

The Caribbean Community Agricultural Policy: Challenges ahead

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1. Introduction

In October 2011, the Caribbean Community (CARICOM) adopted its Community Agricultural Policy (CAP), which sought to build on earlier commitments and initiatives, most notably:

- the revised Treaty of Chaguaramas (2001);
- the Jagdeo Initiative (2004);
- the CARICOM Single Market and Economy (CSME) Single Development Vision (2009);
- the Liliendaal Declarations on Agriculture and Food Security, and on Climate Change and Development (2009).

These initiatives set out policy priorities, areas of policy intervention, and proposals for practical interventions and action areas. Renewed attention is being paid to regional agricultural policy in the light of the central importance of agriculture within efforts to promote a Caribbean Single Market and Economy and the increasingly challenging global context, ranging from:

- rising inputs costs;
- higher and more volatile food prices through the impact of the financial crisis and global economic downturn;
- the effects of climate change and environmental challenges.

These are all recognised in the new policy framework.

The food price crisis in particular has sparked immediate policy responses with ‘several, if not all member states ... placing high priority on rebuilding domestic food production’, including ‘reintroducing production of specific crops for food security, such as rice’. These factors gave rise to the articulation of a Regional Food and Nutrition Security Policy (RFNSP) in October 2010. Its accompanying Action Plan was approved exactly a year later, simultaneous with the approval of the CAP.

The changed trade context for traditional agricultural exports such as sugar, bananas, rice and rum, continues to significantly condition regional agricultural policy formulation. Changing international trade policy has forced a process of repositioning and restructuring of these sectors with reference to national, regional and international markets. As the experience in the rum sector illustrates, with the right policies and support measures in place, successful repositioning can be achieved. However this can require public-sector support to get private-sector-led initiatives off the ground, given the relatively small scale of Caribbean economic operators, the human resource constraints faced in pursuing product innovation and targeted marketing initiatives, and the difficult global economic context faced. In this context, and against the background of ongoing processes of globalisation and trade liberalisation, it is recognised that ‘trade policy within CARICOM must be an essential and complementary aspect of the CAP’.

However, policy issues related to these traditional agriculture export sectors are not seen as part of the mandate or coverage of the CARICOM CAP, since these all have in place structured arrangements and systems through which industry development matters have been managed. The CARICOM CAP can be seen as a vehicle for developing a similar structured management system for non-traditional exports.

It is recognised that a regional approach to developing agricultural production and food value chains can reduce the risk and uncertainties facing the region. In fact the CARICOM CAP notes

that the maximum benefits of some public goods and development services, such as market intelligence and information, quality assurance and standards systems, are very unlikely to be realised unless they are provided at regional level.

The details of such ‘regional public goods’ and the process for their cost-effective operation/management have not yet been fully articulated, despite a recognition of the importance of existing CARICOM institutions.

2. The CARICOM CAP

2.1 The structure of the CAP

The CAP document is divided into six main components:

- the context in which a CAP was developed;
- the principles, scope and objective of the CAP;
- the policy environment for agriculture sector development;
- the priority areas for implementation of the community agricultural policy;
- the strategy for the organisation and financing of the CAP;
- the mechanisms to be established for the monitoring, review and evaluation of the CAP.

2.2 The objectives and approach of the CAP

According to the preamble to the document, the CARICOM CAP outlines ‘a long-term vision, goals, broad policy areas, specific policy objectives, immediate priorities and an implementation strategy’ for agriculture in the region. In terms of underlying objectives, the policy vision is stated as being ‘to sustain a broad-based and balanced development of the agricultural sector in order to ensure food security and economic growth in the agricultural sector and to protect the natural resource systems, improve rural livelihoods and build an internationally competitive agricultural sector through the promotion of economically viable enterprises, in order to achieve overall economic growth, reduce poverty and ensure fiscal stability and sustainability’.

Significantly, primary importance is attached to harmonising and integrating strategies and programmes undertaken at national level with regional policies, with a view to strengthening areas of comparative advantage. This is to be based on the principles of ‘subsidiarity’ (whereby regional action is only taken where it is more effective, with national jurisdiction being the rule) and ‘complementarity’ (e.g. taking into account the comparative advantage of different countries for different services and products). Developing the complementarity of Caribbean nations’ national production structures within the single market is sensitive, and has not yet been elaborated.

It is recognised in the region that the private sector must lead the process of agri-food sector repositioning and that public policy frameworks need to be supportive of this process through the establishment of ‘business enabling support structures and predictable and stable policy measures’. Particular emphasis is placed on promoting movement up agro-food value chains, taking into account cross-sector and cross-border linkages, and opportunities for niche marketing, branding and quality-based product differentiation. These factors are seen as complementary to efforts to promote improved productivity and enhanced competitiveness.

In addition, considerable importance is attached to promoting ‘increased vertical and horizontal linkages between tourism, agro-food distribution services, agro-food manufacturing and the productive sector’. These are seen as critical to improving incomes and employment creation, rooted in the important contribution made by both the short-stay tourism and cruise-ship tourism markets to overall demand for food and drink products in the region. The structure of this demand is also important, as it leans heavily towards higher value agri-food products.

To explain the learning context that led to the new policy, the CARICOM CAP document identified a number of shortcomings in past policies, including:

- the initiation of trade liberalisation with ‘inadequate safeguards’ but without ‘accompanying programmes to increase competitiveness’;
- a failure of standard setting to keep pace with global trends;
- a lack of policies to deal with spiralling input costs;
- a ‘limited application of new technologies’ in the agricultural sector;
- the underdeveloped nature of policies to deal with climate change at the operational level;
- the tendency for regional policy to be a compendium of national policy priorities.

The proposed regional agricultural policy aims to create ‘one regional space for production, processing, trade and investments’ in the agro-food sector. However, this raises important questions related to the future of the many exceptions to the CARICOM common external tariff and the wide variety of special levies and duties (recently referred to as para-tariffs) applied by individual member governments across a range of agri-food products.

2.3 Areas of policy intervention

The CARICOM CAP reiterates the five pillars for policy intervention set out in the Treaty of Chaguaramas:

- 1) Food and nutrition security.
- 2) Production–trade (value) chains.
- 3) Sustainable development and natural resources.
- 4) Rural modernisation and youth programmes.
- 5) A modern knowledge and information system.

Within each pillar, specific objectives are set out, with action plans elaborated under each pillar to provide a basis for fast-tracking implementation. This is giving rise to a multiplicity of thematic strategies and action plans that set out regional aspirations in each of the areas covered.

Table: Vision and mission of CARICOM Community Agricultural Policy

COMMUNITY AGRICULTURAL POLICY				
VISION	MISSION	PILLARS	POLICY OBJECTIVES	IMMEDIATE PRIORITIES
Competitive & sustainable	Improved food and nutrition security	Food and nutrition security	10	<ul style="list-style-type: none"> • Modern food security instruments
	Market-oriented production systems	Production–trade value chain	10	<ul style="list-style-type: none"> • Harmonisation food safety standards • Upgrade food quality control systems • Refocusing agricultural research and education • Financial instruments tailored to farmers/ agribusiness
	Management of natural resources	Natural resources	11	<ul style="list-style-type: none"> • Sustainable agriculture practices and technology
	Participation of youth	Rural modernisation	12	<ul style="list-style-type: none"> • Specific youth programmes
	Use of modern technology/ innovation	Agriculture knowledge and information	4	<ul style="list-style-type: none"> • Modern agricultural extension system • Programme for agricultural staff • Support mechanisms for marketing
2 elements	5 goals	5 areas	47 objectives	10 priorities

To date, the pillars where most work has been done are those related to food and nutrition security, and production–trade (value) chains:

- Under the production and value chain pillar, the focus is on an ‘enterprise development approach and the application of producer-driven value chain frameworks to systematically produce and market targeted commodities competitively’. This aims to empower producers to manage their own affairs and proactively engage with partners within their supply chains. This can be seen as reflecting in part the successful experience under the Caribbean Rum Programme.
- Under the food and nutrition pillar, emphasis is placed on: strengthening agricultural production, marketing systems and enterprises; improving policy and programme capacity to deal with threats to food security; promoting consumption of safe and nutritious foods by strengthening food standards; and ensuring stability of food supplies by establishing cost-effective early warning system and disaster preparedness programmes.

This, however, leaves largely unaddressed issues related to both the range of policy tools that will be available, and how they may be deployed under the CARICOM CAP. This is important, as the uneven use of specific tools or their deployment in particular ways could give rise to unfair competition. It also raises questions about the level (national or regional) at which frameworks for the regulation of relations with particular sectors are to be determined. The latter aspect

takes on particular significance in the context of the dismantling or reform of a range of existing commodity boards.

The main commitment made in the CAP is towards ensuring that action programmes are ‘strategically crafted to provide a coherent set of actions... and ensure commitment at both national and regional levels for effective implementation’, with this extending to sub-regional bodies such as the Organisation of Eastern Caribbean States (OECS), which has its own agricultural policy and strategy. It is argued that the onus of the CAP is ‘to ensure that synergies are built such that the benefits of collective action... are optimised for mutual benefit’.

How this is to be achieved within a policy framework for structural repositioning of the agri-food sector, which is largely led by the private sector (in the context of often competing productive structures) has not yet been addressed. It is assumed that such details will be tackled in the next step of the process – the development of an action plan or planning framework for policy implementation.

2.4 Implementation modalities

In terms of implementation modalities at the regional level, the draft policy document identifies existing institutions responsible for implementing policy in specific areas, notably:

- the Caribbean Agricultural Research and Development Institute (CARDI), with a mandate for agricultural research, technology innovation and market development;
- the Caribbean Food and Nutrition Institute (CFNI), which has the mandate for food and nutrition security issues in CARICOM, and which is expected to have a lead role in the food and nutrition pillar;
- the Caribbean Agricultural Health and Food Safety Agency (CAHFSA), recently established to oversee and coordinate all actions relating to agricultural health and food safety, including sanitary and phytosanitary measures, along the entire production to marketing chain.

It is thought that by working through existing institutions it will be possible to build on successes and strengths of past practices.

Lessons could potentially be drawn from the CAHFSA experience, in terms of getting to grips with the practical problems faced in operationalising regional-level institutions, when many of the management challenges relate to national-level or company-level actions (e.g. in achieving compliance with new US food safety laws).

The practical problems of operationalising regional institutions in the context of the need to coordinate national- and regional-level activities have been acknowledged in the CAP document. Specifically, it notes that ‘Community institutions currently have a purely advisory role, lack executive authority and enjoy widely varying levels of financial support and acceptance among Member States.’ It is recognised that ‘these constraints will have to be taken into account and actions identified and agreed upon for their removal.’

2.5 Institutional requirements and financing

There is a recognised need for institutional strengthening at the regional level, with one option being to pursue something along the lines of the European Commission, with this being linked to a complementary strengthening of counterpart structures at member-state level. It is proposed that while ‘the relevant CARICOM sector institutions will coordinate the implementation of the CAP, ... relevant national government agencies will be responsible for overseeing the implementation and preparation of more detailed national action plans within the general

framework of the CAP.’ In broad terms, regional institutions would have an advisory role, with no compliance enforcement capacity linked to aspects of the community agricultural policy.

In terms of financing the CARICOM CAP, the basic arrangement would hinge upon cost sharing among member states and the mobilisation of donor support. It is proposed that this would take place within a 3 to 7 year budgetary cycle. However, domestic financial constraints in the region and the economic and budgetary crisis among major agricultural donors are likely to make the mobilisation of funding for regional institutions extremely difficult.

3. Challenges facing the CARICOM CAP

3.1 The limitations of the policy

The CARICOM CAP is not a common agricultural policy. The emphasis is on strengthening areas of common cost advantage, and not the establishment of a comprehensive, region-wide agricultural policy. The emphasis is on harmonisation of policies, and not the creation of a single common agricultural policy.

However, given the importance attached to food and nutrition security and to the elaboration of a regional food and nutrition security policy (RFNSP) and action plan, common measures and action appear to be emerging. It is unclear how these different dynamics will be reconciled.

This raises questions over the trade and production consequences of the pursuit of a single CARICOM market in the absence of a fully harmonised single regional agricultural policy framework, or, at a minimum, the establishment of a framework of common rules for the pursuit of national agricultural policies. In the absence of common rules on the use of national agricultural policy tools, the danger would exist of major distortions of competition on regional markets, as those companies that benefit from extensive domestic support would win markets from regional companies which do not benefit from such domestic support measures.

3.2 The limitations of the subsidiarity principle in the absence of common rules

In the context of efforts to build a single market and economy involving free movement of goods, a common external tariff, a common internal trade policy and coordinated external trade policies, the principle of subsidiarity can pose major challenges in the agri-food sector if it is not based on commonly agreed rules within which national actions are to be designed and implemented.

For example, high levels of para-tariff protection for national poultry producers above the regional norm can increase the profitability of sales on national markets and allow regional exports to take place at marginal cost pricing. This may enable the exporter to gain market share, undermine profitability of producers in the importing country, and even leave producers vulnerable to takeover.

The application of the principle of subsidiarity in the absence of commonly agreed rules can thus give rise to serious trade policy challenges. This in turn has implications for the principle of complementarity. As the poultry example illustrates, national policy measures can be used to unfairly build comparative advantage within intra-regional trading arrangements.

This suggests, ultimately, a need for agreement on a set of common rules to guide national agricultural policies (e.g. on what types of support might be extended through the use of para-

tariffs or financial support instruments). While CSME provides for common rules and a common arbitrator – the Caribbean Court of Justice (CCJ), the relevant legal instruments have not yet been ratified by all member states. It is essential that common rules give rise to common acceptance and common implementation.

3.3 Commodity boards and future regulatory frameworks

A number of questions arise in relation to commodity boards. If the future direction of agro-food sector development is to be private-sector led, what will be the future role of the various commodity boards that exist across the Caribbean? Will the future function of commodity boards be determined nationally or regionally? Will there be common regional rules for their operation or will these be determined nationally?

Similarly, will there be a harmonised approach to setting the regulatory framework for activities and relationships between stakeholders and enterprises in various sectors (sugar, cocoa, coffee, rice, horticulture, poultry etc.), or will each member state be allowed to draw up its own regulations? These are pressing questions at the national level, but it is unclear to what extent the principles enshrined in the CARICOM CAP provide operational guidance in resolving these issues, particularly given the relative lack of detail on the treatment of traditional commodity exports. The emphasis on developing value chains would appear to suggest a greatly reduced role for traditional commodity boards. However, where new marketing arrangements are to be established involving direct relationships between primary producers and private companies, in the context of unequal power relationships along supply chains, regulatory measures may well be required to strengthen the functioning of these supply chains.

While a step-by-step approach to harmonisation through sector-specific policies and strategies led by the private sector may well be the most practical approach, mechanisms will need to be found in the interim for dealing with trade distortions that could arise from discrepancies in approach.

3.4 Ensuring consistency between OECS and CARICOM policies

While the broad approach of the OECS regional plan of action for agriculture (2012–17) is broadly consistent with that of the wider CARICOM, the challenge remains of how to ensure consistency at the operational level. Considerable importance is attached to coordination and harmonisation. However, the question arises as to whether systems are in place, consistent with the capacity constraints faced at the national and regional levels, to ensure the necessary coordination and harmonisation of what are to be essentially private-sector-driven development processes. This challenge can be seen to arise across several areas.

3.5 Centrality of a harmonised trade policy to the application of the CARICOM CAP

In identifying shortcomings in past policies – liberalising trade without adequate safeguards and accompanying programmes to improve competitiveness, the CAP recognises the importance of the conditioning factors of globalisation and trade liberalisation, and how these create a difficult context for the elaboration of a harmonised trade policy within which the structural repositioning of the Caribbean agri-food sector is to take place.

A review of Europe's experience since 1992 of supporting the structural repositioning of the EU agri-food sector highlights just how difficult this task is likely to be.

Since the modern process of EU common agricultural policy reform was first initiated, EU agricultural trade policy has been used to 'hold the line' against unbridled globalisation of the agri-food sector while reforms to bring about structural repositioning are designed and

implemented. Reforms in the EU are completed before full trade liberalisation processes are initiated. Indeed, the tendency is to initiate partial trade reforms (for example, opening up first to less competitive LDC and ACP suppliers), while retaining the right to deploy traditional trade policy tools. Within this context, the routine deployment of these trade policy tools is gradually discontinued in the light of market developments. However, where severe market disturbances occur, then the right to reintroduce and use these trade tools is retained.

This process of ‘managed reform’ is seen as particularly important during an era of heightened global price volatility. To date, full liberalisation of trade arrangements in agricultural products has not been fully implemented even in sectors where the process of EU common agricultural policy is now completed (e.g. in the cereals sector) and where EU prices now take their lead from global price trends.

This would appear to raise important issues about the nature of the external agricultural trade policy to be pursued while the process of structural repositioning of the CARICOM agri-food sector is being undertaken.

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