

TOWARDS A REGIONAL MARKET INTELLIGENCE SYSTEM - OVERVIEW OF KEY ISSUES

Presentation by

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MAJOR ISSUES FACING THE MARKETING OF AGRICULTURAL PRODUCTS

- ▶ Small size and segmented markets
- ▶ Fragmented production – few facilities for bulking up for export
- ▶ Similarity of production in many countries thus reducing the scope for trade
- ▶ Low levels of intra-regional trade (few countries import more than 10% of their food from regional sources)
- ▶ High level of food imports – some of which may be substitutable by regional production
- ▶ Transportation costs and availability (ocean costs are up to four times higher than elsewhere)
- ▶ High costs of inputs, labour

MAJOR ISSUES FACING THE MARKETING OF AGRICULTURAL PRODUCTS (CONT'D)

- ▶ Declining profitability of traditional exports – sugar, bananas
- ▶ Use of non-tariff measures, including plant and animal quarantine regulations (fear of competition within single market)
- ▶ Mismatch between production system and consumer preferences (consumers are increasingly demanding processed and packaged products)
- ▶ Mismatch between demands of agro-processors and primary producers (agro-processors often demand some level of intermediate processing, e.g. tomato paste vs fresh tomatoes)

HISTORY OF MARKETING OF AGRICULTURAL PRODUCTS IN CARICOM

- ▶ Original Treaty of Chaguaramas (1973) in Article 48, provided for a system of managed trade, commonly referred to as the “Agricultural Marketing Protocol”
- ▶ No member state was allowed to import a list of agricultural products except in accordance with the provisions of the treaty and the decisions on the council. Similar arrangements were in place for oils and fats (cooking oil, margarine, soap)
- ▶ Decisions were made on the basis of availability of products and the requirements for those products
- ▶ The system also covered exports of products, including to extra-regional markets, the objective being to ensure that supplies of such products were made available to regional consumers
- ▶ One of the objectives was to provide additional advantages for the region’s less developed countries

HISTORY OF MARKETING OF AGRICULTURAL PRODUCTS IN CARICOM (CONT'D)

- ▶ To underpin the system, member states had to provide the CARICOM secretariat with information on an annual basis setting out the products available for trade and their import requirements
- ▶ This system was dismantled in the 1980s due to several factors:
 - ▶ not compatible with the rules of the GATT (later WTO)
 - ▶ subject to numerous disputes and disagreements over pricing and quality
- ▶ While there is no going back to that system, it did have the advantage of imposing a certain discipline on member states in terms of collecting and submitting data.

TYPES OF MARKETING INFORMATION REQUIRED

▶ Production:

- ▶ Output and prices (farm gate, wholesale, retail)
- ▶ Demand / Absorption by Agro-processors, hotels and restaurants:
 - ▶ Quantity, form, price
- ▶ Need to develop harmonized regional approach to measurement so as to ensure **comparability** across countries

TYPES OF MARKETING INFORMATION REQUIRED (CONT'D)

Imports:

- ▶ The nomenclature used for classifying imports and exports (HS, SITC) is very detailed. The problem, however, arises when attempts are made to match imports with domestic / regional production since few statistics are kept of the production of processed products
- ▶ Few detailed statistics are kept on prices of imports at various stages of marketing

Exports:

- ▶ One way of classifying our exports is to separate them into
 - ▶ Preferential trade
 - ▶ Most Favoured Nation (MFN) trade
- ▶ Preferential trade – exports to all markets with which CARICOM countries have trade agreements or where those countries grant non-reciprocal preferences to CARICOM (
- ▶ MFN – all other trade, i.e. no preferences are granted and exports to those markets face the same conditions (tariffs etc) as do other partners

TYPES OF MARKETING INFORMATION REQUIRED (CONT'D)

- ▶ Another way of viewing exports is in terms of geo-political relations:
 - ▶ CARICOM
 - ▶ Main traditional export markets (North America, EU)
 - ▶ Nearby markets – wider Caribbean, Central and South America)
 - ▶ Others
- ▶ Both views provide some sort of prioritization for the intensification of market information development but care should be taken to ensure that emerging market opportunities are not overlooked.

TYPES OF MARKETING INFORMATION REQUIRED (CONT'D)

- ▶ Regardless of the market destination, certain key types of information are required
 - ▶ Information must cover the **entire food sector** (primary and processed)
 - ▶ Market access requirements (tariffs, non-tariff measures, standards – including private standards)
 - ▶ Prices (daily, monthly, seasonal)
 - ▶ Related services, such as transportation, packaging
 - ▶ Database of (reputable) importers in the target markets

TOWARDS A REGIONAL MARKET INFORMATION SYSTEM

- ▶ The need for a regional system has been recognized for a considerable while, at least since the 1980s. CARICOM then had plans to implement a system but it did not get off the ground
- ▶ The most recent effort, the Caribbean Agribusiness Market Intelligence & Development Network (CAMID) (2001) also failed.
- ▶ Important to document the past experiences and to learn from past mistakes.
- ▶ One key factor is cost – if governments are not convinced of the potential economic gains from investing in such a system – including its on-going maintenance -- it will not materialize. Efforts must therefore be made to quantify the benefits (and the losses from non-implementation)

TOWARDS A REGIONAL MARKET INFORMATION SYSTEM (CONT'D)

Dissemination of information

- ▶ it is clear that, while print media will continue to have its place, this is the age of digital communication – web sites, SMS messaging etc.
- ▶ a review of agriculture-related web sites in the region (MoAs, marketing boards, private sector bodies) reveals a very patchy record. While some commendable efforts are being made, there appears to be a poor appreciation of the importance of maintaining informative and up-to-date web sites
- ▶ information published is sometimes only a small sub-set of available statistics, documents etc.
- ▶ again, this is a symptom of the level of the (lack of) importance placed on information in national and regional systems

EXISTING MANDATES AND PROGRAMMES

- ▶ CARICOM Council for Trade & Economic Development (COTED) (agriculture) has agreed that an MIS should be implemented, drawing on the experience of T&T's NAMDEVCO and its NAMIS
- ▶ This workshop seeks to carry forward that mandate - collaborating agencies – CARDI, UNCTAD, IICA, CTA, others
- ▶ Agribusiness portal being established – part of wider agribusiness support project

EXISTING MANDATES AND PROGRAMMES (CONT'D)

- ▶ Regional Trade Information System www.caricomstats.org – to be enhanced with data submission protocol
- ▶ Early Warning System for Food and Nutrition Security (CARICOM-FAO Food Security Project)
- ▶ Integrated Information Systems (IIS) programme – responsible for managing ICT infrastructure of CARICOM Secretariat
- ▶ Common Agricultural Policy / Jagdeo Initiative
- ▶ Sanitary & Phytosanitary (SPS) programme – including establishment of Caribbean Agricultural Health & Food Safety Agency (CAHFSA)

THE WORKSHOP

Main Components

- ▶ Assessments of current and past initiatives
- ▶ International experiences
- ▶ Related programmes of CARICOM Secretariat
- ▶ UNCTAD InfoShare and related programmes
- ▶ Sustainability Claims Portal
- ▶ Break-out groups – drafting elements of plan of action
- ▶ The way forward

THE WORKSHOP (CONT'D)

Plan of action

- ▶ Priorities
 - ▶ Products, prices, data points, measurement issues etc.
- ▶ Resource Requirements
 - ▶ Current Status (country and regional level)
 - ▶ Resource gaps – personnel, infrastructure, financing
 - ▶ Resource Mobilization
- ▶ Roles of national, regional and international agencies
- ▶ Implementation Plan

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