

Executive brief

Caribbean: Agricultural trade policy debates and developments

1. Background and key issues

2. Latest developments

Global developments impacting on Caribbean agriculture

Regional agricultural policy developments

Subtle yet significant changes in patterns of Caribbean exports

Moving forward with EPA implementation

Other trade arrangements and negotiations

3. Current policy debates and issues

Developing common rules to underpin harmonisation

Addressing globalisation challenges through modern market management measures

Reforming commodity boards

The public policy framework for private sector-led restructuring

Defining synergies at national and regional levels

Using new trade arrangements to support repositioning strategies

1. Background and key issues

Agriculture in the Caribbean Community (CARICOM) continues to be an important contributor to Gross Domestic Product (GDP), employment and foreign exchange earnings. This has been recognised in the recent emphasis placed on financing agricultural development initiatives. However, overall the performance of agriculture is a cause for concern in all countries. Indeed, the capacity of agriculture to deliver on broader national and regional development goals is seen as having been compromised by a steady decline in its leading traditional sectors, most notably sugar and bananas.

In trade terms, most countries in the region face worsening agricultural trade deficits, with only Belize and Guyana running agricultural trade surpluses. The increasing difficulties faced in penetrating standards-based export markets has in part served to shift the emphasis towards production for local markets where standards are less strict.

Among the diverse options for agri-food production, crops, small ruminants and poultry have dominated the development

agenda. Despite the trends towards liberalisation, food and agricultural products enjoy higher than average levels of tariff and 'para-tariff' protection. There is currently an ongoing review of the CARICOM common external tariff (CET) which seeks to assess its impact on production and trade, to secure its uniform implementation.

Efforts however continue to enhance trade opportunities for agri-food products through trade negotiations and developing local capacities to effectively exploit available opportunities. In the medium-term, the region will continue to confront a number of challenges including:

- redefining the role of agriculture in the light of rising global prices, increased price volatility, aspirations to develop greater local value addition within agri-food chains, and a slow growing and vulnerable tourism sector;
- repositioning agricultural exports within evolving global markets and importantly, the regional single economic space and common market;

- successfully moving towards harmonised agricultural policies and effective functional cooperation, particularly with respect to addressing common challenges through regional institutions that facilitate intra-regional trade in agri-food goods and services;
- promoting the development of modern market management tools to manage price volatility, agricultural trade distortion and challenges of globalisation, including through reform of commodity boards and the establishment of new regulatory frameworks;
- more clearly articulating the role of trade policy measures in support of agricultural development strategies;
- more clearly defining the role of the public sector in supporting private sector-led agri-food sector repositioning processes.

These and a number of other more specific challenges are acknowledged in the recent regional agricultural policies, namely the Regional Food and Nutrition Security Policy (RFNSP) and the Caribbean Community Agriculture Policy (CCAP). These policies are positioned as the overarching framework for the development of the food and agriculture sector in the region, with implications also for the nature and scope of trade policies being pursued and/or negotiated.

2. Latest developments

Global developments impacting on Caribbean agriculture

There are a number of inter-connected global developments impacting on agricultural development in the Caribbean,

the most prominent of which is continued high and volatile food and agricultural commodity prices. This is leading most Caribbean governments to place a high priority on rebuilding

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domestic food production. Illustrative of this are developments in Trinidad and Tobago, where the government has unveiled its ‘Agriculture Now’ strategy, with a focus on substantially increasing domestic food production. In countries such as Jamaica, private companies have raised the role of tariff policy in nurturing increased local food and agricultural production (see *Agritrade* article ‘[High beef prices are stimulating a rethink of Caribbean beef tariff policies](#)’, 12 February 2012).

Concerns over high global food prices are accompanied by new challenges arising from heightened global price volatility. This has been compounded by changes on traditional export markets (e.g. EU sugar reforms). This is illustrated by the very different prices

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obtained for consignments of Jamaican sugar in the course of a season (€370/tonne and €333.2/t plus profit sharing under pre-financing contracts, and US\$936.98/t in August 2011 – see *Agritrade* article ‘[Short-term earnings windfall projected in Jamaican sugar sector](#)’, 6 September 2011). This highlights the general challenge facing Caribbean agricultural exporters: how

to maximise earnings in an era of heightened global price volatility. It also raises important new issues related to strengthening the functioning of agricultural supply chains, such that primary producers are not left at the mercy of increasingly volatile global markets.

The second major development impacting on Caribbean agriculture is the deepening process of trade liberalisation and globalisation. This is seeing a more direct transmission of global price movements to domestic Caribbean markets and the more rapid transmission of the consequences of global developments to Caribbean economies (e.g. the impact of the financial/euro crisis on Caribbean economies).

A third major development relates to processes of climate change and associated environmental challenges. This is exacerbating trends towards heightened price volatility. The Caribbean Agricultural Research and Development Institute (CARDI) reports that reduced water availability will have adverse effects on agricultural productivity, costs of production and yield levels. This, in turn, will adversely impact availability, stability and prices of food supplies, in a context where CARICOM is already paying over USD\$3.5 billion annually to import food.

Regional agricultural policy developments

The Community Agricultural Policy

The CARICOM Community Agricultural Policy document adopted in October 2011 proposes a regional agricultural policy which aims to create ‘one regional space for production, processing, trade and investments’ in the agri-food sector. This is to be achieved through a process of harmonisation of national agricultural policies within a

regional framework based on the principles of ‘subsidiarity’ (e.g. regional action is only taken where it is more effective, with national jurisdiction being

“A CARICOM Community Agricultural Policy document was adopted in October 2011”

the rule) and ‘complementarity’ (e.g. taking into account the comparative advantage of different countries for different services and products).

Particular emphasis is placed on:

- exploiting opportunities for niche marketing;
- branding and quality-based product differentiation and promoting movement up agri-food value chains;
- taking into account comparative advantage;
- cross-sector and cross-border linkages (e.g. linking regional maize producers to regional poultry producers: see *Agritrade* interview ‘[Securing the future of the Caribbean poultry sector](#)’, 12 November 2011).

This is seen as complementary to efforts to promote improved productivity and enhanced competitiveness.

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The policy framework for structural repositioning of the Caribbean agri-food sector sees developments being largely private sector-led, with the public sector playing a supporting role. How this is

to operate in practice is to be elaborated at the sector level.

In certain specific areas implementation responsibilities are to be delegated to existing regional bodies while institutional strengthening is seen as essential at both the regional and national level (for more details see *Agritrade* Special Report ‘The Caribbean Community Agricultural Policy’, forthcoming 2012).

The Regional Food and Nutrition Security Policy

The Caribbean Regional Food and Nutrition Security Policy (RFNSP) was approved in October 2010 with the objective of achieving ‘the optimum degree of self-reliance through a strategy of feeding, clothing and housing the

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population, utilising to the greatest extent possible and feasible, indigenous raw materials, human and natural resources’. There are a number of synergies between the RFNSP and the Caribbean Community Agricultural Policy. The RFNSP seeks to build on ‘the comparative advantage of individual

Member states to improve availability, accessibility and affordability of food’ with concerted regional action where this is more cost effective. With the RFNSP’s emphasis on a multi-sectoral approach, there is a move away from ‘equating food security with food availability’. A more detailed RFNSP Action Plan was approved in October 2011 as the basis for guiding member states’ actions at both the national and regional levels.

The revised Organisation of Eastern Caribbean States action plan on agriculture

In the light of difficulties faced in implementing the original plan, 2011–12 saw greater stakeholder involvement in drawing up a revised Organisation of Eastern Caribbean States (OECS) action plan on agriculture. This gave rise to the identification of eight priority programme objectives and numerous

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associated action plans. A variety of sector-based initiatives for the development of production and strengthening of marketing are being implemented at national level, in line with national potential, with pan-OECS collaboration where deemed appropriate (see *Agritrade* article ‘[Potential for exotic fruit and vegetable exports to UK emerging](#)’, 19 February 2012).

The OECS plan adopts the same value chain approach used in the wider CARICOM region, with an emphasis on private sector-led strategies to transform OECS agriculture, in the context of public–private sector partnerships. Particular importance was attached to the development of agro-tourism value chains and the integration of poverty considerations into commercial supply chains and getting to grips with climate-related challenges.

In addition, particular emphasis is placed on transforming and upgrading the institutional and regulatory framework, particularly around SPS (Sanitary and Phytosanitary) and food safety issues. The planks of the revised OECS action plan revolve around:

- the identification of regional interventions that will strengthen and accelerate national programmes;
- the development of harmonised regional programmes;
- capacity building at national and regional levels in both the public and private sectors.

The CARICOM single market and economy

The CARICOM has had a customs union in place since 1974, with a CET and a principle of duty-free movement of originating goods within the CARICOM area. The aim is to move to a single market and economy, with agreed common regionwide standards and free movement of goods, labour, capital and services, with reciprocal rights of establishment.

Within CARICOM special treatment is extended to sensitive industries in Haiti, the OECS and Belize. This allows full duty-free access for exports from these countries but allows the maintenance

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of restrictions on imports of sensitive products from the more developed countries of CARICOM. Currently 13 of CARICOM’s 15 members are actively participating in the CARICOM single market and economy (SME) initiative.

A January 2012 CARICOM Secretariat press release noted that the fullest compliance with CARICOM SME objectives was being achieved under the ‘free movement of goods’ pillar (80% compliance compared to an overall average of 64%). However, a

2010 documentation exercise indicated that member states still tended to use quantitative restrictions (QRs) to control the volume of both extra-regional and regional agriculture and food imports. This was commonly justified on national food security grounds, with full free trade creating gluts, lowering prices and undermining producer incomes.

In addition, divergent food standards can inhibit trade. During 2011–12 bilateral agreements on food standards have been concluded in a pragmatic attempt to move towards common regional standards. Guyana has been in the forefront of such initiatives, concluding protocols covering a range of fresh agricultural produce – mainly crops – with Antigua and Barbuda, Barbados, Saint Lucia and Trinidad and Tobago. However, there are dangers in building common standards on the basis of a multi-pronged network of bilateral arrangements. In this context the need ‘to increase production and trade in agriculture and fisheries which meet international standards’ is a major objective of the planned EU-funded SPS measures programme.

In the course of 2011, the issue of common standards also came into force in the poultry sector. Caribbean poultry producers have called on governments to initiate a number of standards-related measures across the region:

- first, a requirement that poultry must be sold to the final consumer in the packaging in which it leaves the processors, i.e. retail-ready;
- second, products that have been frozen cannot be sold as chilled, nor defrosted and sold as chilled;
- third, an enhanced regulatory framework for the labelling of poultry products should be introduced.

The harmonisation of non-tariff regulatory measures can be seen as a precondition for the development of intra-regional supply chains not only for

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poultry products (see *Agritrade* interview ‘Securing the future of the Caribbean poultry sector’, 12 November 2011), but also for agri-food products in general.

There are many exceptions in the application of the CET. For example, the March 2012 WTO trade policy review of Trinidad and Tobago identified no less than 93 exceptions to the CARICOM CET, mainly for agricultural products. A range of surcharges and levies on agricultural imports were also applied (see *Agritrade* article ‘Agricultural exports continue to decline in Trinidad and Tobago’, 6 April 2012). Supplementary levies are also a feature of Jamaica’s trade regime, despite the overall trend away from protectionism. According to figures contained in the WTO trade policy review for Jamaica, on average ‘para-tariffs’ provide approximately 60% of the effective protection enjoyed by agricultural products (see *Agritrade* article ‘Jamaican agricultural trade policy reviewed under WTO TPR process’, 3 April 2011).

CARICOM also has in place a partially reciprocal trade deal with the Dominican Republic. This provides for asymmetrical application of the principle of reciprocity, with reciprocity applying to the five most developed countries of CARICOM and, on a transitional basis, non-reciprocity to trade with the other members.

Redefining the role of commodity boards

Redefining the role of commodity boards in the context of globalisation and liberalisation emerged as a challenge in 2011–12 across the region, with a strong public debate in Jamaica.

At the beginning of 2012, questions were raised about the future role of the Cocoa Industry Board, which was felt to be insufficiently responsive to increasingly differentiated global cocoa markets. Producer representatives began seeking closer relationships with end users of fine flavoured cocoa, to secure price premiums by more effectively meeting quality requirement (see *Agritrade* articles ‘[More dynamic marketing is key to growth in Jamaica cocoa sector](#)’, 19 February 2012 and ‘[Jamaican cocoa farmers seeking to improve returns by direct marketing](#)’, 10 June 2011). A similar process is under way in Trinidad with efforts to establish direct links with international chocolatiers. However, the government is also seeking to promote local value-added processing of fine flavoured cocoa. This can sit uneasily with building long-term supply relationships for premium quality fine flavoured cocoa processors based outside the Caribbean.

The coffee sector faces slightly different challenges. Here assisting producers to understand the wide variety of product differentiation schemes available and to facilitate a process that enables them to secure higher returns on a sustainable basis is an important emerging priority.

The privatisation of the Jamaican sugar industry also threw up challenges for the Sugar Industry Authority (SIA), the sole importer and exporter of sugar under current legislation. Chinese investors in the Pan Caribbean Sugar Company have now been licensed to trade sugar on their own account and have

even offered to act as agents for other estates on a purely commercial basis, with this raising questions about the future of the Jamaican SIA (see *Agritrade* articles ‘[Debate on marketing arrangements for Jamaican sugar](#)’, 8 April 2012 and ‘[Pan Caribbean Sugar Company sets out its vision](#)’, 7 May 2011).

Given the inequalities in power relationships along sugar supply chains, lessons could potentially be drawn from evolving EU policies on strengthening the functioning of agricultural supply chains, in defining a new role for traditional commodity boards beyond just exporters of raw materials. This is important, since the region has emphasised the need to move beyond simply ‘supplying bulk commodities’ to transforming the region’s insertion into various value chains. Indeed, the CCAP makes explicit mention of ‘improving marketability of Caribbean products based on niche marketing and distinctive branding.’

These developments around the Caribbean highlight the need to redefine the role of commodity boards in the light of:

- efforts to promote the production and marketing of quality differentiated products;
- efforts to promote movement up the value chain;
- the need to strengthen the functioning of supply chains in an era of globalisation, liberalisation and increased global price volatility.

Getting to grips with food safety challenges

The introduction of new US food safety regulations in 2011 gave new urgency to CARIFORUM (the Forum of Caribbean ACP states) efforts to modernise and harmonise food safety standards,

upgrade testing facilities and strengthen verification and control systems. In Jamaica’s case it was estimated that

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up to 80% of food product exports to the US could be adversely affected by regulations to be introduced during 2012. The challenges faced related not only to compliance requirements at the company level but also with regard to the infrastructure in place for testing. Local laboratories were reported as being ill-equipped to meet the requirements and handle the volume of work to be created under new food safety law (see *Agritrade* articles ‘[Serious food safety challenges face Jamaican exports to US markets](#)’, 6 October 2011 and ‘[Contrary signs on impact of stricter US food safety regulation on Jamaican exports](#)’, 28 November 2011).

Significantly, although the Caribbean Agricultural Health and Food Safety Agency (CAHFSA) was inaugurated in Suriname in 18 March 2010, it has not yet become operational, with difficulties being faced in mobilising financing. Member states’ authorities have, therefore, had to adopt purely national initiatives to meet these challenges, despite the potential cost savings to be made through regional level initiatives. This is a major matter of concern since SPS, food safety, official standards and retailer standards are increasingly the major cause of barriers to trade.

Subtle yet significant changes in patterns of Caribbean exports

There has been a long-standing policy commitment in the Caribbean to diversify trade relations. Until recently these

efforts had yielded only limited success. However, the process of decline in the benefits derived from traditional trade relations with the EU has begun to accelerate, giving added impetus to the need for diversification.

Thus, following the implementation of rice sector reforms in the EU – which saw EU rice prices follow world market trends – we find that Guyana's rice export trade has begun to shift away from the EU – where significant price premiums no longer exist – towards Latin American markets, primarily Venezuela. (In 1993 rice exports to the EU accounted for 80% but by 2010 they had fallen to 54%.) In October 2011, a major new annual supply agreement with Venezuela was announced. However, this coincided with calls from the Minister of Agriculture for rice exporters not to neglect traditional markets (see *Agritrade* article '[Guyana's rice exporters urged not to neglect traditional markets](#)', 23 November 2011).

Guyana's rice trade profile is now more in line with that of Suriname, where around 50% of exports are destined for EU markets, 30% for regional Caribbean markets and 14% for Latin American markets.

In some sectors, therefore, non-traditional markets are seen as being complementary rather than alternatives to traditional markets. This market

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diversification can be seen as an important coping strategy in an era of heightened exchange rate volatility and the vulnerability of certain markets to economic or political turmoil (e.g. the knock-on effects of political conflict in northern Africa on EU banana markets).

However, this direction of diversification efforts varies within the Caribbean. On the back of new trade preferences granted in 2001, the Dominican Republic has expanded its exports of sugar, bananas and other horticultural commodities to the EU as part of its efforts to diversify away from excessive dependence on the US market.

In the sugar sector, Jamaican market diversification is likely to be closely linked to patterns of investment. In 2012, the Chinese-owned Pan Caribbean Sugar Company (PCSC) securing the right to market its own sugar (see *Agritrade* article '[New marketing agency agreement signed with PCSC](#)', 18 June 2012). Since the Chair of PCSC has indicated that the parent company, Complant, sees its longer-term investments in ACP countries as supplying the Chinese market with sugar (see *Agritrade* article '[Pan Caribbean Sugar Company sets out its vision](#)', 7 May 2012), this brings into question the established trade with European refiners (Tate & Lyle and Eridania).

In sectors such as rice, sugar and to a certain extent bananas, diversification is not so much a product of the 'pull' of new markets, as the 'push' arising from the changing realities on traditional markets. This issue is not limited to bulk commodities: the recent experience of Blue Mountain Coffee on the Japanese market, where demand has collapsed, illustrates how 'push' factors resulting from changing market realities can also generate imperatives to diversify even in high quality niche products. In 2011–12 signs began to emerge of progress in diversifying markets for Blue Mountain Coffee, with contracts being secured in the US (sales tripled since 2010), UK (marketing agreement with Harvey Nichols) and China (see *Agritrade* articles '[Some market diversification underway for Jamaican Blue Mountain coffee](#)', 5 July 2011 and '[Cor-](#)

[porate support for sustainable high quality coffee production in Jamaica](#)', 30 April 2012).

Similar trends are apparent in the cocoa sector, where efforts are underway to develop new direct supply relationships with high quality chocolate manufacturers (see *Agritrade* article, '[More dynamic marketing is key to growth in Jamaica cocoa sector](#)', 19 February 2012). This highlights the extent to which diversification is not just a question of the geographical configuration of exports, but also a question of the nature and function of the supply chains with which Caribbean producers engage.

While considerable emphasis is placed on the impact of the rise of Asia on the structure of global demand and global food product price trends, the effects on the Caribbean have largely been felt indirectly, via its impact on rising global prices from which Caribbean exporters gain benefits (e.g. for sugar and rice). At the policy level, there has been no particular prioritisation of trade negotiations with Asian countries. Relations with India can be taken as a case in point. According to CARICOM Secretariat analysis, exports to India are dominated by energy products, with most Caribbean exports facing low or zero tariffs. Trade negotiations with India, therefore, are not a priority (see *Agritrade* article '[CARICOM–India trade grows but could do more](#)', 30 January 2012).

Potentially of more short-term importance are efforts to develop cooperation in the field of agricultural research and disease control. These range from the introduction of new banana varieties from Honduras, which have both greater resilience to the Black Sigatoka disease (and provide better yields at lower input costs – see *Agritrade* article '[Reorientation of Jamaican banana sector underway](#)', 28 May 2012), through technical assistance from Taiwan in combatting

Black Sigatoka in St Lucia, to efforts to promote stronger links with the Brazilian Agricultural Research Corporation (Embrapa) for the transfer of knowledge and innovation in areas that range from food production and marketing to small-scale producer cooperatives, associations and family agriculture (see *Agritrade* article '[Caribbean's growing relations with emerging nations affect historical EU ties](#)', 25 October 2011).

A critical consideration in terms of the future evolution of CARIFORUM trade flows thus relates to the extent to which different markets offer opportunities for value addition and improved commercial returns. This issue of promoting value addition within food and agricultural supply chains, be it for national, regional or specific international markets, is increasingly taking centre stage within national and regional agri-food sector strategies

Moving forward with EPA implementation

In June 2011, the first meeting of the CARIFORUM–EU Trade and Development Committee took place, focusing on Economic Partnership Agreement (EPA) implementation. It was noted that

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while some Caribbean countries have started the process of tariff dismantling 'others have not due to capacity constraints'. In this context the EC maintained the EU would do its part to help CARIFORUM members 'turn commitments into action' (see *Agritrade* article '[First EPA implementation meeting held in Caribbean](#)', 9 August 2011). In June

2012 EC trade officials warned Caribbean governments that the EC's patience was 'running out' over the failure to implement agreed tariff cuts; according to press reports, the possibility of the EU taking non-implementation to arbitration was being raised.

In March 2012, as part of a €82 million three-pillar programme, some €46.5 million in EU assistance was earmarked for EPA implementation, including components dealing with SPS issues, technical barriers to trade and an extension of support to the rum sector. In addition, in May 2012, the launch of a €40 million Caribbean Investment Facility (CIF), aimed at closing the funding gap on major infrastructure projects was announced.

This followed on from the earlier emphasis by CARIFORUM representatives on the need for continued EU support in the face of accelerating processes of preference erosion, resulting from the EU's conclusion of free-trade area (FTA) agreements with a multiplicity of third countries (particularly in Latin America).

Over the course of 2011–12, the CARICOM Secretariat rolled out a programme of consultations and information meetings to heighten awareness of opportunities available under the EPA. These complemented national information efforts. This process saw challenges related to SPS, food safety and quality standards and their associated certification requirements highlighted as major constraints on the ability of Caribbean private sector operators to explore EPA trade opportunities. However, this was attributed in large part to shortcomings in national regulatory frameworks and the absence of essential laboratory infrastructure.

Nevertheless, this has led some analysts to take a pessimistic view of the overall impact of the EPA given the wider trade developments underway. Yet the CARIFORUM reality is complex, with the experience of CARICOM members and the Dominican Republic being quite divergent. The Dominican Republic's late entry in the ACP group meant that the new export opportunities were used to rebalance the traditional dependence on US markets. According to the Central Bank, since 2000, in US dollar terms exports to the EU have almost doubled (+35% in euro terms), increasing from US\$335.2 million to US\$611.3 million in 2010, with the EU's share of exports increasing from 5.8% to 9.4%.

In some sectors, the role of the Dominican Republic masks highly divergent trends in the CARIFORUM region. For example, in the banana sector, while between 2005 and 2010 banana exports to the EU from Jamaica and the Windward Islands fell 65% (with further decreases in 2011), total CARIFORUM banana exports increased 50% following a more than doubling of exports from the Dominican Republic (+158,836 tonnes) and Surinam (+25,179 tonnes). A similar though less dramatic trend is apparent in the sugar sector.

The decline of traditional exports, and only a slow rise of non-traditional exports in CARICOM, accounts for why some analysts have questioned the value of the EPA. However, many diverse initiatives in the agri-food sector are underway within the region, aimed at exploring EPA opportunities. This poses new challenges moving forward.

Other trade arrangements and negotiations

CARICOM bilateral agreements with regional neighbours

CARICOM has in place a network of bilateral trade deals with its regional neighbours including:

- a non-reciprocal trade agreement with Venezuela;
- a partially reciprocal trade agreement with Colombia;
- an agreement covering free trade or preferential access for a wide range of products with Costa Rica, differentiated with reference to the levels of development of CARICOM members and thereby accommodating sensitive products;
- and a trade agreement with Cuba.

Trade arrangements with the US

While the Dominican Republic is part of the FTA agreement with the US and Central American countries, CARICOM countries enjoy various levels of preference within the Caribbean Basin Initiative, which extend preferences to CARICOM countries partly under the Caribbean Basin Economic Recovery Act (CBERA) and partly under the Caribbean Basin Trade Partnership Act (CBTPA). However, with the exception of Haiti, St Lucia and Belize, the majority of CARICOM exports to the US take place under what is described by the US Trade representative as 'normal trade relations (free)'.

These preferences are non-reciprocal, and since March 2009 have enjoyed a WTO waiver, which is valid until 2014. Overall CARICOM's export trade with the US is thus dominated by

non-agricultural exports. Trade preferences are, however, important for agricultural exports with, for example, tariff-restricted access being granted to the US sugar market.

Some CARICOM members, notably Trinidad and Tobago (whose petroleum and methanol exports accounts for around three-quarters of CARICOM exports to the US) have expressed interest in negotiating a free-trade agreement with the US to safeguard market access for oil-based products beyond 2014. An impact assessment of a CARICOM-US FTA is to be undertaken.

Trade agreements with Canada

CARICOM has in place a trade and Economic Cooperation Agreement with Canada (CARIBCAN), which since 1998 has been extended to cover rum exports. The CARIBCAN agreement is a non-reciprocal preferential trade agreement that grants unilateral duty-free access to eligible goods from beneficiary countries in the English-speaking Caribbean. The waiver for this non-reciprocal agreement was extended to 31 December 2013 by the WTO General Council on 30 November 2011.

Discussions on a CARIBCAN FTA have been underway since November 2009. After a second round in March 2011, a third round was held in April 2011. This included the submission of proposed texts covering areas such as: agriculture and fisheries; alcoholic beverages; technical barriers to trade; SPS measures; development cooperation and safeguards. The discussions however proved inconclusive. A fourth round of discussions is expected to start in the last quarter of 2012.

3. Current policy debates and issues

Developing common rules to underpin harmonisation

Creating a single market for food and agricultural products without common rules governing national support policies can lead to distortions of intra-regional competition. In this context, harmonisation efforts will be required to develop, at sector level, common rules for fair competition between Caribbean producers operating within a single market. This will need to extend to the development of a common approach to the use of 'para-tariff' measures. Active region-wide private sector engagement in this process will be essential. Such common rules would appear essential for the application of principles of subsidiarity and complementarity which underpin the CCAP. It is expected that the ongoing review of the CET will constitute a major aspect of this process.

Addressing globalisation challenges through modern market management measures

The CCAP sees liberalisation and globalisation as conditioning factors for agricultural policy formulation. This is likely to require the use of what EC Agricultural Commissioner Dacian Cioloş describes as modern market management measures. In some sectors, such as the poultry sector, the regional producer association is beginning to articulate what such modern market management measures could comprise. Other sectors from sugar to coffee and cocoa highlight the importance of developing policies to

strengthen the functioning of supply chains, particularly if poverty considerations are to be increasingly integrated into policy support for the functioning of Caribbean agri-food supply chains.

The Caribbean Farmers Network (CAFAN) has taken upon itself to identify and spearhead the type of modern market instruments required to move the food crop sector from a fragmented to an integrated and competitive industry that meets both domestic and international market requirements.

A review of EU efforts to develop modern market management tools, as well as sector specific experiences in ACP countries in horticulture (Namibia) and sugar (Mauritius) could prove of value.

The need to develop modern market management measures needs to be seen in the context of the range of 'non-trivial policy changes' that Caribbean governments will be called upon to make from 2014, when EPA commitments will require the dismantling of a multiplicity of 'para-tariffs'. Policy initiatives now could serve to reduce the potential tensions and disputes, which might arise from the implementation of these EPA commitments.

Reforming commodity boards

The reform of existing commodity boards would appear essential in order to establish modern market management frameworks. Reform could include:

- strengthening producers' organisations for both production and marketing;
- assisting producers in finding their way through the multiplicity of product differentiation schemes to those yielding sustainable price premiums;

- facilitating the establishment of direct marketing links to end users, enabling producers to better understand and meet quality requirements which yield sustainable price premiums;

- supporting the development of private sector-based value-added processing strategies;

- establishing a new regulatory framework for strengthening the functioning of specific supply chains.

This could build on the experience of the Trinidad and Tobago Agribusiness Association (TTABA) that is successfully integrating the traditional functions of a commodity and marketing board into a value chain approach for the development of specific commodities for domestic consumption, including cassava, sweet potato and coconut water products.

The public policy framework for private sector-led restructuring

Given liberalisation, privatisation and globalisation processes underway, there is no guarantee that private sector-based agri-food sector development strategies will meet wider food security and public policy objectives for poverty alleviation. Regarding commitment to private sector-led repositioning processes, there is a need for a clearly articulated public policy framework that links private sector-led repositioning to wider public policy objectives. This then provides the justification for public policy measures in support of these private sector-led processes, whether in the form of trade policy measures, direct public assistance or tax breaks.

This requires a review of the use of traditional trade policy tools and the

development of new policy instruments. The EU experience under its rural development policy and reformed agricultural policy (e.g. policies on strengthening the function of supply chains and risk management), potentially holds important lessons in this regard, as do sector specific initiatives in ACP countries such as Namibia and Mauritius.

Defining synergies at national and regional levels

Caribbean countries are small by global standards. In addressing the diverse challenges faced, economies of scale could be gained from adopting a common regional approach. These need to be clearly defined and systematically and effectively developed, wherever possible building on existing national and regional initiatives.

While this is at the heart of the CCAP approach, it needs to be backed up by the mobilisation of the requisite resources to deliver on commonly expressed regional aspirations.

The role of CARICOM organs will be critical in this regard, although one should recognise that fiscal difficulties at member states level could hold back effective mobilisation of resources for such regional bodies.

Using new trade arrangements to support repositioning strategies

Opportunities exist within agri-food product markets in the EU and elsewhere, including regional markets themselves, for high quality and value-added food and agricultural products. These are often small but vibrant new areas of market potential, where initiatives are already underway to support further development.

The policy challenge faced is to identify these various initiatives and create mechanisms to magnify their effectiveness and promote their replication in other sectors and in other CARIFORUM countries. While this requires a range of domestic policy changes within a harmonised regional framework, it also requires careful elaboration of the 'development dimension' of new trade agreements. This is particularly the case in dealing with non-tariff measures that can become significant barriers to trade,

and in promoting better understanding of evolving markets (particularly quality-differentiated product markets) and changing routes to market (e.g. the emergence of direct purchasing arrangements by supermarkets for the supply of bananas).

In dealings with the EU, this raises the question: Can the EPA framework be moulded into an effective mechanism for supporting the Caribbean in meet-

ing agri-food sector repositioning challenges?

Indeed, this question can be seen to arise across a number of trade negotiations in which CARIFORUM governments are engaged, as well the various trade agreements already in place where only limited benefits in terms of agricultural development have been secured.

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About this update

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