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CARIBBEAN AGRO-ECONOMIC SOCIETY

**PROCEEDINGS OF THE
TWENTY-THIRD
WEST INDIES AGRICULTURAL
ECONOMICS CONFERENCE**

**TRADING ARRANGEMENTS:
THE WTO AND FTAA:
Rethinking the Development Paradigm
for Agriculture in the
Caribbean and Latin America in the 2000s**

**EDITOR
Dr. Ranjit H. Singh**

**Trading Arrangements: The WTO and FTAA:
Rethinking the Development Paradigm for Agriculture in the Caribbean and
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AGRICULTURAL ECONOMICS CONFERENCE
*(The Bahamas, November 15-18, 2000)***

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EDITORIAL

As we move further into the 21st Century, the Caribbean and Latin America, along with the rest of the globe, will need to confront the reality of the new, emerging world trading order. Our Region will have to draw upon its best analytical minds to shepherd it through the rethinking and reshaping of the development paradigm within which it finds itself.

The 23rd West Indies Agricultural Economics Conference represented such a gathering for the agricultural sectors of the region. Held in the beautiful Bahamas, the trading issues with which the region is being faced, and will increasingly be faced in the years to come, were confronted. The thrust towards trade liberalization is a reality, but the question of its impact on developing countries still waits to be fully examined. Many presenters dealt with this question directly, addressing the impact of trade liberalization on the economies, specifically the agricultural sectors, of the Caribbean and Latin America. Following naturally from this discussion were discussion of the issues of the non-trade concerns arising out of liberalization, as well as the very relevant, and sometimes contentious, question of differential and special treatment for certain countries.

The main concerns addressed by the papers included competitiveness issues (rice and livestock,) the future of quotas (sugar and bananas,) and the general way forward for the agricultural sectors of the various participating countries. Other issues included those of the links between the environment and trade, the sanitary and phytosanitary measures of the WTO, intellectual property rights as well as many papers on the specific impacts of trade liberalization in particular countries – Dominica, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Brazil, The Bahamas, Jamaica, and the OECS, among others.

The subject of trade liberalization is, without doubt, a multi-faceted one. Along with trade liberalization comes the many very important social adjustment issues, often the issues which most concern the general population, and with which most development economists (and politicians) are also concerned. This, too, was addressed.

Overall, the conference was a forum for a very comprehensive analysis of the issues, testament to the fact that the rethinking of the paradigm has begun. Yet, all agreed that much more discussion is needed, but more importantly, much work needs to be done, if the agricultural sectors, along with the other sectors of the economies of the Caribbean and Latin America countries, are to realise the intended benefits of the new trading arrangements being required by the WTO and FTAA.

It would not have been possible to make these proceedings available without the invaluable help of a large number of colleagues and staff members. These include the hard-working members of staff at the Department of Agricultural Economics and Extension, especially Indira Ousman, Suresh C. Birla, Simone Roberts, Vidya Seejattan-Forrester, Martha Spence, Albert Mahabir and Hyacinth Mohammed.

Ranjit H. Singh
Editor
Caribbean Agro-Economic Society

COMMUNIQUE:

"Caribbean Still to Benefit from WTO Says Agricultural Expert"

The Caribbean has not yet reaped many of the expected benefits from the 1995 GATT/WTO Agreement. Indeed, over the last five years developing countries generally have had to bear a heavier burden of adjustment than the developed nations. This was one of the main conclusions from the recent 23rd West Indies Agricultural Economics Conference held in Nassau, Bahamas.

The Conference brought together experts from regional and international private and public sector organizations to address issues related to the participation of Caribbean countries in the World Trade Organization (WTO) and Free Trade Area of the Americas (FTAA). It also examined negotiating positions and strategies and reviewed the impact of the WTO at regional, country and industry levels. The conference was organized by the Caribbean Agro-Economic Society (CAES) and was co-sponsored by the University of the West Indies and the Ministry of Commerce, Agriculture and Industry of the Government of The Bahamas.

The Conference noted that while modest gains were achieved in certain sectors nearly all the sectors were

adversely affected. The situation with the banana industry was particularly alarming. The threat of its collapse gravely endangers, not only the economies of the Windward Islands, but also the CARICOM region as a whole. If the downward trend continues, governments in the region would soon be forced to deal with large-scale poverty and even social instability.

Given those threats the Conference stressed that the agricultural sector should not be viewed strictly in market or efficiency terms but as multi-functional. It plays a critical role in food security, employment, foreign exchange earnings, sector linkages, rural development, social and economic stability, and cultural and environmental integrity. It comprises several sub-sectors, which over the years have striven to achieve higher levels of efficiency through technology adaptation and structural adjustment. The modest gains realized by the Region would be reversed if not given adequate protection and safeguard.

Recognising that the benefits of the WTO Trading Agreement would not be realized if agricultural economic and social infrastructure remained weak, the

conference called on the donor community to provide greater financial and technical assistance to enable regional governments to implement necessary reforms on a timely basis.

Based on papers presented on the impact of the WTO Agreement and the performance and experiences of countries, the conference recognized that "the playing field was not level" for developing countries. It urged regional authorities to mobilize technical assistance to implement the required procedures so that Caribbean countries might maximize the benefits from participation.

The conference recognized the complex challenges posed by the emerging global trading system and, in particular, issues centering on the Cotonou, FTAA and WTO agreements. It also appreciated the difficult role of the Regional Negotiating Machinery (RNM) in the negotiations, taking into account the diversity within countries and the need to balance regional and national interests. Concerns were expressed that the negotiations seemed to be conducted with limited empirical analysis and support. Accordingly, the conference recommended that resources should be provided, and empirical support should be given, to the RNM to guide the trade negotiating process and establish stronger working relationships among professionals, universities, the public and private sectors and the regional negotiators.

The meeting shared the alarm expressed by the Sugar Authorities and Governments of the Region over the threat to the spirit and letter of the Cotonou Agreement, with the announcement of the Everything But Arms (EBA) proposal without prior consultation with the ACP countries or without a joint impact assessment as required in that Agreement.

With respect to bananas the conference noted the continued importance of the industry to the Region and that the producers in the Region remained at a disadvantage as compared to competitors in other parts of the world which were more liberally endowed. Therefore, while applauding on-going efforts within the Region to enhance industry performance, the meeting emphasized the need for the negotiating parties to give due consideration to special dispensation mechanisms in favour of small islands within the framework of any new WTO Agreements.

Several methodologies were also presented at the conference analyzing economic, environmental and social impact of trade liberalization and on formulating policy and programme responses from a commodity perspective. Papers also included the development of a competition policy for the Caribbean Single Market and Economy (CSME). A special session was also held on Bahamian agriculture.

A special feature of the conference was the Third Lewis-Beckford Memorial Lecture in honour of the outstanding West Indian economists, Sir Arthur Lewis and Prof. George Beckford. Professor Vaughn Lewis of the Institute of International Relations, St. Augustine Campus, The University of the West Indies, presented this lecture. He highlighted the origins of the banana issue in the establishment of the EU single market and the difficulty of fitting existing preferential treatment in that context. He then traced the political economy of the development issues facing the Caribbean region and addressed the contingency issues facing banana and sugar within that context. The lecture was well-received by the large audience, including several special invitees from The Bahamas.

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