

Agricultural Trade Issues in CARICOM

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Nigel Durrant
CARICOM Secretariat
nigel.durrant@crnm.org

The Trade Regime

- * Same as for other products – CET, Rules of Origin
- * Levels of CET are generally higher for agricultural products with a range attracting tariffs of 40%
- * Rules of origin – the product-specific rules for agricultural products are more likely to require the use of regional inputs
- * Rules of origin for fish – products obtained within the territory of any member state (including territorial waters) qualify as “wholly produced”. For products obtained elsewhere, qualifying criteria are based on the nationality of the vessel.
- * The issue of suspensions of the CET and derogations from the rules of origin is a continuing source of irritation for some CARICOM producers who trade within the region

The Trade Regime (cont'd)

- * WTO bindings of most CARICOM countries set at 100% (exceptions being Haiti and Suriname) compared to 50% for non-agricultural goods (including fish)
- * The current WTO negotiations (Doha work programme) will not result in a reduction of CARICOM CET, given the concessions that we have negotiated
- * EPA and other trade agreements – these are reciprocal in nature so concessions have to be made in respect of granting duty free treatment to the other party(ies). However, for several bilateral agreements (Cuba, Dom Rep, Costa Rica) CARICOM LDCs (OECS & Belize) are not required to reciprocate.
- * CARICOM has maintained a very defensive position in all trade negotiations, especially in agriculture. In the EPA, some 70% of tariff lines were excluded by the CARIFORUM (CARICOM + DR) from its commitments

St. Kitts/Nevis – agricultural situation

Crops, meat, fish and livestock production

- * **Production from tree crops** increased from 361.1 thousand kg in 2004 to 423 thousand in 2008 and recorded an increase of **17.1%** over this period.
- * **Production of Fruits** recorded a marginal production increase of **3.1%** i.e. moving from 292.3m in 2004 to 301.4m kg in 2008.
- * **Root crop production** increased from 324,200 kg in 2004 to 522,300 kg in 2008 an increase of **61.0%**.
- * **Vegetable production** increased from 819,400 in 2004 to 861,700 kg in 2008; a growth rate of **5.0%** over the period.

SKN – agricultural situation (cont'd)

- * **Meat production** increased from 282,400 kg in 2004 to 318,700 kg in 2008, an increase of **12.8%**. Production of beef and pork accounted for 81.8% of the total domestic meat output with contributions of 43.6% and 38.2% respectively.
- * **Fish production** was 44,500 kg in 2004 and recorded a **decline of 8.9%** when compared to output in 2008.

SKN – agricultural situation (cont'd)

Trade flows

- * Food **exports declined** from EC\$32.9m (USD12.2m) in 2004 to EC\$2.1m (USD0.8m) in 2008, a decrease of **94%**, directly attributable to the closure of the sugar industry in 2005–2006.
- * Two (2) food export commodities, namely frozen **conch** and **monkeys**, account for **81.9%** or EC\$1,642,300 (USD743,000) of food export earnings in 2008. The individual values of these commodities were 57.9% and 24% of total food exports.
- * The **non-CARICOM countries** accounted for **98%** of food exports as compared to 2% for CARICOM countries. The flow of food exports to non-CARICOM countries increased from EC\$619,300 (USD229,400) in 2005 to EC\$1,927,200 (USD713,800) in 2008 and registered a significant increase of 211% or approximately **42% per annum**.

SKN – agricultural situation (cont'd)

- * The value of **food imports** increased from EC\$81.2m (USD30.1m) in 2004 to EC\$132.4m (USD49m) in 2008 and represented via marginal increase of **63.1%** over the period.
- * **Non-CARICOM countries** accounted for **85.1%** of food imports as compared to **14.9%** for **CARICOM countries**. The flow of food imports from non-CARICOM countries increased from EC\$69.4m (USD25.4m) in 2004 to EC\$112.2m (USD41.5m) in 2008 and registered an increase of **61.6%** or approximately 12% per annum.
- * Imports from **CARICOM countries** increased from EC\$11.7m (USD4.3m) in 2004 to EC\$20.2m (USD7.5m) in 2008; resulting in an annual growth rate **14.3%** over the period.

SKN – agricultural situation (cont'd)

Food Exports Relative to Total Exports

	2004	2005	2006	2007	2008	Average
St Kitts / Nevis	25.6	0.6	0.9	1.2	1.1	5.5
CARICOM	10.5	7.6	6.0	6.4	5.3	6.7

SKN – agricultural situation (cont'd)

Main Agri & Fish Exports

HS		US\$ '000	Main Partners
0306	Crustaceans	458	Guadeloupe, Neth Antilles
2201	Waters (no sugar added)	236	Anguilla, BVI
2202	Waters (added sugar etc.)	947	Grenada, Montserrat, oth CARICOM
2203	Beer etc.	1,564	CARICOM
2206	Oth fermented beverages	347	Neth Antilles, US
2208	Undenatured ethyl alcohol	459	Germany, US

SKN – agricultural situation (cont'd)

Food Imports relative to Value of Total Imports

Country	2004	2005	2006	2007	2008	Average
St. Kitts/Nevis	5.5	6.6	6.5	6.8	7.5	6.6
CARICOM	13.5	12.3	11.4	12.0	10.7	11.8

Sanitary & Phytosanitary Measures (SPS) – Basic Principles

- * What does the CARICOM treaty say about SPS?
 - * As part of the **Community Agricultural Policy** (Art 57) – “the Community shall promote and support ... the establishment of an effective regime of sanitary and phytosanitary measures;
 - * As part of the **legal infrastructure** (Art 74) - Member States shall harmonize their laws and administrative practices in respect of standards and technical regulations.... labelling of food and drugs; sanitary and phytosanitary measures

SPS – Basic Principles (cont'd)

- * As members of the **WTO**, commitments as set out in the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement).
- * The WTO SPS agreement recognizes the **right** of countries to apply measures aimed at protecting their agricultural health, human health and environment. Equally, it imposes the **obligation** on countries not to use SPS measures as disguised protection for their producers.
- * Some basic principles are:
 - * Harmonization
 - * Equivalence
 - * Risk assessment
 - * Appropriate level of Sanitary or Phytosanitary protection (ALOP)
 - * Regional conditions / pest free areas
 - * Transparency

SPS – Basic Principles (cont'd)

- * **Harmonization**

- * Members commit to using international standards as far as possible. Where higher standards are deemed necessary, they must be scientifically justified in accordance with internationally accepted **risk assessment** procedures aimed at establishing the **appropriate level of protection**
- * Three organizations (the “three sisters”) recognized as the source of international standards – IPPC (plant health), Codex Alimentarius (food safety), and OIE (animal health)

- * **Equivalence:**

- * Importing countries are required to recognize the measures of an exporting country, which may be different from those required by the importing country but which can be demonstrated to have equivalent effect in terms of providing the importing country with the **appropriate level of protection**

SPS – Basic Principles (cont'd)

- * **Regional Conditions / Pest-free areas**

- * Importing countries must consider differences in the incidence of pests and diseases based on regional conditions within exporting countries. Exporting countries must provide the necessary evidence of pest- or disease-free / low pest or disease prevalence

- * **Transparency**

- * Various requirements – designation of enquiry points, publication of regulations, early notification of new or amended measures etc.

CARICOM Arrangements

- * All CARICOM countries have Laws and Regulations which govern import and export of agricultural products <http://www.caripestnetwork.org/quarantine-a-regulations.html> (except Montserrat and St. Kitts and Nevis)
- * Actual import requirements (inspection and certification) vary from country to country and from product to product because of such factors as differences in pest/disease incidence (in importing or exporting country), mitigation measures taken by exporting country, type of product and intended use, size and configuration of the consignment, experience with the exporting country or entity, means of conveyance or packaging etc.
- * All CARICOM countries require that imports must be **free of pests**
- * The CARICOM secretariat provides the focal point for matters relating to SPS administration. It has no decision making powers but facilitates the development of responses to problems notified to it.

CARICOM Arrangements (cont'd)

- * COTED, as the organ responsible for all trade and economic development matters in the Community, provides political guidance for the resolution of intra-regional SPS problems, as necessary.
- * COTED (Agriculture) has instructed that a list of products which member states wish to trade and which are currently restricted for SPS reasons be drawn up and used as a basis for pursuing the removal of those restrictions
- * COTED (Agriculture) have established a Ministerial Sub-Committee to facilitate agricultural trade and to make recommendations to remove the barriers – technical and administrative – which impede current trade processes. A report is expected to be presented to the upcoming meeting of Council for Trade and Economic Development (COTED). October 2011.

CARICOM Arrangements (cont'd)

- * There are committees of **Chief Veterinary Officers (CVOs)** and **Chief Plant Health Officers**, which meet from time to time, facilitated by the Secretariat
- * CVOs have established a process for approving trade in animal products that have not previously been exported, or from a source (intra- or extra-regional) that has not previously been approved.

CARICOM Arrangements (cont'd)

- * CVO Process:

- * If the exporter desires - a request is made to the CARICOM Secretariat (CCS) or the importing country for the product to be cleared for intra-regional trade.
- * The CCS consults with the CVOs on what is the best approach.
- * The CVOs will inform of the peculiarities of the legislative import conditions existing in the region - based on the disease and risk status. At this point the product can be cleared for export - from a disease or risk perspective. If not, the CVOs will advise on the need for the conduct of a risk assessment in addition to informing on whether there is a need for a site visit.
- * The CVOs will advise on the best composition of the inspection team - re the type of expertise necessary.
- * The visit is arranged by the CCS in consultation with the CVO of the particular country.
- * The assessment is conducted with pre-information and schedules etc. being collected and arranged.

CARICOM Arrangements (cont'd)

- * CVO Process (cont'd):
 - * The producing entities provide financial support for the visits.
 - * The preliminary report is prepared and submitted to CCS. CCS circulates to the CVOs for comments or meets face to face for discussion. The report is approved by the forum of CVOs.
 - * Recommendations are made and taken to COTED - accepted or request clarification. If all is well, the product is declared suitable for trade as having met the requirements.
 - * Products traded continue to be subject to the applicable laboratory food safety sanitary sample testing requirements or laws of each country in the region.
- * No similar process yet exists for plant products

Recent Experiences

- * 27th COTED May 14-15, 2009
 - * Issue: Beef exports from Panama to CARICOM
 - * Action: CCS facilitates a CARICOM team to visit Panama (Ministers also highlight need to establish CAHFSA and call on CVOs to establish clear procedures for trade in animal products)
- * 28th COTED, Oct 8, 2009
 - * Issue: Boneless chicken exports from Barbados to St. Lucia
 - * Action: St. Lucia declared that there were no impediments to imports of the product from Barbados

Recent Experiences (cont'd)

- * 28th COTED, Oct 8, 2009
 - * Issue: Export of beef products from T&T to St. Lucia
 - * Action: St. Lucia undertook to investigate the matter. CCS facilitated bilateral discussions
- * 29th COTED, Feb 8-9, 2010
 - * Issue: Export of meat (beef and chicken) patties from Jamaica to the Community
 - * Action: CARICOM Sanitary Evaluation Team undertook a site visit and analysis of the relevant processing facilities and sanitary systems and infrastructure in Jamaica on 10-12 June 2009
 - * Report cleared two facilities for export of some products and set out requirements for a third.
 - * CVOs mandated to develop terms of reference, protocols for inspection and evaluation, and other guidelines for the conduct of risk assessments of animal and animal products within the CSME

Caribbean Agricultural Health & Food Safety Agency (CAHFSA)

- * Four broad areas in which there is need for strengthening in order to create an effective SPS regime in CARICOM:
 - * Institutional – regional (CAHFSA) and national agricultural health and food safety committees/agencies
 - * Infrastructural (e.g. laboratories)
 - * Policy/Legislation:
 - * Capacity Building.

CAHFSA (cont'd)

- * The main functions of the Caribbean Agricultural Health & Food Safety Agency (CAHFSA) are *inter alia* to:
 - * Assist Member States to achieve the international standards required for export and import of agricultural goods while protecting the region from pests and diseases and also to deliver food which is safe for human consumption;
 - * Devise measures to reduce the use of SPS as deterrents to agricultural trade, including undue administrative and customs delays in the clearance of agricultural perishables at the borders.

CAHFSA (cont'd)

- * Legal Agreement

- * The Agreement to date has been signed by ten (10) Member states. It is still undergoing revision. The Headquarters Agreement for CAHFSA was signed between the Secretary-General and the Government of Suriname on 18 March, 2010.

- * Operationalization of CAHFSA

- * Main challenge for the operationalization of CAHFSA is the **financing** for the recruitment of staff and the resources for delivering on its work programme. Attempts are being made to seek such funding but donor agencies are not inclined to provide seed funding for the recruitment of staff, though they are prepared to provide technical assistance to deliver the work programme.
- * The Special Meeting of COTED (Agriculture) in October 2010 approved the **Budget** for CAHFSA and acknowledged the difficulties some Member States would have to make their contributions.

CAHFSA (cont'd)

- * CAHFSA operationalization (cont'd)
 - * Procurement of capital items is in progress
 - * Development of a strategic plan being prepared for presentation to COTED
 - * The development of agricultural sanitary and phytosanitary (SPS) protocols for trade designed to facilitate the movement of agricultural goods within the Region;
 - * An assessment of the capacity and capability of Agricultural Health and Food Safety Laboratories of CARICOM Member States is planned
 - * Submission of an SPS proposed programme for consideration under the EU's 10th EDF programme

Agricultural Development Issues

- * The Revised Treaty of Chaguaramas provides for a **Community Agriculture Policy** (Articles 56 and 57), measures to facilitate Marketing of Agriculture Products (Article 59), Fisheries Management and Development (Article 60) and Forest Management and Development (Article 61).
- * Objective: The fundamental transformation of the agricultural sector towards market-oriented, internationally competitive and environmentally sound production of agricultural products;
- * Policy and programme initiatives:
 - * Jagdeo Initiative (2004) / Regional Transformation Programme for Agriculture
 - * Liliendaal Declaration on Agriculture and Food Security (2009)

Agricultural Development Issues (cont'd)

- * Key Focus Areas
 - * Community Agricultural Policy
 - * Marketing information
 - * Information systems
 - * Agribusiness development
 - * SPS / CAHFSA
 - * Regional Food and Nutrition Strategy (Food Security / rising food prices)
 - * Other issues (also outlined in Jagdeo Initiative) – research and development, land and water management, risk management (including agri insurance and praedial larceny), financing and investment, private sector organization, transportation systems for perishables, human resource development

Agricultural Development Issues (cont'd)

- * Role of the Secretariat

- * Policy advocacy and resource mobilization for regional initiatives
- * Servicing meetings of COTED
- * Coordination of CARICOM institutions (CARDI, CAHFSA, CFNI, CFRM, CDEMA, CROSQ,)
- * Liaison with key associated institutions (UWI, UG, OECS) and international development partners (FAO, IICA etc.)
- * Liaison with key private sector stakeholders (CABA, CAFAN)
- * Information exchange and monitoring



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