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PROCEEDINGS OF THE
TWENTY-SECOND WEST INDIES
AGRICULTURAL ECONOMICS CONFERENCE

"TRADE AND ECONOMIC LIBERALIZATION:
IMPLICATIONS FOR
AGRICULTURE AND THE ENVIRONMENT
IN THE
CARIBBEAN AND LATIN AMERICA"

Lloyd B. Rankine
Editor

*THE CARIBBEAN AGROECONOMIC SOCIETY
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EDITORIAL

These proceedings represent a compilation of some of the papers presented at the Twenty Second West Indies Agricultural Economics Conference held in Barbados in 1997. The remaining papers will be made available as follows:

- a. a special release comprising two presentations on Caribbean Agriculture: Strategic Responses to Trade Liberalisation and Globalization. Tim Josling and C. Y. Thomas.
- b. and those papers included in the Journal of Agribusiness - the Journal of the Caribbean Agro-Economic Society

The Twenty-Second Conference had as its main theme: Trade and Economic Liberalisation - Implications for Agriculture and the Environment in the Caribbean and Latin America.

All of these documents in some way report on and summarises the country experiences with trade liberalisation and economic globalisation, the special circumstances of traditional export crop commodities such as banana and to some extent sugar, strategies to achieve greater efficiencies in production and marketing of agricultural commodities, enhancement of product quality in order to meet the increased competitiveness of the market environment. Issues of patenting and the protection of intellectual property, dispute resolution

and the workings of the World Trade Organization (WTO) and their implications for Caribbean and Latin America in general were also explored in the presentations.

Academics, policymakers, students and farmers will find the contents of the conference presentations useful, despite the fact that summaries of the discussions that followed the papers were not included in the documentation. The papers included in the documentation were subjected to limited editing. This approach was adopted in order to preserve the original messages and thought processes contained in the papers.

It would not have been possible to make these conference papers available without the tremendous help and assistance of a large number of colleagues and institutions. These include Ranjit Singh, Carlisle Pemberton and other members of staff of the Department of Agricultural Economics and Extension, namely Indira Ousman, Nigel Bradshaw, Gilbert James and Martha Spence. Financial and logistical support was received from the Government of Barbados, the owner of Four Square Plantation, the University of the West Indies, in particular Professor Compton Bourne and the Technical Center for Agriculture and Rural Cooperation (CTA) of the European Union. Special mention must be made of the contributions of Kiyomi Tsunoda Rankine in the editing of the papers.

WELCOME ADDRESS

Dr. Ranjit H. Singh
President,

Caribbean Agricultural Economic Society (CAES)

I join the Chairman of our proceedings in extending a warm welcome to all our delegates and specially invited guests on this, the occasion of the opening ceremony for the 22nd West Indies Agricultural Economics Conference. Let me also indicate that it is a pleasure for the CAES to be co-hosting this event with the Ministry of Agriculture and Rural Development, the Government of Barbados and our traditional co-host in these conferences, the Department of Agricultural Economics & Extension, University of the West Indies.

Ladies and Gentlemen, since our 1992 conference in Belize on Sustainable Agriculture and our 1993 joint meeting with the American Agricultural Economics Association (AAEA) in Orlando, we have been witnessing major global changes in economic and trade policy. Indeed the period of the late 1980s and the decade of the 1990s may be considered one of turbulence in the policy arena because of its impact on the agricultural economies of countries generally and developing countries in particular.

We have witnessed in this part of the world structural adjustment and economic liberalization. These have been followed by the new GATT accord of the mid-90's. At the same time we have noted a trend towards market integration and the development of major trading blocs such as

NAFTA, MERCOSOR and the proposed Free Trade of the Americas.

As a consequence, the Caribbean Region and Latin America like other developing Regions have had to open up their domestic markets to external competition by removing trade restrictions. Traditional exports such as banana and sugar which have enjoyed preferential marketing arrangements have, over the years made significant contributions in foreign exchange earnings for the Region. The traditional sector has also been a major source of economic and social stability, particularly to the farming community. For these commodities, ladies and gentlemen, the future is uncertain, at best. With respect to non-traditional agricultural commodities our Region is also experiencing difficulties and constraints in exploiting export markets.

On the social side, we note that poverty in Latin America and the Caribbean is becoming more pervasive and more intense - an issue that has been engaging the attention of Governments of the Region in recent times.

Colleagues, Ladies and Gentlemen, it is against the foregoing background that the CAES chose the theme for this our 22nd Conference.

In looking at Trade and Economic Liberalization, our participants are expected

to bring frontline issues to the table for critical debate so as to provide a basis for strategic positioning of our agricultural economies in the rest of the decade and beyond. However, while trying to craft a strategy for the future of our agriculture it is opportune at this time for us to reflect on the development philosophies and paradigms which shaped Caribbean Agricultural development during the post independence period.

In this regard, the work of one of the CAES's founding members stands out prominently - colleagues, ladies and gentlemen, I speak of the late George Fitzgerald Beckford, one of the Caribbean's foremost thinkers, philosopher, socio-political commentator and development economist. "G-Beck" as he was fondly called, was a non-conformist who displayed independence of mind, who broke from tradition and amidst sustained criticisms made his contribution to economic thought with his **plantation model economics**. He persisted with his philosophy with his classic work, **Persistent Poverty**, as well as numerous articles. In some sense, ladies and gentlemen, today in Latin America and the Caribbean we have gone full circle from the 1960s and 70s, in that our agricultural economies are confronted with major challenges and threats. Also at the same time as I indicated before there's an increased prevalence of poverty amongst our people.

The CAES as a professional Society naturally must wonder what "G-Beck" and his contemporaries would prescribe in the context of the current realities of economic and trade liberalization and globalization.

Ladies and gentlemen, colleagues, I wish to inform you that we have bestowed the

challenge to this question to another Caribbean thinker, our colleague, Professor C.Y. Thomas. C.Y. will deliver the Society's Second George Beckford Memorial lecture on Thursday evening at the Four Square Rum Refinery and Heritage Park. I ask that you join us on that evening.

Allow me now to turn to the work of the CAES. As a Society, our goal is to assist in the development of the Regional Agricultural Sector. The CAES was formed in 1974 at which time it took over the organization of the West Indian Agricultural Economics Conference (WIAEC) from the Dept. of Agricultural Economics and Farm Management, UWI - the Department of which the Chairman of this morning's proceedings was a former Head and a strong supporter of the Society.

Through these conferences, the CAES has been able to contribute to the development of our human capital in the Region, in that our Conference series focused on contemporary issues of the day - thus affording our members and participants the opportunity to explore and debate alternative strategies for addressing critical issues relating to the transformation of Caribbean Agriculture.

The results of these deliberations are disseminated regionally and internationally via publications of our Conference Proceedings and the Journal of Farm and Business.

Our members include professionals who are strategically placed to influence policy and decisions that impact directly and indirectly on the sector. They are located in National, Regional and International Institutions. They are in public as well as private sector organizations.

Finally, ladies, gentlemen and colleagues, I now turn to the new direction of the Society's work. Given the new paradigm referred to earlier regarding changes in the global economic environment and policy framework, the society is accordingly responding by addressing issues in a more global context.

In this regard, the Society is pursuing the following:

- Firstly we are embarking on establishing linkages in the wider Caribbean including Dominican Republic, Cuba and the other ACSI countries, the US (Florida), as well as Latin America;
- Secondly, we are attempting to have closer collaborations with similar professional groups, such as the Agricultural Economics Association (AEA) and the International Agricultural Economics Association (IAEA). In this regard, I extend a very special welcome to the President of the IAEA, Dr. Douglas Hedley, and the past President of the AEA and the Southern Association of Agricultural Economics, Professor Ralph Christy.
- Finally our members are involved in analytical studies with a more regional and global focus.

Hopefully, these initiatives will serve to inform the direction of Caribbean and Latin American Agriculture for the future. As we deliberate in the next four days, I sincerely

hope that we will approach these issues with vigor and resolve.

To all of you, our Society members and participants, I sincerely hope that you find our meeting stimulating and productive. I wish also to remind you to enjoy the hospitality of the people and government of beautiful Barbados.

Thank you Ladies and Gentlemen.

OPENING ADDRESS

by

Senator Tyrone Barker

Acting Minister of Agriculture and Rural Development, Barbados

Mr. Chairman, Specially Invited Guests, Participants, Resource Persons, Ladies and Gentlemen.

It is with a deep sense of pride and honour that I address you here this morning on the occasion of the 22nd Conference of the Caribbean Agro-Economic Society.

Let me first of all extend a warm welcome to you all on behalf of the Ministry of Agriculture and Rural Development and indeed the Government and people of Barbados. I wish of course to extend a special word of welcome to those of you who are visiting from abroad, whether from within the Caribbean Region or from Extra-Regional Countries.

I consider it my duty to inform you that Barbados is renowned for the friendship and hospitality of its people. I therefore implore you to find a little time from your busy schedule to enjoy the Barbadian experience. As you are no doubt aware, I am talking about our culture, cuisine, places of interest, entertainment, and so on. I am sure that if you do, you will treasure that experience for many years to come.

I am informed that the Caribbean Agro-Economic Society was formed in April 1974 when it was registered as a non-profit organization in Trinidad and Tobago. This organization took over the responsibility for organizing the Annual West Indies

Agricultural Economics Conference from the following year.

I am informed further that the first West Indies Agricultural Economics Conference was, however, organized by Dr. Medford Alexander and his associates at the Department of Agricultural Economics and Farm Management of the University of the West Indies, at the St. Augustine Campus in Trinidad. That first Conference was held in February, 1966 at the St. Augustine Campus.

From all appearances the Society has over the years been able to realise its objectives, namely providing a forum for the sharing of knowledge and experiences in the field of agricultural economics, facilitating the dissemination of relevant information in this field, encouraging the examination and analyses of critical issues impacting on Regional Agricultural development and generally stimulating interest on the part of academics and professionals, both within and without the Caribbean, in issues impacting on agricultural development.

I wish to take this opportunity to publicly commend the founders of the Society for their vision and foresight in setting up this exemplary Organisation. To say that the proceedings of the various conferences held over the years have served as an important source of knowledge and source of inspiration for students of Agriculture and Social Science, as well as professionals in

related fields would in my opinion be the understatement of the decade.

I therefore wish to encourage the membership of the Society to do all that they can to ensure that the high ideals of the Organisation are maintained for the benefit of present and future generations of Caribbean people.

Ladies and gentlemen, the deliberations of this Conference are taking place at a time when the World Economy appears to be in an ever-changing situation, when traditional markets for agricultural commodities are under severe stress, when development assistance for developing countries seems to be in a downward spiral and when the special consideration which used to be given to Small Island and Land-locked Developing States seem to be a thing of the past as the talk of 'leveling the playing field' in the context of economic development and related issues gains prominence in the International arena.

Mr. Chairman, it seems to me that the Caribbean Region must take full cognizance of these developments and must adopt novel approaches to the whole process of economic development if it is to survive the rigours and dynamics of increasing globalization.

Available information for 1995 reveals that the Region faced a Food Import Bill of 1,180 million United States dollars while earnings from Food Exports did not exceed 950 million United States dollars. It is reasonable to conclude that the deficit in trade in food products, of the order of some 230 million United States dollars, serve as a serious constraint to regional economic development and indeed a threat to regional food security.

As world markets become more liberalized and as the pace of improvement and modernization of the world communications system accelerates, it is going to become increasingly difficult if not impossible to reverse the trend observed among Regional consumers towards greater consumption of imported foods. We all know of the striking images we see on our television encouraging consumption of imported food items. Added to this is the tremendous development of regional tourism. In the case of Barbados, for example, the numbers of visitors to the island annually are now virtually twice as many as the resident population of just over 260 000 persons.

The task of reducing the deficit in relation to Regional trade in food products is therefore a most difficult one, which is not accessible to an easy solution.

I am convinced therefore that the Region will have to look more and more to developing and maintaining export markets and generally pursue more outward looking policies, as it strives to generate the foreign exchange which is so vital to fostering economic development.

Ladies and Gentlemen, the challenges facing Caribbean agriculture are real. As you know, many of the traditional crops were exported under special trading arrangements and serve as an important source of foreign exchange for our economies. Unfortunately, these trading arrangements are being subjected to increasing pressure, in one form or another. We have the case of Bananas which is so important to the economies of our friends in the Organization of Eastern Caribbean States, Jamaica and Belize, where the effort to deny continued special preferential access to the European

Market has been taken as far as the World Trade Organization.

Again, there is the case of sugar, where, although access to the European Union Market is enshrined in the Sugar Protocol and is in fact of indefinite duration, the African, Caribbean and Pacific (ACP) countries may well find that the price which they receive for their exports may some day be uneconomic. Whereas the ACP countries have been facing increasing cost in relation to the production and shipping of sugar, the experience of the past five to eight years suggests that there is every likelihood of a decline in price under the Protocol in the years ahead.

Additionally, there are those who would wish to see the Sugar Protocol subjected to intensive review to the detriment of ACP Sugar Exporting States, on the pretext of the need for greater compliance with the rules and spirit of the World Trade Organization.

I am satisfied that Regional Governments, and indeed other ACP States, must strive with the utmost vigour to protect their interest by lobbying in every available fora against any move to erode the benefits which they now enjoy through firm traditional trading arrangements.

With the formation of the World Trade Organization, it is expected that agricultural commodities will come under increasing pressure in world markets as more liberalized trading arrangements are put in place. Exporters are therefore likely to face lower market prices in a situation where importers and consumers require a much higher quality product. This will be especially important for non-traditional exports. Here I am speaking about products

such as vegetables, fruits and cut-flowers, just to name a few.

The question you may well ask is, what can the Region do to counter these developments? It seems to me that while there may be several options available, there are not many feasible ones.

Careful analysis of the situation suggests that an extremely important requirement is the need for more efficient methods of production as a means of off-setting increasing price competition in the market place. I am talking about the domestic market as well as the international market. There is therefore a key role for national and regional agricultural research institutions to improve production efficiency.

Our research institutions must pool their resources in order to better generate improved technologies for use by our farmers. We must find varieties of crops which are more resilient to pest and diseases, varieties which are more tolerant to weeds and which thrive better. In short, we must find varieties which require little or no use of pesticides and other agricultural chemicals and which are therefore more friendly to the environment.

In the case of livestock production, it will be necessary to find breeds which are more tolerant of the harsh tropical environment and which yield higher levels of output per unit of input in a given time-frame.

I must say that the pressure for the use of improved technologies is being driven by consumer demand as well, since consumers are now much more health-conscious and are demanding more wholesome food produced using fewer chemicals.

It is clear that as we enter the 21st Century, regional producers will have no choice but to adopt more competitive and productive technologies. Moreover, they will have to establish the capability to be more responsive to the needs of the market place.

Permit me here to give an example of the way in which developments in the industrialised countries can impact on our farming community.

It is my understanding that researchers in the United States of America and Europe have developed "genetically modified herbicide tolerant" crops. In the United Kingdom, this technology could be put to commercial use as early as 1998 since the Department of the Environment, Transport and the Regions has already issued over 55 consents for the experimental release of these crops. Indications are that farmers in the United States of America are reporting yield increases of the order of 5% since the introduction of "genetically modified herbicide tolerant" soya, in a situation where herbicide use can be as much as 33% lower. The challenge for our researchers is clear.

As part of the process of developing our agriculture, I feel that we as a group must critically examine the functioning of institutions which support and service the sector. I feel that we must ensure that these institutions are so organised and so structured that they can properly serve the needs of our agricultural producers, agro-processors, and traders whether large or small, as we go into the 21st Century. In short, the process of institutional modernization must be placed high on the Agenda and must be firmly addressed. Given international developments, we cannot afford the luxury of failure in this regard.

Regional co-operation should in my humble opinion extend to production and marketing as well. As the pressure on traditional commodities continues to mount, the Region more and more will have to find other available markets for non-traditional agricultural exports. This can be better achieved if producers engage in joint production efforts to benefit from economies of scale. This will also allow for greater continuity of supply in the market place, given the limited supply capability of individual states. Another major benefit would be the ability to put arrangements in place to obtain likely feedback from the market place at lower costs.

As a Region too, we must respond to the threat of the development of competing large economic and trading blocs. That is why I am deeply impressed with recent initiatives to forge closer relationships between the Caribbean and Latin American Countries. It seems to me that our very survival could depend on our efforts in this regard.

I am aware that there are plans to establish a Free Trade Area of the Americas by the year 2005. I am aware also that the Standing Committee of Ministers responsible for Agriculture of the Caribbean Community has, a few months ago entered into a Memorandum of Understanding with the Central American Council of Ministers of Agriculture with a view to working closer together in respect of technical co-operation, trade co-operation in trade negotiations, and the exchange of information. These are all initiatives which I think will bear fruit in the years ahead and contribute meaningfully to Regional Economic development.

Mr. Chairman, I note with deep interest that the Conference organisers have put together a very stimulating and exciting programme for the next four days. In my view, the theme chosen for the Conference 'Trade and Economic Liberalization: Implications for Agriculture and the Environment in the Caribbean and Latin America' is most suitable at this time. I am confident that the papers to be presented will promote and encourage cross-fertilization of ideas and lead to a better understanding of the issues facing Regional Agriculture, thus enhancing prospects for the formulation and implementation of policies, strategies and projects more likely to promote Regional economic development on a sustainable basis.

I wish you every success in your deliberations and look forward eagerly to the publication of the proceedings of your Conference.

It now gives me great pleasure to declare this Conference open.

I thank you.