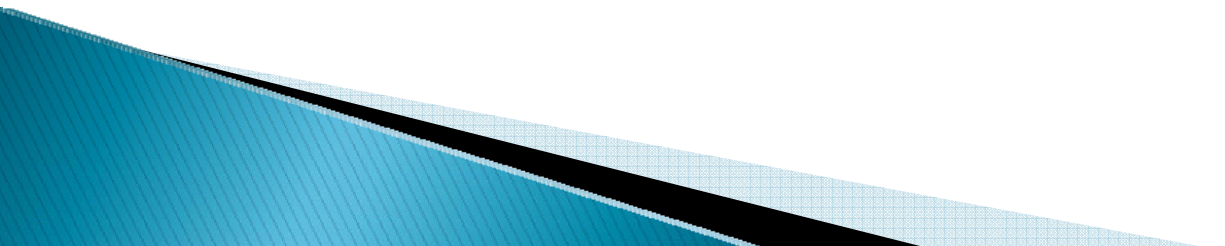


International Competition and Local Obstacles to Trade.

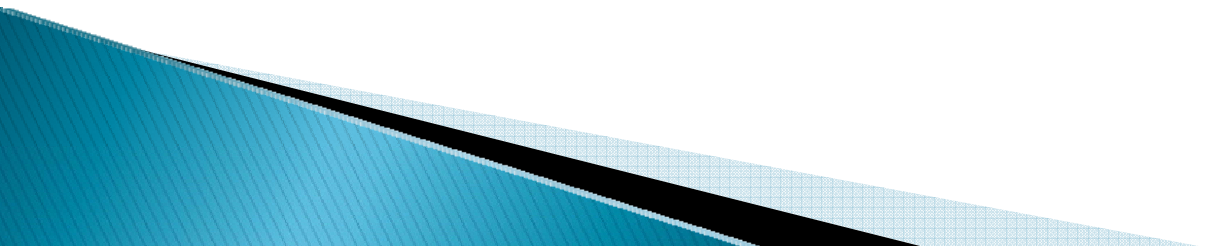
Miguel Garcia-Winder
IICA
Caribbean Crop Society
República Dominicana
July 2010



Objective

- ▶ Overview of the world vegetable production.
 - ▶ The USA Market as the main potential international market to Caribbean Vegetables.
 - ▶ Local obstacles to increase competitiveness.
- 

Introduction: Are vegetables important?

- ▶ There is a general state of mal-nutrition in the world.
 - ▶ There is a new emphasis in what and how to eat.
 - ▶ Constant food recalls question the way we produce, transform and transport food.
 - ▶ Current crisis has changed consumer demands and behavior.
- 

World Vegetable Market

	1990	1995	2000	2005
Area (million ha)	31.1	36.6	44.9	52.1
Production (million MT)	461.9	564.4	746.2	881.1
Availavility (kg/hd/yr)	887.8	99.5	122.9	136.5

Modified from Karup, 2008. Alimentos Básicos del Futuro.

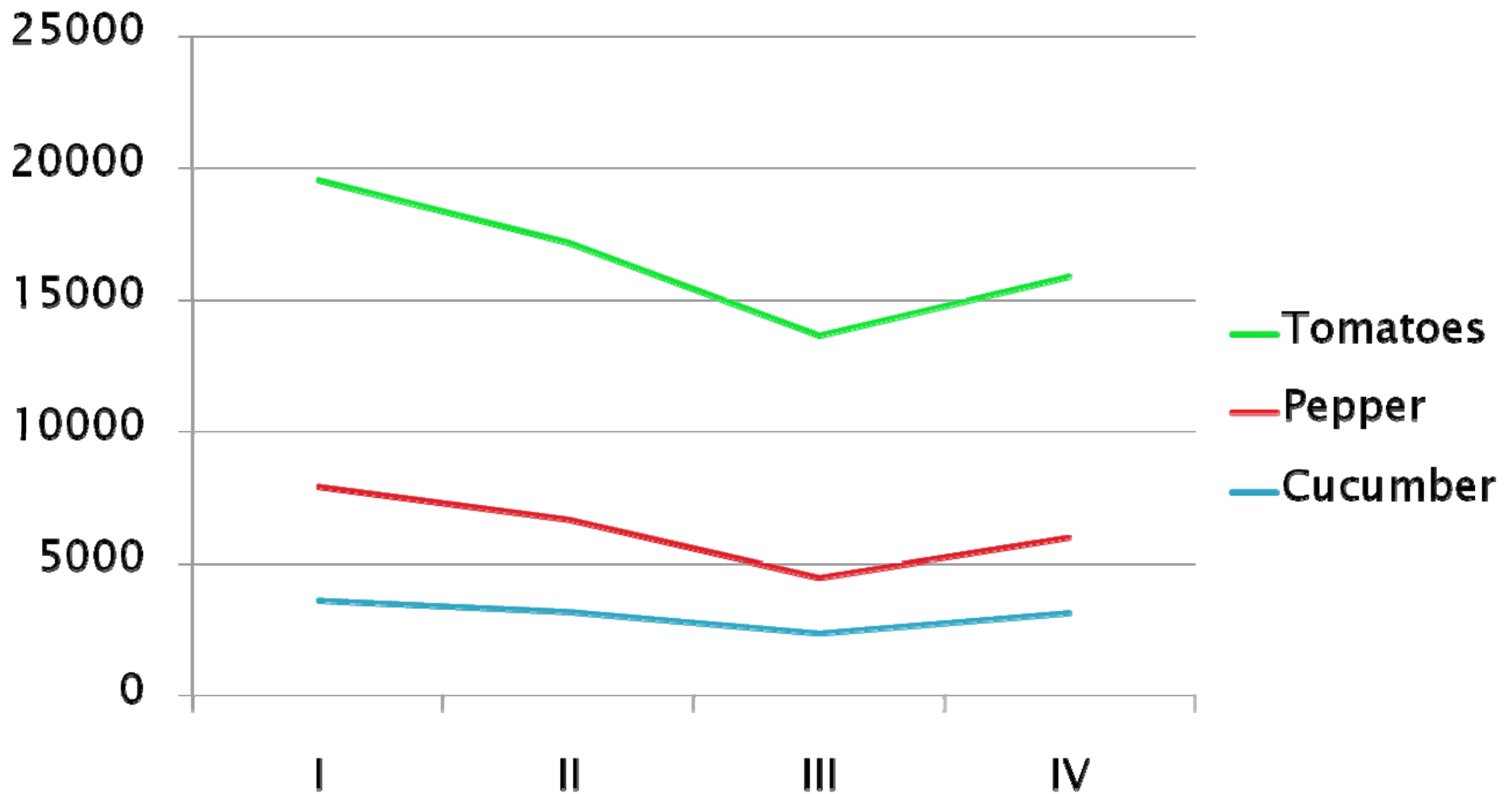
World Vegetable Production

- ▶ 1980–2005: Production increased at an annual rate of 4.1% (China 8.8%, CA and Caribbean 3%)
- ▶ Most growth:
 - Asparagus: 7.8%
 - Spinach: 6.5%
 - Garlic: 5.5%
 - Mushrooms: 5.2%
- ▶ Most traded:
 - Tomatoes (15%), pepper (9.6%), dry legumes (9.3%), onion and garlic (7.9%), frozen (6.2%)
- ▶ Main exporting countries:
 - Spain (15%), Netherlands (14%), Mexico (10%), China (7%), USA (6%).

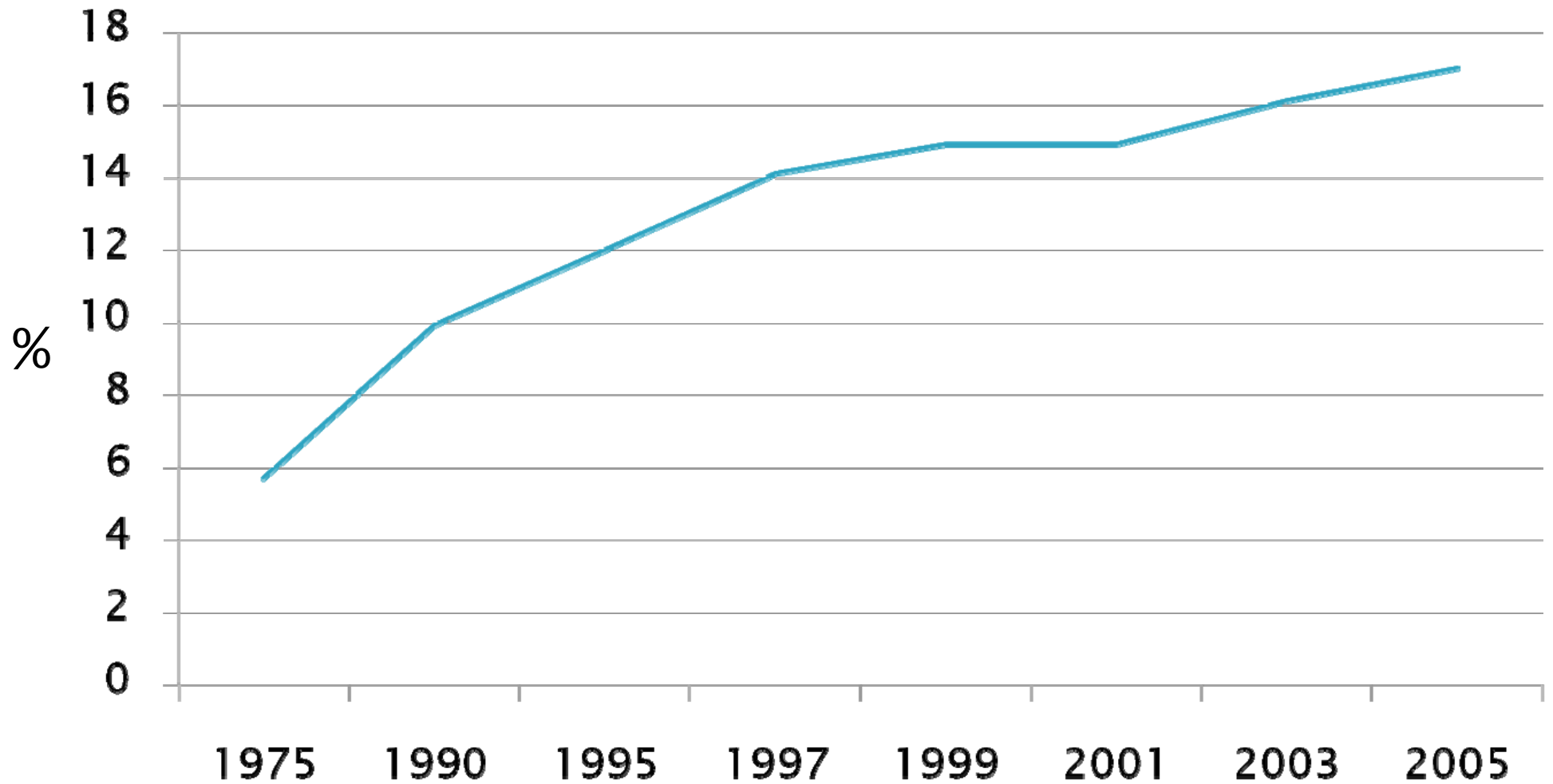
Overview of the USA Market

- ▶ Production
 - Harvested Area: 1.3–1.7 million ha.
 - Fresh markets : 1–1.4 million ha.
- ▶ Volume:
 - Fresh product: 21 y 22 000 ton.
 - Processed: 15 y 17 000 ton.
- ▶ Unit value (dollar/kg)
 - Fresh: \$0.44
 - Processed: \$0.10
- ▶ Localized production
 - Fresh: California & Florida
 - Processed: “Midwest”

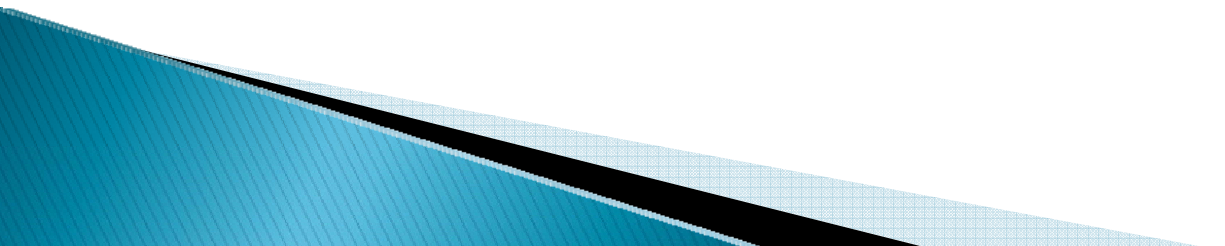
Overview of the USA Market: Vegetable shipments by Quarters



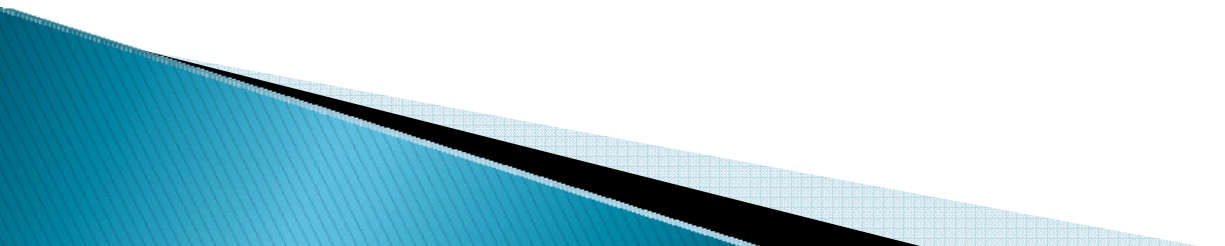
Overview of the USA Market: % of consumption covered by imports.



Overview of the USA Market

- ▶ 17% of consumption is covered by imports (6.7 billion dls)
 - ▶ Annual growth rate of imports: 3.7%
 - ▶ 60% goes to fresh market channel.
 - ▶ Mexico covers 45–52% of vegetable imports to USA.
 - ▶ China has had the highest relative growth in the last five years.
- 

Overview of the USA Market: Commercial Practices

- ▶ 30–40% of production under contract.
 - ▶ Consolidation of commercial chains: increase market power.
 - ▶ Discounts and fees.
 - ▶ Inventory replenishment.
 - ▶ Third party certifications.
- 

Local obstacles to competitiveness

► Investment:

Estimated Greenhouse area in Caribbean Countries.

Country	Estimated Area (2010)
Belize	0.67 ha
Trinidad and Tobago	5-10 ha
Dominican Republic	294 ha
Bahamas	0.5 ha
St. Lucia	6 ha
Dominica	4 ha
St Vincent and Granadines	3 ha
Jamaica	10 Ha
Mexico	2500 ha

Report from IICA Offices

Local obstacles to competitiveness

- ▶ Institutional framework:
 - Public institutions
 - Market information systems/grades and standards.
 - Sanitary and Phytosanitary Agencies.
 - Extension services.
 - Marketing/Export services
 - Private institutional framework (organization, representation, integration, clusters).
 - Public–Private Partnership (credit, finance, risk mitigation)

MARKET TRANSPARENCY AND EFFICIENCY



Local obstacles to competitiveness

▶ Infrastructure:

- Roads.
- Cold Chain.
- Ports and airports.
- Transport clusters and networks.
- Markets.

Local obstacles to competitiveness

- ▶ Innovation:
 - Green houses for the Region.
 - Water management.
 - Pest Control.
 - Heat control.
 - Genetic material.
 - Local/regional inputs.
 - Post harvest management.

WHAT ARE THE UNIVERSITIES DOING PREPARING THE NEW PROFESSIONALS?

WHAT ARE THE RESEARCH CENTERS DOING RESEARCH ON?



Innovation in action

New weight-loss pill made with hot chili peppers is sizzling in Britain

Would you swallow a red-hot diet pill that promised to burn the same number of calories as walking for an hour? Brad Pitt and Jennifer Lopez are among the A-list celebs reputed to have used Capsiplex, a chili-pepper-based weight-loss aid that's winning fans in Britain right now, according to the Daily Mail.

The pill is made with capsaicinoids, the active ingredient in chili peppers, which supposedly stimulate metabolism, burn flab and carbs, and step up the oxygenation rate in someone who's exercising.

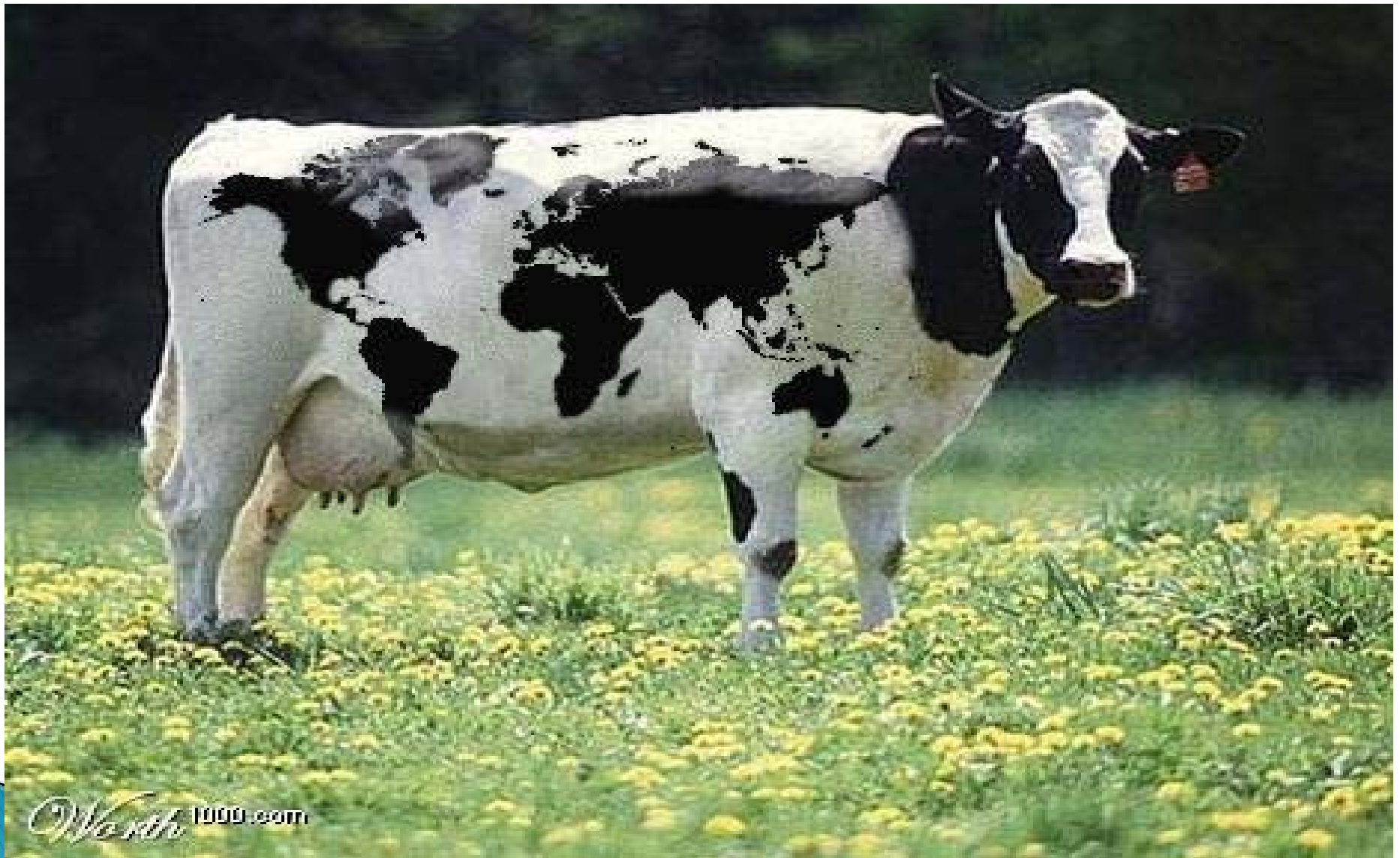
Tests at the University of Oklahoma in 2009 reported that those who popped the pill burned 12 times more calories in the hour after an hour-long workout than those who popped a placebo, according to the Daily Mail. With that kind of calorie-busting potential, how could Capsiplex not be considered a wonder drug for would-be losers?

Fresh Plaza, July 13th, 2010.

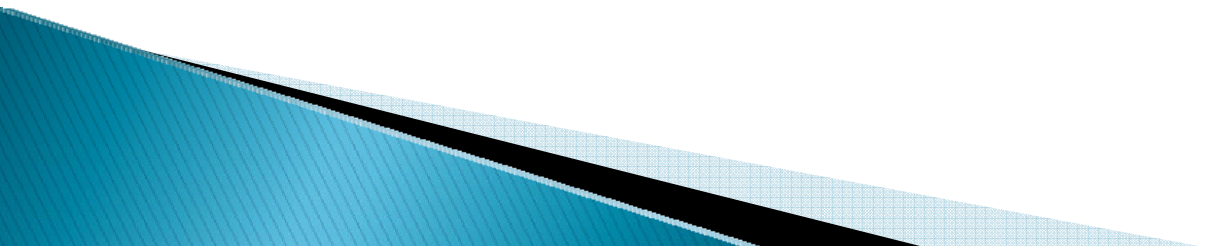
Local obstacles to Competitiveness

- ▶ Capacities and Knowledge
 - Technical capacities
 - Skilled labor.
 - Farmers.
 - Post harvest handling
 - Commercial capacities
 - Market knowledge.
 - Information management.
 - Business Strategies/Coaching.

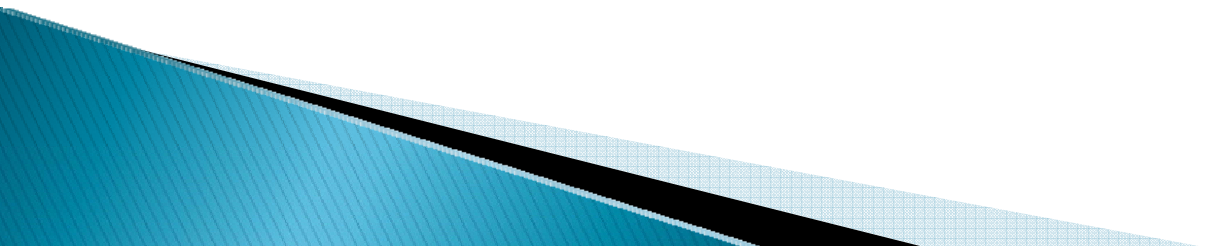
The Caribbean in the international context:



International competition in our own soil.

- ▶ Agriculture in the Caribbean is not longer an engine for economic growth and not longer satisfies the food needs of the population in the region.
 - ▶ International competition occurs in our own soil: Import food bill.
 - ▶ Local food expenditure in vegetables is very low (3% of total food expenditure in Caribbean)
- 

Final Thoughts

- ▶ The Caribbean Region has important ecological limitations that need to be recognized.
 - ▶ Competition occurs at all levels. The Caribbean is an international market for other countries.
 - ▶ The Caribbean Producers **MUST** look at the local market.
 - ▶ The citizens of the Caribbean should embrace national strategies that do not over or underestimate the role of agriculture.
 - ▶ The Governments of the Region should create regional policies that result in more investment, innovation and better institutions.
- 



*Miguel Garcia-Winder
IICA-Miami
Miguel.garcia@iica.int*