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THIRTY FIRST FAO REGIONAL CONFERENCE FOR LATIN AMERICA AND THE CARIBBEAN

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CHALLENGES AND OUTLOOK FOR THE CARIBBEAN SUBREGION

Introduction

1. Within the context of the on-going FAO reform process and the implementation of the Immediate Plan of Action (IPA), the sub-regional offices within the Organization are expected to guide the process towards the preparation of two inter-connected planning documents:

- the NMTPF for countries under the sub-region
- the sub-regional strategic framework which encompasses the common priorities for the geographic region.

2. The sections that follow would provide some details on the environment in the Caribbean that would inform the sub-regional strategy and programme. It is to be noted that the sub-regional programme does not attempt to amalgamate the priorities identified at the national level, but seeks to enhance the effectiveness of the actions implemented within the Member States.

3. The Sub-regional planning exercise takes place within an environment dominated by an international financial crisis that followed a period of soaring food and agricultural input prices, events that have impacted negatively on food security, poverty and rural livelihoods in the small open economies/SIDS that make up the Caribbean Sub-region.

4. In addition to the above, the sub-regional agricultural planning environment is shaped by the following external factors:

- Heavy debt burden of some countries constrain the Ministries of Agriculture to satisfy the required human resources for project management or sustainable institutional strengthening.
- High inflation and interest rates which constrain farmers and agri-enterprise access to finances in order to invest in irrigation, green houses and other forms of infrastructure or inputs to consolidate best practices.
- The challenges brought about by frequent disasters, in particular hurricanes and the substantive achievements still to be made in the area of sustainable land use/disaster risk management practices that can reduce risks in agriculture and strengthen resilience in rural/farming communities.

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- The high cost of energy; the direct impact on agriculture and the indirect effect of the focus on biofuels and bioenergy.

The Caribbean Subregion in the contex of Latin America Region

5. As a region, LAC has shown the highest growth in its agriculture, livestock, fisheries and forestry production over the past 15 years. However, when the performance is separated by sub-region it is quickly recognized that the Southern cone net exporting countries have largely contributed to this positive outcome. The experience of the Caribbean has been very different, as it has seen the value of its net agricultural trade turned negative and its share in world agricultural exports reduced by more than 50%. This difference in performance between the Caribbean and Latin America underlines the heterogeneity of the LAC region and the need for very different approaches to agricultural and rural development in the small, net importing countries of the Caribbean, in comparison to the rest of the LAC region.

6. The heterogeneity of the Caribbean sub-region is further reflected in the existence of several distinct groupings of countries that comprise it, including the small economies of the Organization of Eastern Caribbean States (OECS), the continental countries of Guyana, Suriname and Belize, and the countries with relatively large populations (Cuba, Dominican Republic, Haiti and Jamaica). Countries may also be differentiated by socio-economic indices, such as Barbados with a high per capita income and human development index and Haiti with high vulnerability, poverty and food insecurity indices.

7. Most Caribbean countries are however classified as food importing open economies. Given their dependence on one or two economic sectors, most often tourism and agriculture, they have been greatly affected by the price volatility and global economic uncertainty of the last five years. The value of their food imports have increased, the returns from tourism have declined, as have remittances from their citizens living overseas. As a result, livelihood systems and incomes have been negatively affected.

8. In addition to the external economic challenges derived from increasing prices of imports and loss of demand due to the global recession, Caribbean countries are particularly exposed to the ravages of natural disasters. Recent hurricane seasons have had considerable negative impacts on Belize, Grenada, Jamaica, Cuba and the Dominican Republic. So too has the earthquake of January 2010 which devastated Haiti. The massive loss of life and destruction of infrastructure in urban areas have increased the pressure on agricultural and rural resources as hundreds of thousands sought refuge in rural communities.

9. There are also a number of structural constraints related simultaneously to size and distance that affect the economic performance of Caribbean agricultural sectors. Small populations and land masses, as well as distances from other Caribbean countries and trading partners, reduce the possibilities of exploiting economies of scale. These factors also result in higher prices for imported inputs and higher costs of export products, as smaller purchasing and sales volumes increase both product and transportation costs. This situation undermines potential competitiveness. In the last two decades, Caribbean trade balances have been increasingly negative, debt burdens have increased and domestic inflation and high interest rates have been a deterrent to investment in the agricultural sector.

Sub Regional Perspectives and Trends

10. This section provides an overview of rural and agricultural development trends in the Caribbean sub-region, focusing on food security and poverty, and the performance of the various subsectors of the agricultural sector – crops, livestock, forestry and fisheries, as well as issues related to land and water, biodiversity, and climate change.

Poverty, Food Insecurity and Rural Development

11. The Caribbean is the only sub-region in LAC where the total number of undernourished people increased during the period 1990- 2005 moving from 7.5 to 7.6 million people. At the same time, the percentage of undernourished people in relation to the total population decreased from 26% to 23% (the data for 2005 not including Cuba). This situation is a reflection of the ongoing challenges of nutrition in Haiti which, with a poverty level of 80% and a population of 9.6 million, contributes significantly to these negative trends. In Haiti, the number of undernourished people increased from 4.5 million in 1990 to 5.3 million in 2005 while the percentage of children under the age of 5 showing signs of acute malnutrition increased from 14% in 2000 to 19% in 2006. The Dominican Republic has moderately reduced its poverty and destitution indexes between 2000 and 2007 (from 46.9% to 44.5% and 22.1% to 21% respectively) with better results in rural areas as compared to urban areas. This reduction of poverty was reflected in the reduction in the number and percentage of those who were found to be undernourished. During the same period 1990 - 2005, Jamaica and Trinidad and Tobago saw reductions in the number of undernourished persons.

12. At the same time, many Caribbean countries are experiencing a shift in nutrition patterns that have resulted in increasing rates of obesity, which in turn has contributed to an increase in nutrition-related Chronic Non-communicable diseases including diabetes and hypertension.

13. On the other hand, rising food prices during 2007-2008 and the economic crisis of 2008-2009 have affected all countries, reducing income opportunities and decreasing purchasing power, with very serious impacts on the poor. While there is limited data by country, it would appear that these phenomena have significantly increased poverty and malnutrition and the level of non-communicable diseases. It is estimated that throughout the Latin America and Caribbean Region in 2009, the levels of malnutrition returned to the levels experienced by the countries in 1990, eliminating almost two decades of successful poverty and food insecurity reduction efforts. The countries that have not been able to make improvements, in particular Haiti, have endured very negative impacts. The economic projections regarding food prices indicate that in the coming years, the negative trend towards an increase in malnutrition will continue, unless countries make substantial strategic changes to their national and international policies.

14. It is estimated that sub-regional agricultural activity contributes an average of 6.5 % (data from CARICOM countries in 2000) to the GDP of member countries. This contribution varies among countries with values ranging from 0.5% (Trinidad and Tobago) to 28% (Haiti). The Caribbean is differentiated based on relative differences among countries in terms of size, population and agricultural production capacity. Trinidad and Tobago and Barbados, in spite of the relatively small contribution that agriculture makes to the GDP, have very developed agro-industrial sectors, based to a large extent, on the transformation of imported raw materials for the production of alcoholic and non-alcoholic beverages (which in CARICOM represents 18% of agricultural exports), spices and seasonings etc. The extended agricultural sector is also very important based on its ability to generate employment. In 2000, more than 15% of the work force in CARICOM member states was employed in this sector. In Haiti, Cuba and Jamaica, 66%, 20% and 17% respectively, of those employed are linked to the agricultural sector, yet the quality of work and salary levels continue to be relatively low. In some cases the minimum wage is not enough to cover a basic basket of goods.

15. In past years, rural development in some CARICOM member states was linked to bilateral agreements with the European Union and NAFTA, with a main focus on primary and processed agricultural production. As new international agreements are implemented, the relevance of these bilateral agreements has diminished and increased competition from Central and South American countries in the production of sugar, banana, alcoholic and non-alcoholic beverages, coffee and other products relevant to the Caribbean have emerged. The level of competitiveness in the sub-region has been reduced, affecting jobs and ultimately negatively impacting on food security. At the same time, many countries have placed a greater emphasis on domestic food production, than

on commodities for the export market. National and regional demand, including the tourism sector, represent a great potential for growth, in particular through import substitution.

Agriculture

16. Sub Regional agricultural production has decreased in recent years in spite of increases in the internal demand for food. The producers are characterized as having low production and low productivity levels, limited incorporation of new technologies and a high presence of small subsistence farming. These factors along with limited regional cooperation within the sector have decreased the level of competitiveness with reference to raw material production, with the only exceptions being seen, in a few countries, with regards to sugar cane and some tropical fruits, mainly bananas.

17. The main sub regional products are: rice, sugar cane, tropical fruits, vegetables, beans and coffee. CARICOM member states are net importers of food items with cereal imports accounting for about 40% of the total food import and the import of animal, dairy and meat products accounting for 25%. Agricultural exports also play an important role as a foreign exchange earner. The main products exported being processed sugar (which in CARICOM represents more than 20% of agricultural exports), tropical fruit (raw and processed as drinks) and coffee. The high prices of agricultural input supplies (fertilizers, fuel) and the volatility of these prices between 2007 and 2009, generated uncertainty and discouraged private investment. The forecast highlights a continuance of uncertainty and relatively high prices when compared to the period 2001-2005. Small producers will be affected by this new production environment that could exist in the medium to long-term. There is, however, strong evidence of small producers rising to the challenge to diversify their sources of income as returns from the traditional commodity exports declined. An additional challenge faced by the sub-region relates to the exposure to adverse climatic phenomena; in particular hurricanes and droughts which in recent years have intensified.

18. It is also important to note that both private and public investment in agriculture have not increased significantly. For many Caribbean countries, the proportion of national budget allocated to agriculture by governments remains below 5%, for Barbados, Belize, Jamaica, Trinidad and Tobago and St. Kitts and Nevis it is below 2%. This translates into a lack of services that affects the ability of particularly small farmers to access and adapt new technologies and reinforce advantageous traditional practices.

Livestock Farming

19. In the Caribbean sub-region the livestock sector is small relative to crops and is dominated by the production of poultry meat. However, beef, pork, and small ruminants are also widely produced. The latter three are generally characterized by small farm operations, with a few exceptions in the continental countries (Belize, Guyana and Suriname) and in the larger populated countries (Cuba, Dominican Republic and Haiti).

20. Poultry farming has emerged as the major livestock activity, increasing in value by 9.3% for meat and 19.3% for eggs, between 2000 and 2005. It is estimated that cattle production increased by 5.1% during the same period, while sheep- and goat-rearing activity fell by 1.8%. Among the smaller animal group, the importance of sheep and goat production represented about 3% of the total value of livestock production, but plays a significant role in the food and nutrition security for small family farms and provide high quality food products to poorer sectors of populations. Beef rearing accounted for only 0.6% of the total value of livestock production.

21. The number of countries that provided production statistics for livestock is limited, thus making comparisons among countries difficult. The Dominican Republic, Jamaica and Trinidad and Tobago are among the largest poultry producers in the region using state of the art technologies linked to contract farming systems. Jamaica and the Dominican Republic also lead the other countries in the production of beef, pork, eggs and milk. Generally however, the CARICOM sub-region experiences a shortfall in animal products, with around 60% of animal proteins that are consumed being imported. The productivity potential of the sub-region in the area of Livestock has not been realized compared to other sub-regions in the Americas, but the

forecast for increases in the prices of animal products could stimulate improvement in the development of systems for intensifying production and enhancing productivity. Extensive livestock production systems based on grassland have contributed to soil degradation and erosion in several countries of the sub-region. In countries like Haiti the erosion phenomena and the lost of soil is particularly intense.

22. The Caribbean has been fortunate that only a few economically serious animal diseases are present, the most important of these being the Tropical Bont Tick (*Abmylomma verigatum*) and Classic Swine Fever which is present in Cuba, Haiti and the Dominican Republic. The highly Pathogenic Avian Influenza (Bird Flu) and Bovine Spongiform Encephalopathy (Mad Cow Disease) have never been reported in the sub-region, but the region remains vigilant since the introduction of these diseases into the Caribbean could have devastating animal health and public health consequences. With reference to the Tropical Bont Tick, the regional eradication programme which began over a decade ago was recently closed due to lack of financing and has now been replaced by state programmes aimed at controlling the disease.

Forestry

23. The state of Forestry in the Caribbean is characterized by a high degree of diversity among the countries. The Caribbean comprises countries with large expanses of forest (Belize, Guyana and Suriname) and countries with very little forest like Barbados and Haiti. Also, the population density varies widely, ranging from an average of 4 persons per km^2 in Suriname and Guyana to approx. 630 persons per km^2 in Barbados. The average population density in the Caribbean countries is six times higher than in the continental countries of Latin America. In general it is correct to say that the higher the population density the lower is the forest cover.

24. On the islands of the Caribbean approximately one third of the land area is still covered with forest. However, there is a large degree of variability among countries. In Barbados and Haiti it is less than 5% and in Dominica forest covers approx 60% of the land area. Following the decline of the agricultural production of the traditional export commodities such as sugar and bananas, natural regeneration of forest on abandoned agricultural land is being observed. Reliable data on forest cover changes is generally not available since very few countries have recently updated their national forest inventories.

25. Commercial exploitation of forests is generally low. On the smaller islands of the Caribbean, harvesting of forest products is limited to low impact artisanal forest operations such as fire wood collection and coal burning. Currently, the main value of the forests is as a watershed to protect the supply of domestic water, the conservation of biodiversity and as part of the tourism attractions packages. On the larger islands commercial forestry activities provide a limited amount of timber supply. Most Caribbean countries however import more than 80% of the required lumber and other forest products. There are opportunities for an increase in plantation forestry, particularly given the decrease in demand for agricultural land in many islands. However, due to the long-term character of forest plantations, investments in forests plantations remain low.

26. In the continental countries of the Caribbean (Belize, Guyana and Suriname) approximately 70% - 80% of the land area is covered with forest. Despite this large portion of forest cover the official contribution of forestry to the GDP is rather low and does not exceed 5%. However, all three countries have small but important commercial forest sectors and are net exporters of timber and forest products. A large proportion of forest activities are related to the informal sector of the national economy so that the real contribution of the forestry sector to the national economy tends to be underestimated in the official indicators of economic development. This is not only true for forest products but even more so for the environmental services provided by the forest, for example the provision of water for domestic and industrial use.

27. In all of the countries of the Caribbean, the forestry sector has the potential to increase its contribution to the national economy. In island countries, the focus should be on the proper recognition of forest services to the economic development and on increased import substitution

of forest products. In this context, the decline in the demand for agricultural land can be an opportunity. In the continental countries, increased diversification of forest products and export of value added products will increase the contribution of the forestry sector to national development. In this context, attention should be given to the utilization of lesser known timber species.

28. To ensure the visibility and increased contribution of the forestry sector to the national economy, the development of national forest programmes (NFP) is a key element towards the review and successful implementation of new forest policies. FAO, through the national forest programme Facility (a multi donor trust fund project hosted by FAO) is supporting the development of the NFP process in almost all countries of the Caribbean sub-region.

Fisheries and Aquaculture in Caribbean Countries

29. Between 1998 - 2007, Caribbean fishing industries have been relatively stable, producing between 240,000 and 270,000 metric tons of fish per year. In 2007, the production peaked at 247 000 tons, of which 207,000 tons were from capture fishing and 40 000 from aquaculture.

30. Aquaculture represented approximately 16% to 18% of the total fishery production during the last decade. The main producers were Cuba (25, 416 t) Belize (7,300 t) and Dominican Republic (840 t). On the other hand, capture fishing continued to provide the majority of fish produced in the region. The main producers were Guyana (47, 440t), Cuba (36, 728 t), Suriname (29, 627 t), Jamaica (16,548 t) and Dominican Republic (13,709 t). However, the future of fishing among those countries involved in capture fish is uncertain because excessive exploitation of fishing resources is resulting in a decline in production, concurrent with an increase in effort. Marine ecosystems continue to be under considerable pressure as a result of excessive fishing effort, pollution and other human and natural impacts. Given the situation, only modest increases in fish production can be expected through improved management of fishing resources and the contribution of increased aquaculture activity.

31. In the Caribbean region, fish consumption per person exceeds the average world wide level of 16.9 kg per person per year which indicates the importance of this food product in relation to the population's food supply and food security. For example, the amounts of fish consumed per capita, are 42.5 kg in Antigua & Barbuda, 42.5 kg in St Lucia, 38 kg in Barbados, 36.3 kg in Grenada and 34.4 kg in Guyana.

32. With reference to international trade of fish products, the Caribbean region during the period 1998-2007 has shown a favorable balance except for 2007 when a slightly negative balance was recorded. The deficit experienced in that year was attributed to the exports trending downwards to reach a value of USD 332.3 million, while the imports trended upwards to reach a peak of USD 335.3 million. The increase in imports was attributed mainly to the demand generated by tourism. It must be emphasized that within CARICOM countries, the situation in terms of the balance of trade in fishing products was not homogenous. The majority of islands that form part of the Lesser Antilles and which have high consumption of fish products, traditionally import fish to compensate for the stagnation in production and the increasing high demand. Other countries like Jamaica also import a considerable proportion of the fish consumed.

Land and Water

33. The loss of protected markets for traditional crops such as sugar and bananas from the majority of Caribbean countries has led to changes in the land use situation, and has put increasing pressure on the countries to develop a more efficient approach to production, management and marketing of agricultural crops in order to be competitive. In several countries the inefficient farmers have gone out of production. One important example is the case of St. Lucia where between 1992 and 2004, the number of banana farmers declined from 10,000 to 1,800 and production fell from 132,000 tons to 42, 000 tons. Today their farms remain idle and they no longer have a guaranteed source of income.

34. The inactive lands are an important resource, not only to the governments, in the case of state lands, but also to private land owners. Depending on the country´s sustainable development and land use policies these lands could represent a wasted resource if left in their present unproductive state. There is also the risk that prime agricultural land may be used for housing or industrial development if systems are not put in place to ensure that viable investments emerge. The development of a land bank therefore, offers a good opportunity for governments to safeguard the land for productive agricultural use. The lands may be leased to persons who are genuinely interested in agriculture, but who do not have the land on which to farm. In particular, it has the potential to be a driving force for the involvement of youth in agriculture. Depending on the lease arrangement, a farmer may also be able to use the land to access credit and so make further investments in agriculture to improve his/her wellbeing. The use of these idle lands for food production could also assist in governments' efforts at improving food security and reducing food importation. Moreover, there is an environmental benefit if the land is properly managed which would redound to the benefit of the community and country as a whole.

35. Increased analysis for the development of land banks is needed at different levels. At the policy level, the land bank would address the issues of land use, land zoning and agricultural diversification. Currently, in most countries, there is no articulated land use plan and reliable land information systems are needed to make informed decisions on land zoning and the appropriate crops for agricultural diversification. These crops must not only be well suited for the land area, but there must also be ready markets for the produce and value-added products and they also need to be competitive on the local, regional or international markets to provide an adequate level of income for the farmers. There are also legislative issues related to the conditions of the lease arrangements and the land transactions which also need to be considered as well as incentives to land owners to keep the land under agricultural use.

36. Between 2000 and 2007, the devastating effects of hurricanes Ivan, Emily, Jeanne and Francis on the islands including Haiti, Grenada, Jamaica and Dominica have highlighted the need for proper land use planning and sustainable land and water management to mitigate the effects of these extreme weather events. To this end, it is important to build capacity in land degradation assessment, and sustainable land management so that concrete actions can be taken at the local level to build resilience and so reduce losses caused by these extreme events.

37. In the area of water management, long periods of decline in the agricultural sector have also seen small island Caribbean governments increasing their investment in the tourism sector, with an increase in investment in tourism facilities. Notwithstanding the decline in tourist arrivals due to the financial crisis, the number of tourist arrivals to the Caribbean is expected to increase in the coming years. This increase in arrivals will place greater demands on the region's water resources, in addition to demands from the housing and manufacturing sectors.

38. Improvement in agricultural productivity will require greater investment in irrigation and water management, both nationally and at the farm level. Although some of the Caribbean countries are well endowed with water resources, most small farmers, particularly on the island states operate rain-fed production systems. As a result, the severe drought experienced throughout the region since August 2009 has severely affected farmer livelihoods, and may be indicative of the water stress that is likely to occur as a result of climate change. There is, therefore, need to develop national water information systems to provide reliable data to assess the available water supply and promote sustainable use of the resource. The information system would also assist in developing Early Warning Systems as an important planning tool for sustainable water management. Moreover, there is need for increased capacity in rainwater harvesting and other water efficient technologies, which promote integrated water resources management to enable farmers to produce and be competitive even under conditions of reduced water availability. Most importantly, water policy should include allocation strategies which view the agricultural sector as an important component of the economy, so that water for agriculture is not sacrificed during periods of drought.

Climate Change and Disaster Risk Management

39. Since many of the countries of the Caribbean are small island developing states, the effects of climate change on their economic activities, including agriculture, are expected to be pronounced. It is therefore critical that the Caribbean contributes to the development of a global and regional framework which seeks to alleviate the effects of climate change through the sustainable use of resources, including, reduction in the levels of deforestation and soil erosion in countries that experience these phenomena.

40. Although there are alleviation measures that sub regional countries can implement re climate change, they are mainly dependant on the decisions and measures taken by developed and emerging countries. However, climate change is one reality that is here to stay and the Caribbean sub-region is one of the most exposed regions in the world to its negative effects. For example, in recent years, changes in rain fall patterns and hurricanes (the 2005 season was particularly devastating) are being observed. The International Panel on Climate Change considers these changes along with the increase in average temperatures to be statistically significant. In addition, these projections indicate that the rain regime will continue to change significantly (positively or negatively), and that before the end of the century temperatures will increase between 1 – 6 degrees, that hurricane patterns will also increase in terms of intensity and frequency. Sea levels will continue to rise and will affect all coastal zones with devastating effects on low lying land areas and coral reefs (in Belize, Cuba etc.). These changes will also have an impact on bio diversity conservation of mangrove swamps and tropical forests. Climate change will have transversal effects on human activities (destruction of infrastructure and rural ways of life) and more specifically on all agricultural sectors (agriculture, farming, fishing and aquaculture and forestry) and rural sectors (including tourism). The effects will depend on the ability of each sector to adapt to the specific initiatives which have been taken to strengthen their ability to withstand these unusual events.

41. The increased probability of these catastrophic events occurring and the relevant damage that they will cause, determine the need for preventative action to be taken in order to reduce vulnerability. Several countries have developed national systems for disasters awareness, prevention and management, which involve various organizations relevant to the process of disaster response. At present, disaster management activities in the region have generally been focused on urban populations with reference to living conditions, water, drainage, health and infrastructure, while in spite of the enormous social and economic impacts which disasters have on agriculture and the way of life in rural populations, very little has been done to develop and implement Programmes aimed at strengthening disaster management systems in the rural agricultural sector. The experiences of Cuba in the area of Disaster Risk Management (DRM) could certainly be used to improve capacities in the other countries in the Sub-Region.

42. The strengthening of DRM within the agricultural sector of CARICOM member countries is being coordinated under the Agricultural Sector DRM Committee that is mandated to report to both COTED and to CDEMA’s CDM Coordination and Harmonization Council (CDM CHC). The Committee which is chaired by the Minister of Agriculture responsible for DRM under the Jagdeo Initiative is charged with the responsibilities to recommend policies for addressing the DRM constraint, to provide guidance for mainstreaming Comprehensive Disaster Management at the national and regional levels in the agricultural sector and to initiate and promote ideas, methods and instruments for addressing the DRM constraint. Under the umbrella of the Committee, several institutions are implementing initiatives related to DRM including, agricultural insurance products, community based demonstrations of DRM best practices in the agricultural sector, weather forecasting models and early warning systems for the sector, and initiatives to tackle preadial larceny. The need to gather information at the national level and share experiences of countries and agencies remain a major challenge to realizing the mandate of the Committee and achieving meaningful impact in the area of DRM for the agricultural sector including fisheries and forestry.

Opportunities, Challenges and Priorities

43. FAO, through its regional, sub-regional and country offices holds consultations with national and international agricultural and rural institutions, including public, private, non-governmental and civil society, in order to develop its program of work with countries. This process uses a planning instrument known as a National Medium Term Priority Framework (MTPF) to identify priority areas where the Government is interested in FAO's using its comparative advantage to assist food, agricultural and rural area development. This section provides information, arising from the above process, from a Caribbean sub-regional perspective on these opportunities, priorities and challenges. Immediately below some of the opportunities are briefly elaborated. In the next section critical priorities and challenges presented include those related to supply expansion (increasing production and productivity), improving product quality needed to enter markets(agricultural health and food safety) and managing natural resources (climate change and disaster management).

Opportunities

44. The Caribbean region continues to import billions of dollars of food products, most importantly, cereals, oil crops, milk, meat, fruits and vegetables and the trade balance between agricultural exports and imports continues to widen. In light of this reality and the major changes in agricultural and food product markets globally, international agreements such as the CARIFORUM Economic Partnership Agreement with the European Union, regional and bilateral trade agreements and increasing concerns about food security within Caribbean states, priorities and opportunities are being revisited by these countries as agricultural and rural area development is being pursued. Among the opportunities are the following:

45. <u>Growing domestic and regional food markets</u> – as a result of the high prices of imported food products in 2008, there has been the increased use of traditional foods, often linked to small livestock, peas and beans, roots and fruits grown locally. This market opportunity is even greater as closer ties are established across Caribbean countries integrating the smaller island markets with those of Haiti, the Dominican Republic and Cuba. The tourism market in some states remains a major food demand opportunity and greater penetration of the mass tourism hotel and cruise ship menu is an opportunity to be developed and exploited.

46. <u>Growing domestic and regional feed markets</u> – livestock production, mainly poultry, has been established on the basis of imported feed, mainly corn and soybean. As emerging economies have bought more grain on the world market and as bio-energy production and use have expanded, the resulting higher feed grain prices has pushed Caribbean producers to use greater proportions of domestic raw materials in livestock feed. Even though these feed prices have declined substantially from their peaks reached in June/July 2008, they are still high and volatile. Thus, expansion of the use of rice and cassava in poultry feed are opportunities to be accessed. In the case of pigs, the increased use of local agricultural products and byproducts in a systematic manner, including fruits and roots, remains another market opportunity. Milk and dairy product price rises were among the highest and will remain higher than the original base prices leading to possibilities of increased milk production competitiveness.

47. <u>Increasing trade opportunities</u> – with greater attention in international and regional trade agreements (EU/ACP, WTO, regional and bilateral) to removing barriers to trade of agricultural products, there is an opportunity to address the decline in some traditional agricultural export and diversify both the production and trading base of Caribbean countries. An increasing number of different agricultural products are already growing in export importance – pepper, pineapple and papaya being examples. There are considerable value-added opportunities in these non-traditional product lines and success in some member countries underline the possibilities. Niche markets related to organic production systems, medicinal plants and health foods, and diaspora demand of culture foods can be expanded if the volumes and quality were available. Options linked to strategic policy interventions also exist in the forestry and fishery sectors.

Challenges and Priorities

48. Recognizing the important contribution of the agricultural and rural sector to the economies of the region and to improving the lives of all citizens, Caribbean Governments have indicated their commitment to increasing food security, promoting agricultural sector growth and establishing sustainable systems for development in rural areas. To achieve these goals, challenges and priorities generally include addressing such areas as the policy environment, building human and institutional capacities, promoting business enterprises and organizations, and using improved information and technology.

49. It is well understood that carefully planned and the appropriate polices need to be in place, thus, both at the national and regional levels, policy work is underway to establish <u>an appropriate enabling environment</u>, to make sure that enterprises, producers and investment partners have the facilities to act and the incentives that will not only make them act but also realize the rewards of their efforts.

50. It is also essential <u>to build human and institutional capacities</u> so that the management and coordination that is so critical to success is present in all the initiatives at the national and regional levels. Thus, linkages with education, health, infrastructure and other sectors are necessary for achieving agricultural sector and rural area development goals.

51. The importance of the private sector to establishing and expanding <u>business enterprises and stakeholder organizations</u> thereby increasing the number and capacity of entrepreneurs in the region is fundamental to increasing production. Enabling a wide range of stakeholders, especially small and young farmers, to participate more fully and effectively all along the commodity chain is needed.

52. The major changes over the last decade in <u>information and technology systems</u> require that these instruments and facilities be at the disposal of producers if they are to be competitive. Production and marketing related information technology goods and services available should be driven by a demand for them to ensure that they are appropriate, accessible and utilized.

53. More specifically, several priority areas as challenges to be addressed are identified for the CARICOM sub region in the Jagdeo Initiative. These are:

- Inadequate financing and investment in the sector.
- Inefficient and outdated Agricultural Health and Food Safety Regulation.
- Inadequate Land and Water Resource Distribution.
- Deficient and uncoordinated Disaster Risk Management, including Praedial Larceny.
- Weak marketing Systems, linkages and marketing development.
- Ineffective research and development.
- Lack of skilled human resources.
- Fragmented and unorganized private sector.
- Inadequate transportation system.

54. All of these constraints are not relevant to the larger countries of the region, for instance, Cuba and the Dominican Republic. However, there is a wider consensus that arises from assessments across the Caribbean. These have yielded a smaller number of constraints to be treated as high priorities in promoting agricultural and rural area development. These are described briefly to conclude this note.

55. <u>Increasing production and productivity</u> levels is an essential step in improving agricultural and rural area livelihoods. More often than not the volume of products available and the levels of productivity along the supply chain make the product uncompetitive. The low volumes result in higher costs to transport, to purchase and to sell. Thus, agricultural policy incentives are needed to encourage scaling up of activities across small producers to levels that more readily justify using improved inputs, thereby allowing economies of scale and reducing transaction costs.

56. As increasing the production base and its productivity is contemplated, it is important that activities promoting change include improved Animal and Plant Health and Food Safety services to reduce on farm losses and increase product quality. These services are needed to protect investments and permit increased market access and should be concentrated at all points on the value chain. On March 12, 2010 the CARICOM region made an important step toward addressing this challenge with the establishment of the Caribbean Agricultural Heath and Food Safety Agency (CAHFSA), based in Suriname. CAHFSA will assist Members to develop and strengthen their own agricultural health and food safety systems and infrastructure; establishing an effective and efficient sanitary and phyto-sanitary regime for the Community; coordinating agricultural health and food safety matters in the region, as well as providing advice and guidance to members with respect to international matters mainly relating to trade in agricultural products. In addition, CAHFSA will aim to support countries in meeting their obligations with respect to the WTO-SPS Measures Agreement and assist in developing harmonized regional and international standards for agricultural products.

57. The need for logistics improvement for efficient marketing is not sufficiently recognized and as a result, is often a very large contributor to higher final product costs. Caribbean countries rank low in evaluations that benchmark the efficiency of trucking, customs brokering, warehousing and related marketing services. High costs at this level turn otherwise efficient industries at the farm or factory level into uncompetitive enterprises at the point of marketing.

Finally, establishing sustainable enterprises and systems is perhaps the highest and most integrated priority. It includes natural resource management considerations in terms of use of land and water. Further, it anticipates shocks on the production and marketing system such as hurricanes or high prices of inputs and establishes disaster risk management systems to mitigate and rehabilitate as needed in the event of negative impacts on the production and livelihood systems.