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***CARLISLE A. PEMBERTON,***

*Department of Agricultural Economics & Farm Management,  
The University of the West Indies, St. Augustine,  
The Republic of Trinidad and Tobago.*

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# **Note / Think Piece**



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# How can Caribbean Agriculture Reach its Potential?

**Bree Romuld and Heiko Bammann**

*Food and Agricultural Organizations of the United Nations*

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The Caribbean is at a development crossroads. Countries must improve productivity and competitiveness and adopt new sources of growth (Kathuria et al, 2005; Schwab, 2017). While other sectors such as financial services and tourism have become more competitive in recent decades, the agricultural sector has failed to respond positively to the emerging opportunities and realities characteristic of today's global economy (Dawe, 2015; Waithe et al., 2017).

In many Caribbean countries, agriculture is now contributing proportionally less to national income, employment and exports. Whilst these indicators in essence reflect the transition of most of the countries in the region into middle income status, the agriculture is characterized by declining productivity levels, low skill accumulation and innovation levels, limited market access and persistent undercapitalization in comparison to other sectors. Thus the sector throughout the Caribbean is underperforming (Kendall, 2009).

There are a number of reasons for being concerned. Poor people constitute on average about 25% of the population of Caribbean countries, with the largest proportion being in rural areas – thus agriculture remains a vital source of livelihoods for such people (Kendall, 2009). Consequently, a poorly performing agricultural sector also has broader implications for the region's efforts to address inequality, household income growth, food security, health outcomes (both malnutrition and obesity), and environmental sustainability (Olubode-Awosola, 2008). Thus, the current crisis in Caribbean agriculture is both economic and social and will have implications for everyone (Kendall, 2009).

The challenge facing agriculture is multifaceted and critical. High input and packaging costs, small market size, unfavourable tariff policies, lack of mechanisms for ensuring food safety and production standards certification, insufficient processing capacity, rising labor costs, weak technical and managerial capacity, and high freight costs all put a strain on the competitiveness of the sector. Traditional production and marketing paradigms used to support the era of lucrative export orientated agriculture that prevailed until recently are no longer relevant. However old habits and institutional arrangements often persist, inhibiting adequate response to the challenges of today's global economy. The absence or slow emergence of a modern, diversified and competitive agricultural sector equipped to reap the rewards of new production and trading opportunities testifies to this.

It is no longer feasible to perceive of the future of Caribbean agriculture in narrow technical terms. Robust agricultural development models that can sustainably generate nutritious food, jobs and incomes over the long term require treating agriculture as a complex food eco-system. Narrowly focused technical solutions to improve performance are no longer relevant. Thus initiatives and policy interventions are not solely the responsibility of the Ministries of Agriculture. Interventions by Ministries of Health, Education, Environment, Trade and Planning all have potential impacts on the agricultural sector. The solutions for a healthy, prosperous and socially cohesive Caribbean lie in recognizing this by establishing coordination and linkages across sectors and ministries. Taken further, if agriculture is to remain relevant and contribute to the



broad developmental goals of the region, it is critically important for a paradigm shift towards a new energized vision of agriculture.

### **Developing a new paradigm for Caribbean agriculture**

Currently Caribbean agriculture is perceived by young people as back-breaking labor, with little economic pay off and little room for career advancement. Agriculture requires a new approach that builds an image beyond that of just subsistence farming. Today's agriculture includes permaculture design, biodynamic farming, communication technologies, forecasting, marketing, logistics, quality assurance, urban agriculture projects, food preparation, environmental sciences, advanced technologies, for example. It will be essential to engage youth in adopting new technologies and new thinking as they will be vital players in the adoption of much needed innovation in small farming, and increasing incomes and well-being for both themselves and local communities. It is up to farmers, businesses, policy-makers, and educators to support and promote an enabling environment for the young to succeed.

### **Tomorrow's market opportunities**

Despite the unique challenges Caribbean countries face with respect to agricultural production and marketing, there are also plenty of opportunities. For example: linkages with lucrative tourism markets are poorly developed; there is little regional trade; niche Caribbean branding strategies remain uncommon; and export markets in the diaspora have great potential.

That fact that the demand for Caribbean agricultural products remains unfulfilled illuminates the need for smart and cross-sectoral development strategies. With the decline of traditional commodity markets, and a general push by governments across the region to promote diversified agricultural production, there still remains uncertainty as to which markets should be targeted. In many countries political agendas have heavily influenced which products the governments have focused on. As a result the efficient functioning of markets has largely been ignored, thus resulting in farmers making production decisions that are neither socially and financially optimal (Dawe, 2015). Only by responding to identified market demand and consumer preferences can sustainable livelihoods be ensured in the long run. Thus market research plays an essential role in helping farmers and other stakeholders understand and respond to dynamic market demands. Market analysis (and information) is a public good and findings from it need to be made widely accessible to private sector investors and agribusinesses.

Moreover, in light of the prevalence of import substitution thinking in the region, it is important to assess how realistically home-grown substitutes can replace imports in a cost competitive manner. Given the dynamism of domestic food markets, Caribbean countries should consider, engaging in some level of competitive import replacement as a means to enhance food security, increase incomes, and reduce poverty. However, this approach should really only be adopted in sub-sectors and for products where local production is competitive. Also serving domestic markets should not be overlooked at the expense of export markets. In the context of increasing use of sanitary and phytosanitary barriers and low export prices for some commodities, agriculture production for domestic markets can sometimes be a more effective strategy in increasing market access and hence the livelihoods of small farmers.

### **Competing agendas?**

Market opportunities exist for Caribbean produce and processed goods. The issue is whether the structure of the agricultural sector in each country enables stakeholders to exploit such market opportunities. Often policies exhibit conflicting agendas on structuring and incentivizing the sector. On one hand, there is debate on how to position the Caribbean in domestic, regional and global markets and to promote a modern competitive sector that can create jobs, engage entrepreneurs and stimulate much needed innovation. And on the other hand, agricultural policy is used to support other interconnected developmental challenges of the region namely issues relating to the high food import bills, rural poverty, health education and government procurement schemes.

While all development goals are undeniably important, it is critically important to recognize how policy choices in one area may have a detrimental impact on development outcomes in another. For example, national food security concerns have led some governments to subsidize production of local staples that are not competitive with imports. This results in higher prices to consumers, thus raising the cost of living which disproportionately negatively impacts on the poor. Also government involvement in marketing and agro-processing levels of value chains as a way to provide farmers with guaranteed markets has inhibited private sector investment, potentially stifling innovation, production and market development that in turn could have created more jobs in farming, processing and support services. A mixed developmental agenda perpetuates organizational and marketing problems in the sector. To achieve a positive impact across a number of development objectives requires cross-sectoral collaboration, a clearly articulated vision and consensus on desired outcomes, and a transparent and inclusive policy making process agreed to by all relevant stakeholders.

### **A dual approach for agricultural development?**

Given the history and fiscal realities of the region, the agricultural paradigm for the region needs to adopt a dual approach. First, a market-based approach should be adopted to promote a diversified, competitive and sustainable food system. This needs to focus on supporting entrepreneurs (i.e., farmers and other stakeholders) in developing and strengthening value chains based on encouraging innovation and the production of high value, low volume non-perishable fresh and processed products targeted to high end niche domestic and export markets. Complementing this approach should be a targeted and socially orientated approach to support subsistent small farmers with the primary goal of promoting food security and nutrition rather than turning them into commercial farmers. Such a dual approach could be the way to promote a sustainable long term self-sufficient sector that can best respond to the numerous, interlinked developmental challenges currently confronting the region.

### **Food systems thinking**

The success of agriculture has always been defined broader than simply the productivity of farmers. Instead, the new paradigm for the region needs to consider all the stakeholders involved in getting products from the farm to the fork, and to look at how the productivity/efficiency of each can be improved and the linkages between them strengthened. This involves enhancing knowledge and skills of all stakeholders in the value chain including farmers, input suppliers, extension staff, traders, processors, retailers, and those involved in supply chain logistics, research institutions, financial services, marketing, and in vocational training. Improving the prowess and linkages between these stakeholders will result in strengthening the efficiency and competitiveness of the value chain system as well as improving the ability to rapidly adapt to

changes in marketing conditions. How well the stakeholders along the value chain are able to tap into and respond to consumer demand is what will ultimately determine their success. Development initiatives that fail to consider and respond to market signals and instead rely on models of subsidized support to farmers will never be sustainable in the long run.

### **Starting with root causes**

Fostering a sustainable agricultural sector that can adapt to the challenges of tomorrow requires looking at the food system as a whole and addressing the root causes contributing to the underperformance. Many issues the Caribbean region struggles with today such as pest and diseases, low productivity, or rising imports are merely symptoms of larger problems. The continued use of unsustainable production practices has given rise to some of the pests and diseases being manifested today. Poor value chain coordination and the persistence of state marketing boards has contributed to higher transaction costs and lagging productivity at both the farmer and processor levels. High food import bills are largely the result of local producers being unable to consistently provide fresh and processed foods at competitive prices. Consequently, investing in initiatives that tackle only the symptoms rather than addressing the underlying issues of poorly performing systems will inevitably result in inefficient use of scarce resources.

### **Building resilience**

In a region that will continue to bear the brunt of natural disasters, resilience is crucial. Currently, there is much discussion on the importance of promoting diversification to foster competitive and resilient economies that can deliver continued and sustainable growth. New paradigms for agricultural development should also consider placing diversification strategies at their core. A national agricultural strategy that can build multiple competitive sub-sectors, take advantage of integrated production models, foster by-product and waste use, enable value added as well as productivity improvements, target a diversity of multiple end market channels and build bridges with other sectors (e.g., the tourism sector) is likely to prove more adaptable, innovative and ultimately more successful and sustainable over the long run. A resilient agricultural sector simply cannot be built as a reaction to crisis or disaster. Rather, resilience is developed through long term, and market-based efforts to strengthen local food systems during normal periods. Ongoing efforts to build capacity of all stakeholders in the sector, deepening linkages between them and promoting innovation is what will allow the sector to adapt to unexpected changes, readjust and return to normalcy following disruptive crises.

### **The game changers**

At the core of the new agricultural paradigm in the Caribbean is encouraging new forms of public – private partnerships that can leverage cross-sector synergies to deliver benefits for all. For a sector long characterized as generally having a top-down direction, it is time to experiment with bottom-up approaches that empower and support farmers and private sector firms to experiment with different business models in order to capitalize on market opportunities. Governments should not retain a commercial role in agriculture when it is not financially self-sufficient. Rather, they should focus on actively setting the “rules of the game”, promoting a dynamic and cross-sectoral policy environment, building the capacity of support institutions, facilitating greater coordination along high potential value chains or sub-sectors, developing a broader enabling environment that allows the private sector to flourish in an way that is not exploitative of smaller farmers or the



natural environment, and possibly provide alternatives for those who remain excluded from developmental initiatives.

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