



CARICOM Food Import Bill, Food Security and Nutrition

October 2013



KEY FACTS

- ▶ CARICOM's food import bill skyrocketed from US\$2.08 billion in 2000 to US\$4.25 billion in 2011.
- ▶ In 2010, only 12.7% of total food imports were sourced from within the Caribbean.
- ▶ Between 2000 and 2011, the prices of key imports - wheat, maize, rice and soy bean oil - increased by 137%, 274%, 92% and 159%, respectively.
- ▶ The proportion of CARICOM intraregional trade in total trade in agricultural products has declined from 17.3% in 2000 to 12.7% in 2010.
- ▶ The value of intra-regional food trade has grown by 48% during the period 2000 to 2012, from US\$302 million to US\$449 million.
- ▶ The high food import bill impacts foreign exchange levels, budgets for social protection programmes, levels of chronic non-communicable diseases and displacement of local production. This in turn leads to negative fiscal and social impacts, including loss of employment, loss of rural welfare and infrastructure, and higher rural to urban migration.
- ▶ The region needs a comprehensive strategy which invests in more efficient food production systems, import substitution and consumer education and brings together the private and public sector.

The combined food import bill (FIB) for the 14 Caribbean Community member states skyrocketed from US\$2.08 billion in 2000 to US\$4 billion in 2008¹, and surpassed the US\$4.25 billion mark in 2011 (*Figure 1*).

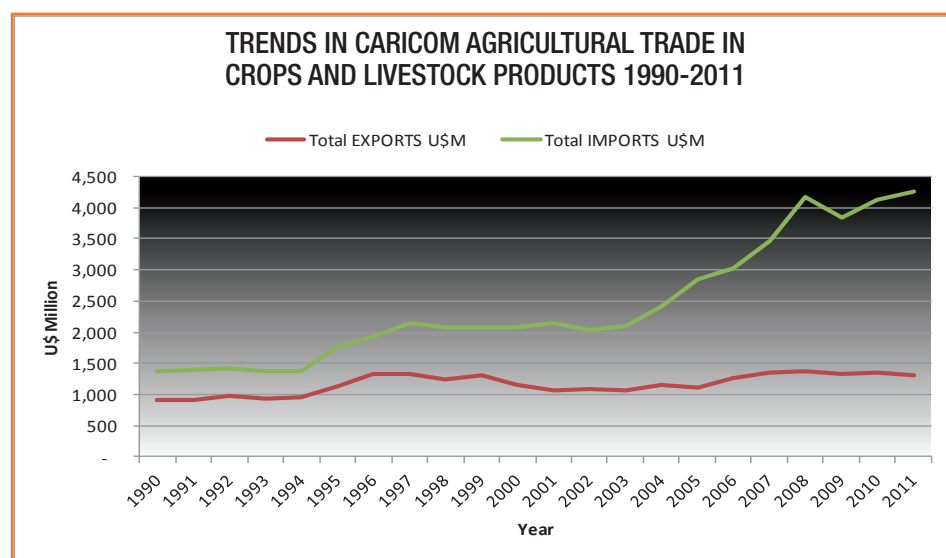


Figure 1 - Source: FAOSTAT, 2013

Four countries account for over two-thirds by value of the food import bill. In 2011 this translates to: Jamaica, 21% (US\$913 million), Trinidad and Tobago 20% (US\$ 833 million), Haiti 19% (US\$802 million) and the Bahamas 9% (US\$393 million).

The Bahamas was the only country to see a 1% fall in the food import bill over the period 2000-2011 (Figure 2). The majority of CARICOM's food imports are sourced from outside of the region (USA). Only 12.7% of total food imports were sourced from within the Caribbean in 2010.

The top ten CARICOM agricultural import items in 2011 were: Food Preparations n.e.s. (US\$251 million), Wheat (US\$248.8 million), Rice (US\$240 million), Chicken meat (US\$220 million), Non-alcoholic beverages (US\$149.7 million), Maize (US\$145.5 million), Soybean oil (US\$131.9 million), Refined sugar (US\$129.7 million), Raw centrifugal sugar (US\$120.5 million) and Palm oil (US\$114 million). These ten items accounted for 43% of the total value of CARICOM food imports in 2011 (Figure 3).

Global food prices increased by an average of 43% between March 2007 and March 2008. Between 2000 and 2011, the prices of key Caribbean imports - wheat, maize, rice and soybean oil - increased by 137%, 274%, 92% and 159%, respectively. The CARICOM wheat import bill rose by 137% between 2000 and 2011, from US\$105 million in 2000 to US\$249 million in 2011, down 12.6% from the peak in 2008. Four countries accounted for 84% of wheat imports in 2011: Jamaica (29%), Haiti (25%), Trinidad and Tobago (20%), and Guyana (10%), with wheat import bills of approximately US\$73 million, US\$62 million, US\$49 million, and US\$24 million, respectively. (Figure 4 and 5).

The value of CARICOM rice imports increased by 92% in a little over a decade, from US\$125 million in 2000 to US\$240 million in 2011. Haiti (49%) and Jamaica (29%) were the largest importers of milled rice equivalent in 2011, accounting for 78% of the total CARICOM rice import bill in 2011, US\$117 million and US\$69 million, respectively.

Imports of processed and semi-processed goods grew much faster than imports of raw foodstuffs. In the case of Trinidad and Tobago, the cost of imported food preparations (not elsewhere specified) increased by 323%

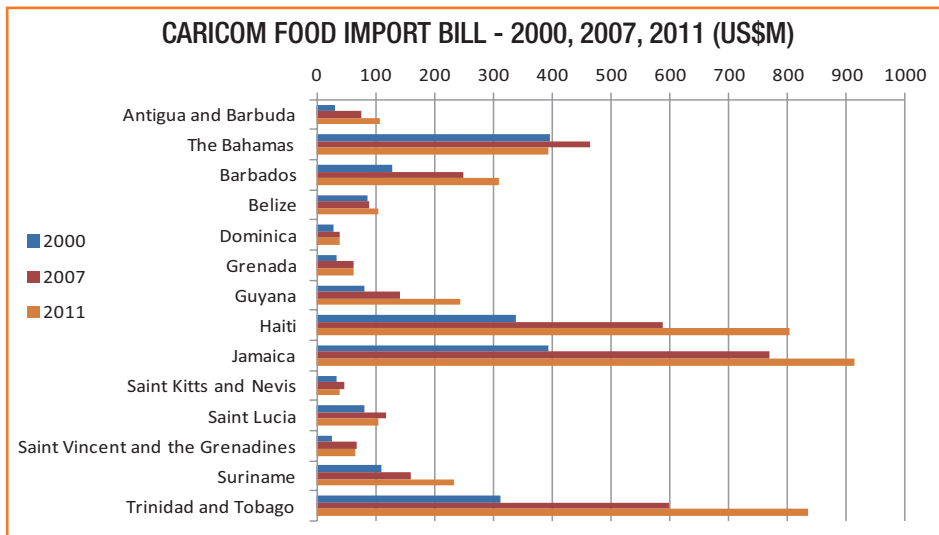


Figure 2 - Source: FAOSTAT (2013)

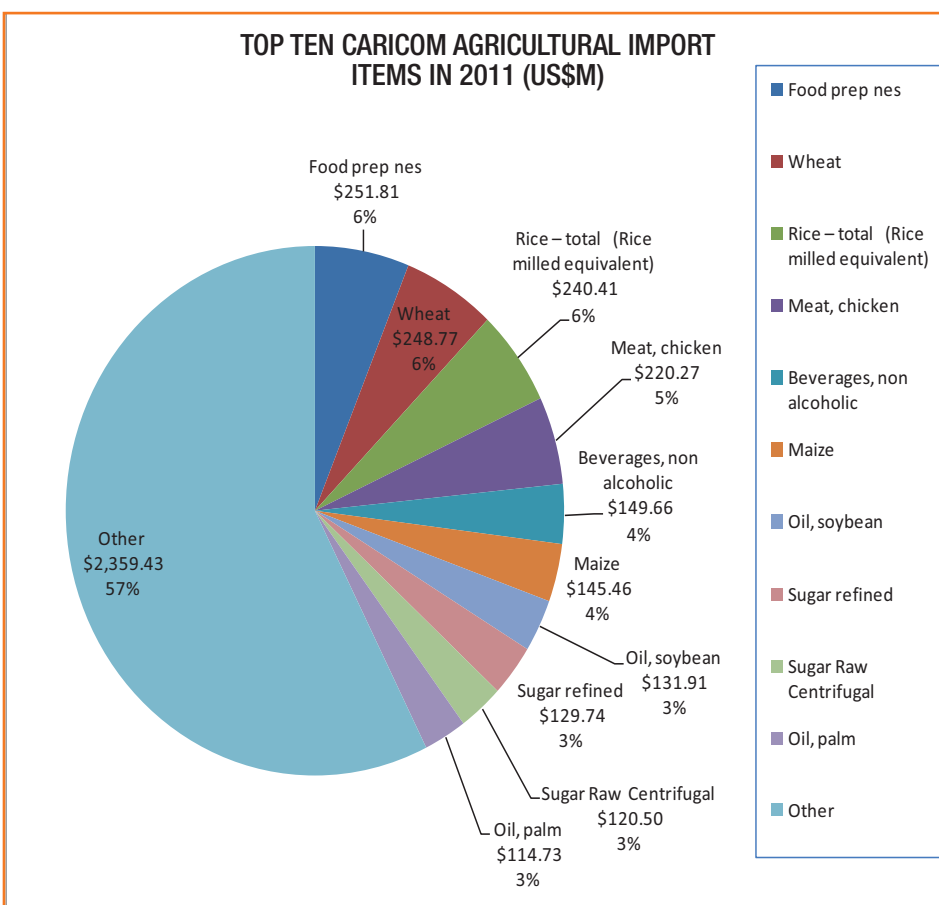


Figure 4 - Source: FAOSTAT, 2013

between 2000 and 2011, from US\$10.7 million, to US\$45.6 million. (Figure 6).

US\$302 million in 2000 to US\$449 million in 2012.

The proportion of CARICOM intraregional trade in total trade in agricultural products has declined in a little over a decade, from 17.3% of total food imports in 2000 to 12.7% in 2010. However, the value of intraregional trade has grown by 48%, from approximately

In 2012, the same five countries – Jamaica (31%), Barbados (13%), Trinidad and Tobago (11%), Saint Lucia (11%) and Guyana (8%), continued to dominate intraregional agricultural trade.

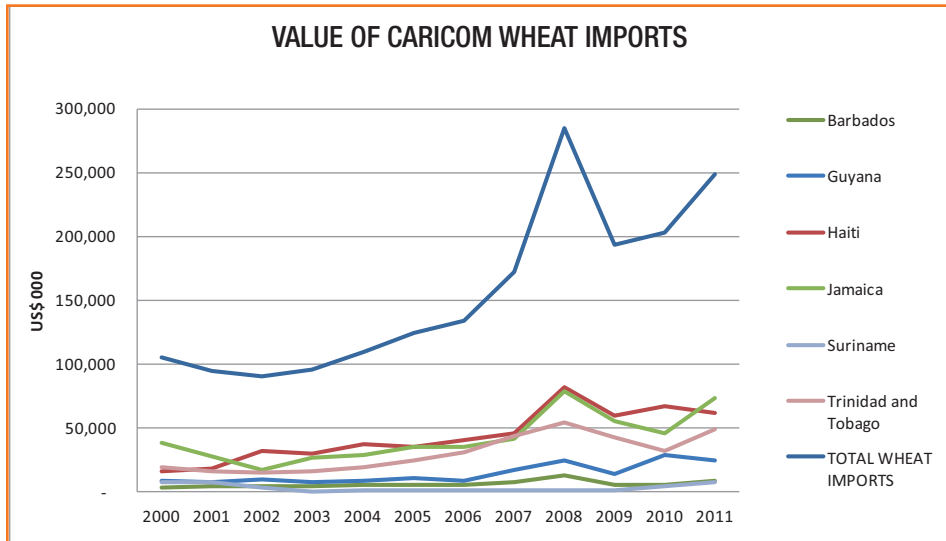


Figure 4 - Source: FAOSTAT, 2013

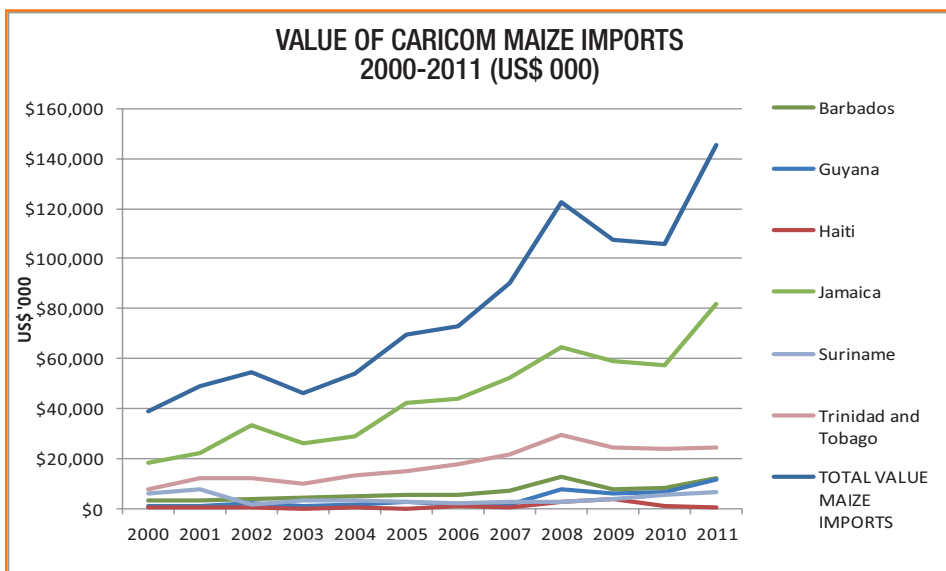


Figure 5 - Source: FAOSTAT, 2013

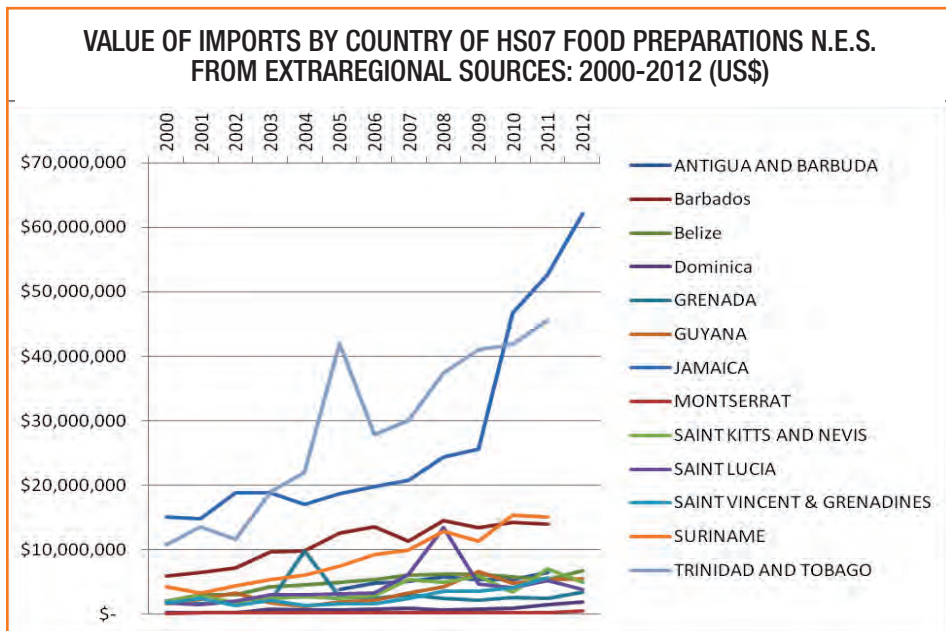


Figure 6 - Source: FAOSTAT, 2013 SOURCES: 2000-2012 (US\$)

Impact

The high food import bill puts pressure on already-stressed Caribbean national budgets through the need for increased foreign exchange to purchase imports and the fact that higher food prices also require increased social protection programmes. Food price inflation between July 2006 and July 2008 surpassed overall and non-food-item inflation in several Caribbean countries, with increased prices of imported food products being a major contributor to this inflation.

It should be highlighted that the higher levels of imports of processed foods are linked to increased health problems creating a greater demand for government expenditure on health.

The crowding-out of domestic agricultural products and agroprocessing industries by food imports has also contributed to rising rural unemployment. This results largely from the inability of the domestic sectors to compete against imports. Caribbean agricultural producers face severe competitiveness constraints at all points of the food value chain² – high input and packaging costs, small markets, tariff policies, lack of mechanisms for health/food safety and production standards certification (e.g. HACCP, EUREPGAP), insufficient processing capacity, rising labour costs, weak technical and management capacity, and high freight costs. These domestic competitiveness challenges result in increasing loss of markets. Producers in Jamaica, Trinidad and Tobago, Barbados, Belize, and Guyana are particularly vulnerable to the threat of food imports that can permanently displace domestic production.

Displacement of local products by imported food commodities not only has negative fiscal effects, but also social impacts, including loss of employment, decline in the general welfare of rural communities, neglect of rural infrastructure, and higher rural to urban migration causing increased stress on urban infrastructure and rising security concerns.

Food imports, particularly of processed foods, are often associated with

increasing overweight and higher rates of chronic non-communicable diseases (obesity, diabetes, hypertension, stroke, heart disease, and cancer). This phenomenon of over-nutrition—the increased consumption of animal fats, sugar products and salt—has led to rising obesity, particularly in the over-35 age group. The percentage of overweight men in the CARICOM population has grown from 5% in the 1970s, to 20% in the 1980s, to greater than 25% in 2011 while the percentage of overweight women has grown from 20% in the 1970s, to 40% in the 1980s, and over 50% in 2011.

Addressing the food import bill

A strategic policy and programme focus shift is needed - one that leads actions which result in investment that replaces an increasing proportion of food imports with national and regional substitutes. An important commodity grown regionally which can contribute in this regard is cassava, which can readily replace significant proportions of the corn in animal feed and the wheat flour in bread. Given the importance of corn (poultry) and wheat (bread) in the Caribbean diet and food import bill, promoting increased efficiency in the production and marketing of cassava can go a long way to reducing the food import bill.

A comprehensive regional and national approach is required to develop a new food/agricultural model that would, not only support primary agricultural producers, but also facilitate the

emergence of new, value-added, agroprocessing industries, along the whole food supply chain. Inter-ministerial and inter-sectoral collaboration, including the private sector and civil society should be a part of this new approach. This new paradigm allows for addressing food production systems and processes as well as consumer habits.

Public and private sector investment should go hand in hand, planned and implemented simultaneously, recognizing that the financial and economic returns to both governments and entrepreneurs are increased if these synergies are systematically developed. Infrastructure upgrading and expansion, research and technology transfer, an enabling policy environment and effective investment incentives must be accompanied by increased organizational development in the private sector. This would enable the mobilization of resources and the spread of risk, facilitating the levels of private sector investment required.

There should be a policy to target the members of the private sector who are the main importers of food – feed millers, bakeries, supermarkets and hotels. Incentives can be offered on the percentage of national products purchased, perhaps similar to tax shelters offered to foreign investors. Facilitating these investments, commercial and organizational arrangements between purchasers and local suppliers could also be a part of

the incentive package.

Individual countries and/or CARICOM must take a critical look at changing dietary preferences and initiate a clear action plan to promote better consumption patterns among locals. Food-based dietary guidelines have been developed with assistance from FAO in many Caribbean countries and widely promoting the use of these guidelines could make an impact in this regard.

Countries with high imports related to tourist preferences can promote fresh food consumption as part of the tourism thrust. If visitors demand fresh local products this will put pressure on the tourism sector to review its purchasing policies. At the same time food production value chains in the countries will need to be strengthened to meet the demand.

Conclusion

A continuation of the current CARICOM food import bill trends can only lead to further nutritional and economic impoverishment for the people of the region for generations to come. The potential clearly exists to significantly reduce CARICOM's dependence on imported food through a series of innovative and coordinated measures. Building the improved governance mechanisms to achieve increased food security and reduce the food import bill should be a high priority on the regional and national agendas.

References

- ¹ "Reducing the CARICOM Food Import Bill and the Real Cost of Food: Policy and Investment Options" (June 2011), commissioned for the Caribbean Community (CARICOM) Secretariat by the Food and Agriculture Organization of the United Nations (FAO) under the project Promoting CARICOM/CARIFORUM Food Security
- ² See the 2005 "Jagdeo Initiative on Strengthening Agriculture for Sustainable Development."



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