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CONCURRENT SESSION II: LIVESTOCK

CONTRIBUTION OF THE CARIBBEAN FOOD CORPORATION IN PROMOTING LIVESTOCK PRODUCTION AS A BUSINESS

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Role and Concept of the Caribbean Food Corporation (CFC)

In 1974/75, the vulnerability of the Caricom region of food import was highlighted when domestic problems, and vagaries of the weather generally, affected the volume of food imports from the north. This disturbance, together with the significant increase in the volume and value of food imports (Annex I) necessitated the need for positive action to reduce the dependence on food imports. It was against this background that a plan to increase our regional self-sufficiency through expansion of our regional agricultural resources was formulated. The vehicle to execute this plan was identified as the Caribbean Food Corporation (CFC).

The CFC was established in 1976 with the signing of an agreement by its shareholders, i.e., the 12 Caricom Member States - and was charged with the responsibility of being the implementing agency for the Regional Food Plan - now known as the *Regional Food & Nutrition Strategy*.

The agreement then had to be enacted in the Parliament of each Member State - a process which took as long as five years in some cases. The enactment of the Agreement in Parliament enabled the Corporation to function as an investor-cum-promoter in each of the Member States.

The appointment of full time staff only began in August 1979. The Corporation then began to develop systems for the analysis, promotion and investment in projects.

Although the Corporation is

Government-owned, it is clearly stated in the Act establishing CFC, that it must be run on sound basic commercial principles by investing in enterprises which are financially viable.

The Act also defines the Corporation's objectives as the producing, processing, packing, storage, distribution and marketing of food. This therefore allows the Corporation to be involved in all aspects of the above, i.e. from identification through to financing and implementation.

In order to execute these activities, the Corporation may either form a wholly-owned subsidiary, or enter into a joint venture relationship with other legal entities in public or private sector.

Sources of Financing for Projects

Financing of projects identified within the broad headings, is arranged, either through limited utilization of its own paid-up equity in the majority of cases, or through borrowed funds from Extra Regional Donor Sources of which the European Economic Community (EEC), the Dutch Government and USAID have been the major contributors. A lower limit for investment in projects has been set at US\$100,000. The Corporation, recognizing the major constraints to development of local and/or regional industries, has sought to develop/formulate projects which overcome most or all of those constraints in an effort to meet the targeted goal of increasing regional self-sufficiency in food production.

Selection and Allocation of Projects

At the time of developing its strategy to meet the stated objectives, approval of the Regional Food & Nutrition Strategy was still pending.

The Corporation, therefore, developed an interim three-year investment programme as a basis for its activities; and in cooperation with regional and national agencies, identified projects for investment. The Investment Programme encompassed the development and establishment of essential regional support services, including marketing, infrastructure and information services, the implementation and promotion of a number of previously identified investment projects.

One of the major guidelines, adopted in the formulation of the Investment Programme, was the undertaking that the Corporation should promote production of crops and livestock designed for national markets. However, where there were national projects with a strong interdependence, they were formulated as regional projects to facilitate improved efficiency of production. It is within this general framework that the Corporation's thrust into livestock production as a business was evolved.

To further highlight the Corporation's thrust, let us examine in more detail, CFC's activity in specific project areas:-

Poultry production:

Activity in this area has been centred around:-

- (a) the production of hatching eggs; and
- (b) the production and primary processing of broiler meat in the LDC's.

- (a) Hatching eggs: A study done by the Food & Agriculture Organisation (FAO) Investment Centre (1979) showed that in 1977

the region (excluding Jamaica and Belize) imported 40 million hatching eggs. By 1983, the projected demand was over 50 million with Barbados importing some 4.6 million of the total.

Trinidad and Tobago and Guyana were projected to be the most significant importer of hatching eggs for they accounted for totals of 33.1 million, and 12.5 million, respectively. The Food & Agricultural Corporation (FAC) in Trinidad was already embarking on a hatching egg production project to satisfy its national demand. A similar project based in Barbados, therefore, was seen as a precursor for the development of the broiler industry in the Less Developed Countries (LDC's) where the availability of hatching eggs was one of the significant limiting factors in its growth. Also, there already existed in Barbados trade links with the LDCs for baby chicks.

In 1980, Barbados exported over 7 per cent of the total baby chicks hatched locally to the neighbouring LDC's with no significant, organized broiler industry. The production of hatching eggs in Barbados is, therefore, seen as the first step toward improving the supply of hatching eggs and baby chicks to the LDC's where the potential exists for the growth of a viable broiler industry. Statistics show that in 1979, Barbados imported approximately 4.2 million hatching eggs, approximately 56 per cent

more than was imported in 1977. Anticipating a modest population growth of 3 per cent per annum, the anticipated demand for hatching eggs is approximately 4.8 million in 1984, exclusive of potential re-export.

The Corporation is at present, together with the Government of Barbados and a local (Barbados) feed mill is establishing a joint venture company in Barbados for the production of hatching eggs for the Barbados and LDC's market. A similar project is planned for Guyana, where it is expected to ease the foreign exchange burden which is being experienced at the present time and to improve the supply of baby chicks to the local market.

(b) Production and processing of broiler meat in the LDC's.

Reduction of the dependence by the LD's on the importation of poultry meat has been one of the major targets for the Corporation. Annex 2 shows the quantum and value of the poultry meat imports into selected territories of the LDC's between 1978/79 and 1981/82.

In St. Vincent, for example, in 1980, the total value of poultry meat imports accounted for 7.6 per cent of the total imports or US\$1.49 million. Should this continue, there would be a continuous drain on the hard currency earnings of the territories. The Corporation, therefore, has formulated joint venture poultry production and processing projects to replace all of the choice

parts and whole chicken imports.

The proposed model involves the establishment of an umbrella-type company which will own and operate a hatchery (for eggs produced in and imported from Barbados) a processing unit, equipment supply shop and farmer extension service.

It is expected that the farmers will be contracted by the Company to grow out birds and they will also have the opportunity to buy shares in the Company through a share participation scheme.

Sheep and Goats

The sheep and goat industry has been one of the areas examined by the Corporation for potential commercial activity. Unfortunately, except for Jamaica and possibly Barbados, the state of the industry does not allow for immediate commercialization. There is a large number of small farmers who own sheep and goats but are not sufficiently motivated to operate as a business.

The Corporation has, therefore, formulated a regional project which it anticipates will further strengthen the developmental aspects of the national industries prior to the embarkation on to the commercial phase. The project proposes to establish a pull effect which should encourage the small producers to operate with greater commercial efficiency. The project has been submitted to our Extra Regional Donors for funding.

Rabbits

Although the Corporation has not excluded this industry from its Investment Programme, no projects have yet been identified for the commercial production of rabbits. This may be due to the limited demand for rabbit meat since the consumer may not yet be attuned to the taste of the

delicacy.

Pigs

Pork production in the More Developed Countries (MDC's) is at a level that satisfies the national demand. In order to further strengthen the demand and expand the market for pork, most of the MDC's have gone into pork processing. The CFC, therefore, in its efforts to sustain and introduce new technology into the industry, has made its contribution through its support of various agro-industry projects - pork processing in Barbados and Jamaica.

Additionally, in its pipeline investments activity, the Corporation is working toward the development of an integrated pig production, processing unit for the LDC's.

Dairy and Beef

Imports of dairy and beef products have always been an area of major concern. The Corporation, therefore, has adopted the strategy of supporting and expanding national livestock production activities to meet the demand for these products. In this area, the Corporation is at present promoting the establishment of an integrated beef production and processing unit as a commercial entity in an area where there are large numbers of domestic cattle and a high level of imported beef.

This project involves the establishment of an abattoir, a processing facility for the production of prime cuts and secondary products, as well as a feedlot unit. It is closely related to a developmental project which involves small farmers who would produce cattle as a *spin-off* for fattening in the project's feedlot.

In the Investment Programme for 1983/84, the Corporation is also examining the possibility of marrying the Caribbean Agricultural Research and Development Institute's (CARDI) experience with that of the Sugarcane Feed Centre (SFC) for meat and milk production on a commercial basis.

Preliminary negotiations have already begun for the financing of this activity. The Corporation is also seeking to promote new technology for the production of beef in a joint venture relationship with other entrepreneurs.

Constraints

The achievement of our targets and indeed the effectiveness of the Corporation, in promoting livestock production as a business has its own litany of woes. Briefly, these include:-

- (a) Financial: Cost of new technology, especially where the market sizes are limited is phenomenal. One may be able to spread these costs over a longer investment period; but the potential for the supply of raw material may also be limited;
- (b) Politics: Economic and political realities may be realms apart;
- (c) Protective Policies: Invariably, most of the import substitution projects need protection from imports; this may be achieved either through restricted importation, or the introduction of tariff barriers.

The development of import substitution projects in the LDC's further influenced by the strain it would place on a significant source of revenue for the local treasuries. Imported products are usually subjected to direct taxation, which would have to be completely removed if locally produced products are to remain cost competitive.

The role of the CFC is not an easy one, but it will continue to promote livestock production as a viable business, wherever possible.

REFERENCES

1. World Bank Reports.
2. CFC's Three-year Investment Strategy.
3. Caribbean Food Corporation Act.
4. FAO Investment Centre (1979): Report of the Eastern Caribbean Broiler Breeding Project.

ANNEX I: St. Vincent Poultry Production Project:
Value of Food Imported into the LDC's

Country	1977	1978	1979	1980
	US\$m.			
Antigua	9.40	11.60	26.10	33.40
St. Kitts/ Nevis	5.00	5.90	6.70	8.50
Montserrat	0.09	0.10	0.24	0.08
Dominica	6.20	8.50	5.60	9.70
St. Lucia	13.10	17.10	19.30	22.40
St. Vincent*	10.00	13.70	17.10	19.40
Grenada	na	13.30	14.30	16.30
Total		70.20	89.34	109.78

*Total includes food, beverages and tobacco.

ANNEX 2: LDC's Poultry Importation Statistics

Country	1977		1981/82	
	Vol. kg	Value \$EC	Vol. kg	Value \$EC
	(\$'000)			
Grenada	1310	-	-	3500
St. Vincent	1311	1733	1554	4030
St. Lucia	-	-	-	-
Dominica	760.4	*1865	1384	3631
St. Kitts/ Nevis	-	-	1368	3305
Antigua	277	640	1343	5998

Average: 75-80% BN&W
W/C

*1979