



THE NATIONAL FOOD & AGRICULTURE POLICY (2002-2020)

NO FARMER = NO FOOD

**MINISTRY OF AGRICULTURE & FISHERIES
&
GOVERNMENT OF BELIZE**

APRIL 2003

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Glossary of Terms

ACP- African, Caribbean & Pacific
A & F- Agriculture & Fisheries
APHIS - Animal & Plant Health Inspection Services
BABCO- Belize Agri-business Company
BAHA - Belize Agriculture Health Authority
BCCP – Belize Citrus Certification Program
BEIPU - Belize Export & Investment Promotion Unit
BELTRAIDE - Belize Trade & Investment Development Services
BEST- Belize Enterprise For Sustainable Technology
BOPA – Belize Organic Producers Association
BLPA- Belize Livestock Producers Association
BPGA- Belize Papaya Growers Association
BMB- Belize Marketing Board
BMP- Best Management Practices
CARDI- Caribbean Agriculture & Research Development Institute
CARIBCAN - CARICOM & Canada Preferential Trade Agreement
CARICOM- Caribbean Community
CBI- Caribbean Basin Initiative
CBO- Community-Based Organization
CET- Common External Tariff
CIF- Cost, Insurance & Freight
CORECA- Central American Regional Council On Agriculture
CREI- Citrus Research & Education Institute
CRFM- Caricom Regional Fisheries Mechanism
CSME- Caribbean Single Market Economy
CSO- Central Statistical Office
CTV- Citrus Tristeza Virus
DFC- Development Finance Corporation
ECC- Export Competitiveness Coefficient
EPA - Economic Partnership Agreement
EU- European Union
FTAA- Free Trade Area of the Americas
GATT- General Agreement On Tariffs & Trade
GDP - Gross Domestic Product
HACCP- Hazard Analysis Critical Control Point
IDB - Inter-American Development Bank
IPM- Integrated Pest Management
MAF- Ministry of Agriculture & Fisheries
MAFC- Ministry of Agriculture, Fisheries & Cooperatives
MBRS- Meso-American Barrier Reef System
MDC- More Developed Countries
MPA- Marine Protected Areas
NAFTA- North American Free Trade Agreement
NPC- Nominal Protection Coefficient
NXR- Net Export Ratio
NDFB- National Development Foundation of Belize
OIRSA - Regional International Organization for Plant & Animal Health
NGO- Non-Governmental Organization
PCB- Pesticide Control Board

QR - Quantitative Restrictions
RCA- Revealed Comparative Advantage
R & D- Research & Development
SFBB- Small Farmers & Business Bank
SICA- Economic Integration System of Central America
UK- United Kingdom
USAID- United States Agency For International Development
USDA- United States Department of Agriculture
WTO- World Trade Organization
VIFINEX- Project On Strengthening of Phyto-sanitary Surveillance in Non- Traditional Export Crops
RK- Red Kidney

Foreword

Let me congratulate the persons who had the initiative to REQUEST that the Ministry have a clear policy. It signals a fundamental shift in perception about our policies and priorities, where the private sector initiates a new approach for COORDINATED management and policy making in the productive sector.

Today is a testament of the need to forge strong tripartite partnership and teamwork between the private and public sectors as well as civil society. This will ensure that we

revitalize and revalue the agricultural, fisheries and cooperatives sector for their transcendental importance in the Belizean economy.

These policies are constituted as a result of the administration of Prime Minister Said Musa focusing on ensuring productivity, competitiveness and sustainability of our national agriculture, to guarantee substantial improvement in the quality of life of the rural poor and the well being of the citizens in general.

The Draft National Agriculture and Food Policies 2002-2020 positions the producers as the fundamental base of agricultural development, considering them capable of producing, transforming and commercializing, in an environment with clear rules that are predictable and stable that are guaranteed by the state in its role as facilitator, supporting and providing incentives for productive activities.

In the philosophy that guides the Ministry's actions, the private sector remains as the principal agent of the productive sector and the country's economy. We consider each producer as a businessperson capable of making rational economic decisions that allows them to increase their income, be financially independent and to sustain their activities through the efficient use of their resources.

The private sector is the fundamental strength of development. To assume this commitment requires adopting new forms of work and changes in focus and attitudes based on the principles of shared responsibility for the development of the productive sector. The participation of this productive force is of utmost importance that is manifested in the expanded contribution of the agricultural sector (agriculture and agro industries) in the generation of 36% of GDP or total contribution of over \$600 million.

The objective of this document, is to provide the global framework for action of the productive sector, it is necessary to value it as an engine of progress to the economy in its entirety which is reflected in the creation of employment, foreign exchange earnings, conservation of the environment, food security and as a supplier of primary produce, inputs and services to other sectors.

As the Ministry of Agriculture and Fisheries we provide strategic services directed at the adoption of technology, at agribusiness, to agricultural health, to productive infrastructure, at water resource management and the conservation of soil, to the fisheries management and watershed management, to agricultural education and to support of rural development, all this in the ambience of security and respect for private property.

With this policy framework the following steps should be taken to put forward different sub-sectorial activities in conjunction with the private sector, in each of the programs

described here, taking into account the focalization and prioritization of tasks as well as the coordination with other public institutions.

It is because of this reason that the private sector must be proactive in the search for the common good within the same sector, in the interest that a sense of unity persists besides the national interest of the different policies that are promoted within the sector.

The moment of the productive sector is here. Let everyone understand the slogan: **NO FARMER = NO FOOD**. I ask that we accompany the development of this policy and that together we cultivate the future of Belize.

AGRICULTURE: Strengthening Communities, Uniting Belize.

Hon. Servulo Baeza
Minister of Agriculture & Fisheries

Executive Summary

Relative to 1997 when the last policy document was prepared for the sector (**Agriculture & Marine Policies of the Agriculture & Fisheries Sector, 1997**), successes has been achieved on all major sub-sectors as reflected in increased production/acreage, and exports with the exception

of the sugar sub-sector which declined in production and export earnings due largely to the impact of downward trend in export prices for sugar.

In the last 5 years the greatest shocks impacting the agriculture sector has been the globalization process (North American Free Trade Area, World Trade Organization) which has impacted tremendously on the banana industry and may potentially affect on the citrus and sugar industries in coming years. The second factor impacting the sector has been a downward trend/wide fluctuation in prices received for export commodities. The third factor impacting negatively on agriculture has been natural disasters (hurricane Keith, Tropical Storm Chantal and Hurricane Iris), which together caused more than US\$200 million in damages to the sector.

The vision defined for the sector is that of **“A FULLY TRANSFORMED/ MODERN SECTOR THAT IS FULLY COMPETITIVE, DIVERSIFIED AND SUSTAINABLE.** Therefore, the policies (Agriculture, Fisheries & Cooperatives) will be guided by the major challenges/constraints (labour productivity, inadequate/inappropriate credit, opportunity for improving food security, inadequate infrastructure, maintaining plant/animal health status, increase agro-processing and linkage to the tourist industry, greater diversification) facing the sector. Cross-cutting policies will focus on research & development, human resource development, agro-processing, sustainable resource management, watershed management, extension, credit, trade/price, diversification and rural development designed to address factors that cross all three sub-sectors.

For the agriculture sub-sector, the constraints/challenges (organized marketing, low yields in small-scale agriculture, lack of drainage/irrigation, limited research/development, outdated farming practices/equipment, inadequate packaging & grades/standards, limited Government land available for agriculture & land tenure insecurity) facing the sector is determining the policies.

Therefore, the focus will be on: accelerating the diversification of both local/export-oriented agriculture, promoting agro-processing and value adding as a means of expanding opportunities and increasing the income of the rural sector, actively promoting market/trade expansion both locally and internationally, increasing the efficiency, profitability and competitiveness of the

sector, and improving and conserving the natural/productive resource base to ensure long-term sustainable productivity/ viability.

Likewise, for the fisheries sub-sector, the constraints/challenges (long-term sustainability of capture fishery, reliable/competitive seed stock and animal feed, loss production due to diseases) facing the sector is determining the policies. Therefore, the focus will be on ensuring a sustainable supply of marine products, particularly, lobster, shrimp and conch, while continuing to contribute to food production and foreign exchange earnings. For aquaculture the focus will be on developing a globally competitive industry with high quality/safe products and in an environmentally responsible manner; support will continue in the form of fiscal incentives for new investments/expanding operations; thirdly, support will be provided to the private sector in producing a greater proportion of operational inputs (feed and seed stock) which should minimize incidence of importing diseases from abroad.

For the cooperative sub-sector, the constraints/challenges (loan delinquency, illegal/ foreign fishing, financial mismanagement/ disloyalty) facing the sector is determining the policies. Therefore, the focus will be on Government extending assistance in areas of education and training, technical and financial support in order to improve the management and contribute towards the viability of cooperatives by providing a climate, which affords credit unions and cooperatives a fair opportunity to compete with commercial enterprises. Policies will also be directed at strengthening the financial base of credit unions, which will assist them to be in a better position to support non-financial cooperatives.

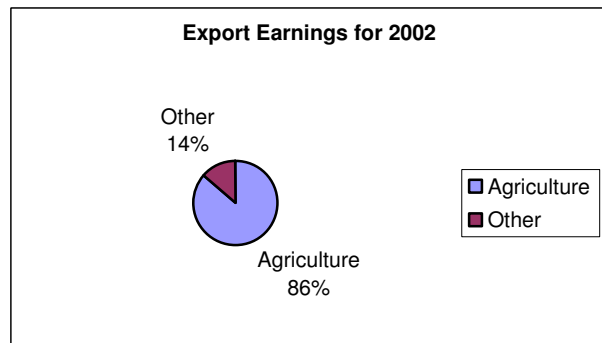
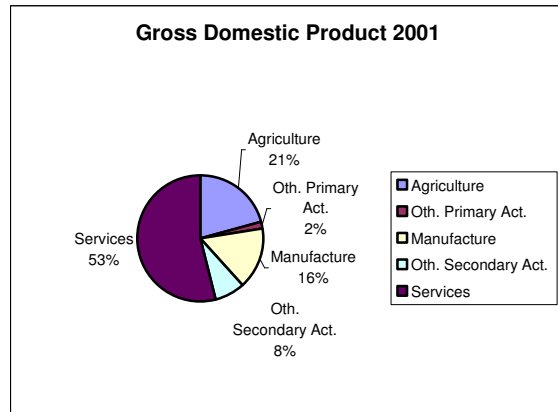
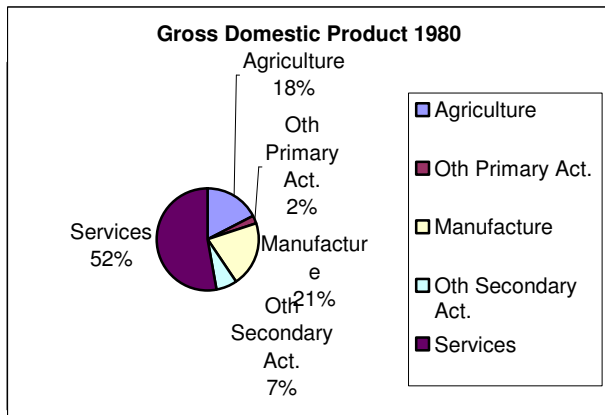
Support will continue to be provided to the fisheries department in reducing the amount of illegal /foreign fishing in Belizean waters.

Finally, the success of the productive sector in the future will be determined by the success or failure of the sector in achieving sustainability through significant improvements in productivity and greater diversification so as to achieve greater levels of competitiveness in products catering to preferential, world and domestic markets. The justification of this shift in priority is that just

focusing on increasing production/acreage will not allow us to solve many of the constraints/challenges facing the sector due to the continuous erosion of preferential markets, the smallness of the local markets which limits production/economies of scale together with the global pressure to open up our domestic markets.

1.0 Global Review

Since the 1980s the performance of Belize's agriculture sector (includes fisheries but excludes forestry/logging) was the main source of growth in the Belizean economy; this growth rate exceeded growth rates for neighboring Latin American and Caribbean countries. During this time period the agriculture sector experienced a growth rate above 6.0% per annum. Agriculture share contribution to GDP and foreign exchange increased by 3 and 17 percentage points respectively, while employment averaged greater than 26%. This sustained growth was heavily dependent on a few traditional products (citrus and bananas) which are exported to preferential markets together with the exponential growth in the aquaculture sector (mainly shrimp). However, the uncertainty of preferential trading arrangements due to the emergence of the World Trade Organization (WTO), the North American Free Trade Agreement (Mexico, Canada & USA), the European Union and proposed reforms to the Lomé Convention has created ambiguity as to the future of the traditional markets captured by Belize after the years 2005-2008, given that sugar and banana exports from Belize are not currently competitive in free markets.



NAFTA went into effect as of January 1994 and it is expected that its implementation will last between 1-15 years. NAFTA will ensure that Mexico have free access to the USA market for sugar, citrus and fruits/vegetables within the coming 6 years. This will mean that preferential access for Belizean exports to the USA such as papayas, peppers, citrus, sugar and all other exports will slowly see their preferential market eroded. Mexico as an exporter of citrus products will gradually experience a competitive advantage over other exporters of citrus products since tariffs on its produce will go down. Mexico is still a net importer of sugar, nevertheless, the fact that it also exports sugar should be bared in mind in the sense that the potential is there for it to convert into a net exporter of sugar. Thus the agriculture sector will need to improve its competitive vis-à-vis other Latin-American countries which may obtain preferential access to the USA under NAFTA. Implementation of NAFTA will also mean that new commodities developed by Belize will no longer enjoy large preferential access as compared to Mexico who is a major producer of winter fruits/vegetables, consequently, higher efforts in terms of efficiency will be demanded.

It is expected that reforms to the Lomé Regime will occur sometime after the year 2007. However, reforms to the Banana protocol is already taking place since it has been successfully challenged by the USA to be "Not In Conformity" with WTO. These coming reforms will affect Belize exports of bananas, citrus and sugar to the EU market which represents the most important export market for these commodities. The EU is responsible for purchasing all banana export from Belize and also for buying over 46% of all sugar exports at preferential price which exceeds the world market price by over 100%.

Under the Caribbean Basin Initiative Belize enjoys duty-free access for all exports to the USA market; Belize also receives similar treatment for exports to Canada under a similar agreement called CARIBCAN. However, it is expected that with the entrance of Mexico and other large Latin-American countries into NAFTA, these benefits will be eroded in the long run. Commodities such as papayas, citrus, peppers, fish products, dried fruits and other niche commodities will undergo an erosion of trade benefits relative to producers of these commodities not presently belonging to CBI.

Belize is a signatory to the WTO agreement which requires that all existing non-tariff barriers to trade such as import licensing be tariffed. The agreement also specifies that each country must provide minimum access to imported commodities into their domestic market. Therefore, Belize will need to explore avenues acceptable under WTO which could be used to support/protect agriculture such as grades, standards, and sanitary/phyto-sanitary requirements for human, animal and plant health.

Belize is a signatory to the Common External Tariff (CET) as a member of the Caribbean Community (CARICOM); tariff schedules under CET arrangements are generally below what would be required to compensate for removal of import licenses. Therefore, removal of QRs and replacement by CET commitments would impact on the agriculture sector from two sides. Exports to CARICOM (fish commodities, citrus, beans, cowpeas, peanuts etc) would see their preferential treatment eroded since some of the MDCs (Jamaica & Trinidad) are pushing for further reductions in the CET for agriculture products. The domestic sector will face greater competition from cheaper imports of agriculture produce due to lower import tariffs.

Nevertheless, trade liberalization will, likewise, provide opportunities for Belizean farmers capable of being competitive with foreign producers in terms of price/quality since it will provide markets for staple crops such as corn, rice, beans and meats at lower tariffs in non-traditional markets such as those of Central America. In staple commodities Belize has reached a level of self-sufficiency and, therefore, Belize needs to export to neighboring countries if further growth and productivity improvements are to be achieved. Successful exports of corn, beans, rice and poultry is already taking place to Guatemala; small exports of beef have also occurred to Mexico. All this suggests that Belize has a competitive edge in these markets and a potential for developing these markets due to its resource endowment and capacity for expansion.

In Europe and the USA reduced subsidies which are required under WTO will mean that Belizean producers will be in a better position to compete with citrus and sugar producers in the USA. The same opportunity will present itself for Belizean exporters to Europe. However, this opportunity will not fully compensate for substantial losses in preferential trading arrangements. Furthermore, neither the USA nor the EU together with most of the developed countries have not lived up to their commitment in reducing subsidies plus their domestic support programs have been on the rise.

Opportunities are/will be available for niche crops whose minimum economies of scale is low and which demand high quality product but reward good prices. Belize has had some experience in these types of commodities such as aquaculture (shrimp, lobster, finfish), fruits (papayas, mangoes), honey, hot peppers, red/black beans, cowpeas and organic cacao. Opportunities will open for export-oriented industries (vegetables) which may be prepared to invest in drainage/irrigation infrastructure in order to be competitive with imports from Mexico and the USA; Mexico has successfully produced vegetables for the USA market. The tourist industry will continue to offer an export market for quality fruits/vegetables which could be supplied by local farmers. It is expected that the tourist market will continue to expand in the coming years.

Opportunity will continue to remain for production of some of the major inputs used in the agriculture sector, particularly, animal feed for poultry, shrimp and pork industries. Animal feed in the form of soybean concentrate together with oils represents the most important commodity-based imports. Trials in Belize have shown that the technological package together with climatic/topographic conditions is available for Belize to be competitive with foreign markets. Furthermore, this commodity could be promoted within a farming system where it could be rotated with corn.

Table 1: Non-Traditional Trade Preference For Belize

Export Product	Destination	Preference	Prospect
Sugar	EU - 54%	EU Sugar Protocol Quota under the Lomé Convention: 39,400 metric tons, US \$.30/lb	Extended to 2007
	US – 14 %	US Sugar Quota: 14,910 metric tons, US\$.227/lb	Vulnerable to being reduced
	World - 32%	World Price: US\$.115/lb, Duty-free entry into Canada under CaribCan	Requires WTO waiver
Citrus	US – 70%	US: Caribbean Basin Initiative: Duty-free	Will be phased out as NAFTA is fully implemented by 2010
	EU – 15%	EU – Lomé Convention, Duty-Free	Extended to 2007
	Caricom – 15%	Common market: duty-free	Not threatened
Bananas	EU – 100%	EU Lomé Convention: up to 55,000 metric tons, duty-free	Extended to 2005

Source: Agriculture & Marine Policies of the Agriculture & Fisheries Sector; Country Paper Belize, IDB;