



**Advancing Investment: U.S. Trade Policy & Food Security in the Caribbean**

**Summary**

The combination of an increase in the price of imported food products from the United States and a vulnerable agricultural sector threatens food security in the region. Increased investments in agribusiness will improve the region's ability to improve domestic markets and to enhance the export of food products to the United States and other countries around the globe.

**Issue**

The region of the Caribbean is composed of a diverse group of mostly island countries with differing economies and varying views on trade policy with the United States. Many of these countries have relied on trade preferences established in the Caribbean Basin Initiative and other trade policies to energize their economies. However, the aforementioned trade preferences are becoming less salient in today's global economy.<sup>1</sup> In addition; these same countries are still recovering from the global recession and dealing with increased trade deficits. In many cases, the condition of the economy, former trading trends and small agricultural sectors are all factors that have increased the instability of food security.

**Background**

- The Caribbean Basin Initiative grants the region non-reciprocal duty-free access to U.S markets for the majority of products.
- In 2010, the United States imported \$133 million in agricultural, fish and forestry products from the region. In contrast, the United States exported \$1.26 billion in agricultural, fish and forestry products to the region. This is up 2.9 percent from 2009.<sup>2</sup>
- With the exception of Trinidad and Tobago, which possesses oil and natural gas reserves, the other countries are net importers of fuel.<sup>2</sup>
- A majority of countries in the region are largely service sector economies (e.g. tourism, financial and professional services)<sup>1</sup>
- With the exception of Guyana, whose major exports include rice and sugar; for several islands, agriculture's contribution to GDP is between one and five percent, with commercial farming centered on bananas and sugarcane.<sup>2</sup>
- Due to their ability to interrupt the supply chain for domestic and imported food products, hurricanes are a major threat to food security in the region. Other challenges to food security include a lack of arable land and water resources, and the loss of labor due to poor returns and wages.<sup>2</sup>

**Recommendation**

To improve the agricultural sector of domestic markets, the potential to increase exports and the stability of food security; a collaborative effort should be made both regionally and internationally, to advance investment in Caribbean agricultural sectors (e.g. Agrichemicals, bio-fuels, machinery, value-chains, and wholesale distribution)

**References**

- <sup>1</sup> Hornbeck, J.F. United States. *U.S. Trade Policy and the Caribbean: From Trade Preferences to Free Trade Agreements*. Washington D.C: Congressional Research Service, 2010. Web. 12 Sep 2011.
- <sup>2</sup> Nishiura, Katherine. United States. *Caribbean Environment for US Farm Exports*. Miami: USDA Foreign Agricultural Service - Global Agricultural Network, 2011. Web. 12 Sep 2011

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