Montserrat. It would seem that its inclusion in the Department of Agriculture, while probably convenient in the short term, will no doubt reduce the rate at which the authority will develop. It would appear desirable that A.L.D.A. should have its own Board of Directors and possibly concentrate on rural development in Nevis.

Central Marketing Corporation (C.M.C.)

The Central Marketing Corporation (C.M.C.) is a comparatively new institution in the State, and is saddled with the mammoth task of providing an essential service to both farmers and the consuming public. No mention is made of operational links between C.M.C. and the farming community. Marketing intelligence does not appear to be featured with any prominence. The absence of a C.M.C. Agency in Nevis would seem to be a serious deficiency, even though we are told that the Department of Agriculture handles marketing at that end.

Marketing is crucial in agriculture and particularly with food crops. Given the size of the St. Kitts/Nevis market, it is not surprising that, for the production year reported, such a small quantity of NACO products were marketed, resulting in substantial losses. One could question the desirability of having C.M.C. handle a wide range of food items. It is interesting that "hucksters" provide a comparatively efficient service at a fraction of the cost of the official institution. One wonders if it would not be in the interest of agricultural development for the role of C.M.C. to be re-examined with a view to re-designing C.M.C.'s operations. It is possible that C.M.C. could concentrate on wholesaling or possibly mainly on exporting commodities within CARICOM and outside the Region.

Financial Institutions

These are important instruments in the development process. Only brief mention was made of the Caribbean Development Bank and the Caribbean Industrial Development Corporation. No mention was made of the D.F.C. which, no doubt, is playing a vital role in agriculture.

Rather unfair comment was made of commercial banks who are claimed to be taking limited roles in economic development. S.I.R.O. and later NACO could not have been possible without commercial bank consortium lending before public sector banking was able to provide facilities for the sugar industry. Moreover, at least one commercial bank, Barclays Bank International Limited, has provided substantial support for the agricultural sector in the State. Funds have been made available through Barclays Development Fund and, currently, there is a special finance scheme for small farmers available for a wide range of agricultural development in the State. Few have taken advantage of this in St. Kitts, while reasonably general use is made of it in Nevis.

*Caribbean Agricultural Research and Development Institute
(CARDI) and Regional Institutions*

Mention was made of CARDI. However, no indications were made of the contribution of other regional institutions, e.g. Caribbean Meteorological Institute, CARDATS and the Faculty of Agriculture, University of the West Indies.

It is possible that mini states, such as St. Kitts, should be contracting more and more of their specialized services to regional bodies so that several islands may be able to share a common unit, making more effective use of scarce trained manpower at considerable savings to each individual state. In this connection, the CARDI unit in St. Kitts is pertinent.

Other services which should be developed at the regional level include Veterinary Diagnostic Laboratory, Standards Institute, seed production and export trade promotion, among others.

It is unfortunate that the University of the West Indies is regarded only as a training institution, that it is considered to be overly expensive and its programmes not particularly geared to meeting the needs of the State.

Summary and Conclusions

While the broad agricultural policy and its support institutions have led to a dramatic reversal in the fortunes of agriculture in the State, much remains apparently to be done if the agriculture sector is to contribute a greater proportion of its full potential to the well being of the people. It would seem desirable to encourage the development of farmers working in commodity associations, co-operatives or any other systems compatible with sound judgement and the full exploitation of existing resources, both human and natural. Agricultural marketing would appear to require immediate attention, particularly with respect to marketing intelligence, within the State, within Caricom and traditional and non-traditional markets abroad.

It is probable that enough use has not been made of regional institutions capable of assisting agricultural development in the State. This may very well be a result of the absence of a strong Department of Agriculture well enough staffed to be able to co-ordinate the efforts of regional bodies. It would appear desirable in the interest of efficiency for the State to give serious consideration to sharing agricultural common services.