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OPENING SESSION

ADDRESS OF THE PRESIDENT

Carlisle A. Pemberton
(President, Caribbean Agro-Economic Society)

Distinguished guests, Fellow Delegates, Ladies and Gentlemen. It is my pleasure as President of the Caribbean Agro-Economic Society to welcome you to the Seventeenth West Indies Agricultural Economics Conference. A special welcome is extended to our distinguished guests who, despite their very busy schedules, are here with us this morning. These schedules may not allow all our distinguished guests to be with us for all our deliberations this morning, so I must take this opportunity to express our appreciation for your presence.

This Conference Series, as you may know, was started in February 1966 here at The University of the West Indies (UWI), St. Augustine. The First Conference was organised by Dr. Medford Alexander of the Department of Agricultural Economics and Farm Management: and this Department organised the next eight conferences in collaboration with other Departments of The University, other regional institutions, and governments of the host countries.

The Caribbean Agro-Economic Society was formally launched on April 8, 1974 at the Ninth Conference and the Society has organised the Conference Series since 1974. The Society has attempted over the last year to expand its activities especially in the development of professionalism in the agricultural community. The Society, however, still lacks the dynamism and scope that characterises some professional societies elsewhere. I therefore invite all those present that are interested in the development of agriculture in the region to join the Society, if you are not already a member, and to support the activities of the Society. The Business Meeting of the Society will be held here on Tuesday evening and old and new members are specially invited to attend.

This Conference has as its theme: "Agribusiness: The Way Forward for Caribbean Agriculture" and this theme reflects the concern of the Society for the future of agriculture in the region. It is our belief that agriculture can only progress if it is treated as proper business activity. Therefore, all the concepts of efficiency, productivity and management that are being brought to bear on the development of industrial and commercial activity should be applied with equal vigour and diligence in agricultural pursuits.

Our Conference Programme was thus developed to reflect this thrust. We have attempted to bring together the practice and wisdom of the businessman with the thought and analysis of the academic community, to explore all aspects of agribusiness. It is our hope that the result will be clear directions for true progress in agriculture in the region.

The organisation of this Conference was entrusted by the Society to a Local Organising Committee chaired by Dr. Ranjit Singh. The response of individuals to invitations to serve on this Committee was excellent and we met every Wednesday for two months before the Conference. On behalf of the Society, I wish to pay special tribute to the efforts of the Local Organising Committee.

This Conference is co-sponsored by the Department of Agricultural Economics and Farm Management and the Faculty of Social Sciences of The University of the West Indies, St. Augustine. Special thanks must go to those co-sponsors for the marvellous contribution they have made to the organisation of the Conference.

We have been very fortunate again this year to have received whole-hearted support from the business community for our Conference. A list of all contributors

will be circulated soon; and I must take this opportunity to thank these firms for their support which has certainly been essential for our various activities.

The regional nature of our Conference Series must be highlighted. This is the fifth conference to be held in Trinidad and Tobago. Each of the following countries has hosted two conferences. They are: Jamaica, Dominica, Guyana and Grenada. The other countries where the conference has been held are Barbados, Antigua, St. Kitts and Belize.

This Conference Series has thus been one of the instruments that has served to promote a regional identity and we must be proud of this. Unity and strength in the Caribbean region must be one of our goals; and it is our hope that this Conference will help, in whatever small way, in forging a renewed spirit of unity in

the Caribbean. We, therefore, extend our most sincere greetings to our CARICOM brothers and sisters in our midst today; and we would also specially welcome delegates from Martinique, the United States of America, and Canada.

We have a fairly packed programme for the entire duration of the Conference. A new feature will be Concurrent Sessions on Wednesday that will explore subjects of particular interest to specific disciplines. Another feature of the Conference will be a Panel Discussion on Wednesday evening which is open to the general public.

We hope that in addition to the intellectual and experiential benefits, that you will enjoy the activities of this Conference: and on behalf of the Executive of the Caribbean Agro-Economic Society, I again bid you a most sincere welcome.

Thank you very much.

FEATURE ADDRESS

Mabel Tenn

(Grace Kennedy & Co. Ltd., Kingston, Jamaica)

During the 1970's Caribbean economies underwent serious dislocation because of the energy crisis and the subsequent world inflation. The decline in the purchasing power of local currencies (including the devaluation of the Jamaican dollar) underlined the high import bill, particularly for food, as well as the shortage of foreign exchange. At the same time, traditional exports in agricultural and mineral products went into steep decline.

It was within this context that Caribbean leaders began to take a closer look at themselves, their resources, and their capabilities, to determine whether they could in fact be self-sufficient in food while maintaining existing standards of living as they strove to keep up with technological developments of the 20th century. It was against this background that the question was asked: Was a Caribbean food plan a feasible project to harness economic strength and stimulate agricultural development, to create self-sufficiency in food and produce adequate supplies for export?

The idea seemed logical. But where was the catalyst to be found? In all the islands there is a well established system of traders, commission agents, and importers who had developed a well established system of distribution of imported foods on their domestic markets.

There are some firms which are regional in character. It was felt that any plan involving agricultural and agro-industrial development should have private sector involvement to be realistic; particularly because such private sector firms have the necessary managerial skills, and marketing experience at both the regional and extra-regional levels, and the capital to finance equity and working capital.

The cementing of ideas was in fact attempted by the formation of CATCO, with headquarters in Barbados managed by Jamaica with capital from the private sector in the Region, and Caribbean Food Corporation (CFC). Although the idea seemed feasible in theory, in practice there were several difficulties which could not be solved without a determined policy by all the Caribbean governments. The areas of government policy in which the governments, as it turned out, significantly failed to respond were as follows:

- (a) Incentives - no incentives were put in place to encourage the Caribbean private sector to put up the venture capital that was needed.
- (b) Foreign exchange - no foreign exchange facilities were specially created to permit the private sector to invest on a regional basis especially in those areas where foreign exchange was

- marked by an acute shortage.
- (c) Caricom trading - the system of Caricom trading, for a variety of reasons, underwent severe strains from which it has not yet recovered. No special effort or emphasis was placed by the government on intra-regional trading in food.
 - (d) Infrastructure - the infrastructure for Caribbean trading, particularly for non-traditional food items, barely exists. There is no efficient carrier, freight rates are prohibitive and transshipment facilities inadequate for the specific problems or requirements for its intra-regional trade, particularly in the smaller territories which by and large are without deep water harbour facilities. We must remember however that the existing volume of trade with these islands could hardly justify the major capital investment necessary for deep water harbour facilities.

The basic assumptions underlying the idea of a Caribbean food plan were never vigorously questioned, for example:

- (a) Was it really true that the islands were not feeding themselves?
- (b) Given the number of small peasant farmers in the different countries who live off the land, was it really true the food imports were excessive?

An analysis of the major food items indicate that imports occur in four major areas:

- (i) The areas in which the Caribbean was very inefficient in production for geographical reasons, e.g. milk, butter, cheese and other dairy products
- (ii) The area of demand for low volume, high value sophisticated foods for a sophisticated middle class and for the tourist industry, e.g. canned and frozen temperature climate - vegetables, broccoli, brussels sprouts etc.

- (iii) In respect to the area of traditional cheap foods - in which the Caribbean could never compete - canned and pickled fish, offal and meat rejects, e.g. chicken necks and backs, pork tails, pig trotters, etc.

- (iv) That sector which comprises traditional food - wheat grain cereals, etc.

The quantity of imports must be evaluated against the market size of Caricom, where the total population is less than five million with a relatively low purchasing power. Given the productivity of modern agriculture, the market is small and is easily flooded.

Parallel to the small farmer system there is also a small trader system operated by individuals who are known in Jamaica as higgler, and in the Eastern Caribbean as hucksters. For these traders, the following disadvantages are chronic:

- (a) In the Eastern Caribbean the schooners are slow, with no proper sailing schedules of arrivals or departures.
- (b) The higgler can only deal in small quantities and therefore cannot influence demand by lowering prices. Indeed the law of supply and demand cannot operate in this system which at best is dynamic, at worst disturbingly unpredictable.
- (c) A large trading corporation, if it sought to replace the higgler, could create serious economic dislocation by putting large numbers out of work as small traders, thereby adding to the unemployment market hundreds of unskilled but demanding entrepreneurs.
- (d) Quick, cheap transportation with efficient transshipment centres do not exist.

It can therefore be seen that without these factors:

- (i) a proper system of incentive
- (ii) a modern agricultural system approach using modern technology and expertise
- (iii) low freight rates

(iv) efficient transportation.

There is a limited future for agribusiness in the region. I believe that if there is to be a future, that future must lie in exports. There are large markets in North America and Europe. We have the CBI and Lome Convention. We have good climate and good soils. We have an abundance of water. We have fine scientists. What we do not have, are an adequate supply of skilled management and technology. These shortcomings, however, can be overcome through the right joint venture relationship with appropriate partners. We do not have the capital for such high risk investment but, given the right incentive, such capital can be found in the region. We do not have an efficient transportation system, but this could be developed by abolishing much of the bureaucratic red tape for exports, improving roadways and creating better facilities for bulk transportation from rural to urban areas. Freight rates are high but this can be overcome by volume or high priced commodities which can realistically afford to add the rates to their prices.

As we often do on so many other topics, I believe that we in the Caribbean can talk eloquently and forever on the future of agribusiness because agriculture is so intertwined with our emotions. But I am not convinced that Caribbean governments are at all interested in long term development, because time and time again governments - have failed to develop policies which are conducive to and consistent with modern technological development. I speak for example of emphasis on fragmentation of land for small farms which very often become settlement programmes instead of production programmes. Agribusiness cannot be developed overnight. In the critical period of development when money is being lost, men of vision lose their foresight. I suggest, however, that we are at a crossroad in economic opportunities in agriculture. But to

make the most of these opportunities we need a different concept - a different approach to development - than that which we have pursued in the past. The agribusiness commodity systems approach embraces all the participants in the production, processing and marketing of a simple farm product from initial input to final consumer. It includes all institutions, arrangements and services that are peripheral to such activities. In short, it is a total vertical commodity system which provides food in an efficient, nutritionally, acceptable, and socially desirable manner. This type of systems approach does not apply only to large farms. In countries such as ours where there is a proliferation of small farmers, the intermediation model or satellite farm system can develop positive linkages between subsistence farmers and commercial agribusiness systems. The systems approach however cannot be practised by only one segment of the industry. The government must play its role also, by organising governmental and public sector agencies in such a way as to facilitate greater interchange between business and government and to be responsive to ever-changing market conditions and the needs of farmers. To the educators, here, I can only stress the need for training - training at all levels - managerial to artisan, formal and informal, theoretical and practical in the classroom and on the job. There is a crying need for production management, maintenance and industrial engineering to improve the productive efficiency of the plant.

Those of us who wish to achieve success in agribusiness on a regional basis must re-examine our respective roles in regional cooperation. We must harness our skills and limited capital resources and avoid unnecessary duplication of investment projects to ensure that we do not flood our small markets with too many of the same products.

I hope that by discussing some

of the problems and approaches to agriculture, I have stimulated many of you to think of many prospects for agribusiness developments. I can only hope that as we approach the end of the 20th century we will achieve our

goals, because there is no one out there who is going to hold our hands forever.

I thank you.

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OPENING ADDRESS

presented by

DR. PATRICK ALLEYNE

*(Permanent Secretary, Ministry of Agriculture, Lands &
Food Production, Trinidad, W.I.)*

on behalf of

The Hon. Mr. Kamaludin Mohammed

(Minister of Agriculture, Lands & Food Production, Trinidad)

Mr. Chairman, Ladies and Gentlemen. I note that the theme of your Conference is "Agribusiness - The Way Forward for Caribbean Agriculture". The word 'Agribusiness' implies, in part, a sound agricultural base within the national and regional context.

Within the last decade, regional food security has been a major theme for discussion within the Caribbean context. In a more global sense, however, we are aware that the issue of food - food for mankind - has been on the agenda of every major summit meeting.

An essential prerequisite for the achievement of food security is an adequacy of domestic production. Agribusiness by its very nature can provide a significant fillip to the production strategy. Its backward and forward linkages to primary production have a tremendous potential for generating both growth and development in the agricultural sector. Agribusiness relates to both input and output industries within the sector.

On the input supply side of agriculture, the range of agribusiness activity includes fertilizers, feed, manufacturing, and agro-chemicals. Output agribusiness includes food processing and manufacturing, storage and marketing facilities. Supporting services such as credit and transportation as they relate to both input and output industries are also included within the context of agribusiness.

In the context of Trinidad and Tobago, there has developed over time a wide range of activity which falls under the umbrella of agribusiness.

The input supply industries in Trinidad and Tobago include livestock feed, fertilizer and agro-chemicals. The average annual production of livestock feed approximates 178.7m. kg.

for poultry, 67.4m kg. for dairy and 34.3m kg. for pigs; a total of 281m kg. per year. The average annual production of fertilizers which includes anhydrous ammonia, sulphate of ammonia, mixed fertilizers and urea totals 6 million tonnes. However, at present world market conditions have affected the level of urea output.

In Trinidad and Tobago, however, agribusiness activity in the output industries has had a much longer history as demonstrated by industrial activity in sugar, citrus, coconut, tobacco, milk, meat and poultry processing, as well as fruit and vegetables. The Sugar Industry, in particular, was the first industry to introduce modern technological systems in the use of machinery for cultivation and harvesting, application of fertilisers and agro-chemicals, and the introduction of improved varieties.

The processing of sugarcane into sugar, molasses and rum are only a few of our agro-based products. Given changing times, to the extent that sugar may remain a major crop in the Caribbean context, we must explore new industrial possibilities for this crop.

The tropical world knows by experience that, as in the case of cocoa and coffee, many developed countries which do not produce one kilogram of the primary product, have become world famous as processing centres - adding to the agribusiness activity of those countries.

Today, similar trends continue with cassava; and more recently with sorrel and even vervine, the medicinal value of which is well established as a form of 'cooling' - as we call it.

The poultry industry has proven to be an example of tremendous success as an integrated agribusiness enterprise achieving self-sufficiency in production and processing. Efforts

are now concentrated on establishing a nucleus broiler breeder industry in order to rely less on imported hatching eggs. The meat processing industry has not paralleled the poultry industry in that 40 per cent of the raw material is still being imported.

The processing of fruits and vegetables has had significantly less success in that up to 80 per cent of ingredients are imported. Emphasis is placed on the processing of jams and jellies, fruit juices, canned vegetables and pepper sauce.

In the area of fish, the National Fisheries Company which is owned by Government, processes 60 per cent of the fish caught by local trawler/fishermen. Shrimp, snapper, kingfish, grouper, sea trout, carite are among the species that are processed.

Going back to the theme of your Conference, however, there is a specific connotation of progress, moving forward. Quite correctly, within the regional context, and very definitely in the case of Trinidad and Tobago, there is need for a new dimension, more varied activity, more direct linkages to local production and moreso with production activity which touches a broader spectrum of our farmers, if we are to move forward on the agribusiness front.

There is a definite and immediate need for the development of agribusiness entities such as would contribute directly to the reduction of post-harvest losses (including much wastage) in the area of vegetable and fruit production. This implies an even much wider application of technology to food processing and preservation. Establishment of such facilities will widen the market for the domestic farmer. Reliable markets and good returns by way of adequate prices will encourage sustained production of raw material inputs for agro-industry. Achievement of such conditions on the input side will forge the required strong linkages between the agricultural and industrial sectors.

Our accumulated experience in the region with various development

strategies has demonstrated quite clearly that spectacular achievements of 'growth' via industrialization, be the industries large or small, and/or by tourism, leaves the national economy on a shaky foundation. Quite clearly, sustained development in our context, and as has in fact been clearly evident on a global basis (except where the most unusual geographical and physical conditions exist), necessitates in the first instance a productive and efficient agricultural base.

Inadequate food supplies and excessive food prices can, (and have in many situations, send ripples through the political economy of many a nation state!

Against this background, the agricultural economists of the region have a major role to play. Peoples' expectations expand rapidly with the influence of travel and the electronic media; opportunities for release of human frustration via migration have been seriously curtailed, and so the process of national development is forced to achieve results for a more restless mass of people.

Your research and development work must provide pointers on direction with respect to new investment opportunities, new areas of emphasis, the application of technology at all levels, both on and off the farm.

Food processing is a technological system which seeks to prolong the production process, giving better economic opportunities to the farmer. In the circumstances, the development of any agro-industrial effort which depends on imported raw materials can be very much a liability in the national context. Uncontrolled cheap imports from apparently lower cost producers at a particular point in time ultimately destroy local production initiatives. The national agro-production base is critical.

Within the Caribbean context, ladies and gentlemen, the agricultural sector demands a kind of restructuring. We must provide our farmers, the primary producers, with

an economic climate or framework which encourages them to actively invest their resources, if we are to be assured of locally applied raw materials for agro-industry.

Your conference agenda indicates that you will tackle the many and varied aspects of agribusiness. This is your Seventeenth regional conference. If you, the agricultural economists of the region, accept in all reality the importance of determination of the right strategy at this time for agricultural growth and development in the region, you will understand that the people of the region expect something worthwhile from your deliberations during this Conference.

Ladies and Gentlemen, it gives me great pleasure to welcome in particular the regional and extra-regional delegates attending this Conference and I trust that you will enjoy your stay with us. I cannot over-emphasize that food and agriculture, and the related business activity are all part of an issue which is in some respects global priority No.1, today.

Ladies and Gentlemen, it is with great pleasure that I, on behalf of the Honourable Kamaluddin Mohammed, Minister of Agriculture, Lands and Food Production, declare open this morning your Seventeenth West Indies Agricultural Economics Conference. °

PLENARY SESSION