

### 3 Profits Fly the Coop: Gender Impacts of Trade Liberalisation on the Jamaican Poultry Industry

*Carol Narcisse*

#### **Background**

Like many other developing countries, Jamaica has increasingly liberalised its agricultural imports, opening up to competition from cheaper, often subsidised, products. This process has resulted in displacement of the products and livelihoods of local farmers in major areas of agricultural production. Although poultry farming has held its own in the local market – and is faring better than other sectors such as sugar, bananas and dairy – the industry is significantly affected by cheap imports of chicken parts, in addition to facing other challenges such as high energy and feed costs, as well as the effects of hurricanes and other weather risks.

Despite the competition from imports, local poultry producers still hold greater market share. Of 131,000 metric tonnes of raw poultry consumed in 2007, 106,000 came from local suppliers and 25,000 was imported (Best, 2008). This favourable picture reflects the situation of the main commercial producers. These are large entities that rely on contract farmers, a vertically integrated network of family farms that raise chickens (provided by the contractor) and supply the major processors. These farms have production contracts in which the quality and quantity of broiler inputs and the compensation that is received are determined by the contracting firm.

Under this system the grower invests land and housing facilities, labour and operating expenses such as repairs and maintenance. The contract farmer receives chicks, regular technical and veterinary services, and training. The contract is on a flock-by-flock basis and renewal is determined by satisfactory management of the investment that the contractor makes (Jamaica Broilers Group of Companies, n.d.). The investment made by the farmer is significant – in most cases traditional growing facilities are being replaced with modern units using tunnel-ventilated houses. Prospective farmers must prepare infrastructure to the contractor's specifications, which in the case of one contractor, for example, is a minimum size operation of four 16,000 sq ft tunnel ventilated houses costing US\$140,000 each. While building and

equipment purchase is facilitated by the contractor, farmers must access their own financing through an approved lending institution. In addition to the capital investment, the contract farmer is required to have an individual who is trained in agriculture residing on site, with sole responsibility for managing day-to-day operations.

Contract farming therefore requires a substantial investment, which often excludes women, who generally have less collateral. Of 72 contract farmers associated with one of the two largest contractors, only ten are women and in most cases they acquired ownership on the death of their spouse (Daly, 2009). Women in the poultry industry are therefore mainly small-scale producers whose operations are most at risk from the negative impact of weather shocks, rising prices for feed and cheaper imports. Despite the barriers to scaling up operations, small-scale poultry production is nonetheless a significant contributor to the industry, accounting for some 35 per cent of total poultry meat produced in the island (USAID Jamaica, 2007).

## **Economic background**

Jamaica has historically had an open, dependent economy with serious long-term problems: decreased public revenues, high public wages, increased foreign competition, exchange rate instability, large-scale unemployment and underemployment, and weak access to international financial markets.

Poverty levels stood at 14.8 per cent in 2006 and, though registering a substantial drop to 9 per cent in 2007 due to factors such as construction related to the Cricket World Cup, the rate is likely to rise again in the wake of successive development crises – food, fuel and the current global financial crisis.

Women are a particularly vulnerable group in Jamaican society. Their unemployment rate (13.8%) is almost twice as high as men's (7.4%). Women make up 60 per cent of the unemployed labour force (STATIN, 2007) and have access to less than half the earned income of males (UNDP, 2007). A significant percentage of household heads (46.7%) are women. In the capital (Kingston Metropolitan Area) female household headship is 55.2 per cent; in other towns it is 43.2 per cent and in rural areas 41 per cent. With women's lower level of access to earned income, the data show that male-headed households outstrip female-headed ones in consumption expenditure. Female-headed households are larger and more concentrated in the poorest quintile: 45 per cent have no partner but have children, compared to 7.1 per cent of male-headed households (STATIN and the Planning Institute of Jamaica, 2006).

In addition to high levels of unemployment and household headship

without a partner but with children and other dependents, women have fewer employment options and mobility than males. Agriculture has been a key occupational area for women, whether as farmers or traders of farm produce, and small-scale, backyard poultry production has been an area they have dominated (see Box 3.1).

### **Box 3.1 Women and backyard poultry farming**

Poultry production is a predominately female activity that grew from being the fifth largest category of agricultural work for women in 1993 to the third largest by 2001. Women accounted for more than half of all poultry workers in 1993 and 2001, while they accounted for only between 20 and 24 per cent of all agricultural workers.

One reason that women may have entered the sector is that there are few start-up costs, and women traditionally have more difficulty gaining access to credit or loans to launch other farming ventures. With backyard poultry farming, the initial costs are low and, with the activity being done in one's backyard, it is something that women can do at home and in combination with their childcare and other household responsibilities. In fact, many women do this to make extra money to support their children or, if they do not have other paid employment, to support their families.

The backyard farmer tends a few chickens, often as one of multiple ways of earning a living. The backyard farmer pays for a hen house, lights, feed, equipment to deliver water and food to the birds, and the costs of the chicks themselves. They typically will sell poultry in the local market to outlets such as local workplace cafeterias, hotels and restaurants.

Although backyard poultry farming enables women to combine paid and unpaid work, it is not a particularly lucrative venture. According to Dr Michael Witter of the University of the West Indies: 'The typical poultry farmer has 10,000 chickens, kids in school and a little house. She works but she works on the margins. One slip can cause immense problems for her.' For the backyard chicken farmer, the situation is even more precarious. While the contract farmer obtains medicine and other chemicals (although not hormones) from the company, the backyard farmer cannot afford this. She will buy food for her chickens, but often cannot afford to purchase medicine. As a result, her chickens have a higher mortality rate. Since she has fewer chickens, each one represents a larger investment, and subsequently a greater economic loss if one dies.

Source: Wyss and Whyte, 2004.

With smaller operations and no guaranteed outlet for the chickens produced, women in backyard poultry farming are likely to be disproportionately affected by changing trade policies that require them to compete with cheap and often subsidised poultry products.

## **Changes in trade and economic policy**

The process of trade liberalisation has spanned over three decades in Jamaica. Witter (2004) describes how it began with the stabilisation agenda of the International Monetary Fund (IMF) in the late 1970s and then accelerated in the 1980s with the World Bank's structural adjustment programmes. He goes on:

In the 1980s too, the United States Agency for International Development's (USAID) loan programmes played a supporting role to the IMF and the World Bank by way of the cross-conditionality of the financial programmes that were enshrined in what was called the tri-Partite approach (1987) to Jamaica's adjustment process. In the 1990s, the trade liberalization process was continued with the reform of the common external tariff of CARICOM; the pressure to comply with the World Trade Organization's (WTO) international trade regime; the restructuring of trade relations with Europe ... and the commitments taken in the context of the process to establish the Free Trade Area of the Americas (FTAA).

The premise of trade liberalisation is the creation of a 'level playing field'. However, as Witter (n.d.) explains

As part of that liberalization ... comes the removal of taxes and the removal of special concessions to local producers. The philosophy behind that was ... that markets know best, and if we remove the protection, our producers would be made more competitive as a result of competition with external, more efficient producers. But these producers also turn out to have subsidies, which are mysteriously allowed to remain in place ... In reality we had to buy into what is called a level playing field policy when there was no level playing field.

The specific policy changes that were part of the process of liberalisation included the following (FAO, 2003):

- Elimination of all quantitative import restrictions and the use of reference prices;
- Reduction of tariff rates over a 5-year period (3–7 years for some products) with no tariff to exceed 100 per cent after reductions;

- Elimination of general food subsidies;
- Removal of credit subsidies and adoption of market-related credit terms;
- Deregulation of several commodity boards, e.g. the Cocoa Industry Board, Coffee Industry Board, Sugar Marketing Board and Citrus Industry Board;
- Divestment of land and publicly owned enterprises.

In addition, other liberalisation policies adopted at the macroeconomic level had an impact on the sector – for example, the abolition of foreign exchange controls. The resulting devaluation of the Jamaican currency has meant higher import costs for an agricultural sector that is heavily import dependent.

### **Trade policy and the poultry industry**

Though faring better than the sugar, banana and dairy industries, which have been severely affected by trade liberalisation, the poultry industry has had to contend with import surges of low-priced chicken parts especially, from the USA (Singh *et al.*, 2005). Both backyard and contract farmers are affected by the cheaper, imported meat, the latter because the contracting firm reduces the number of birds placed in the field when demand declines.

In its research on trade liberalisation and poverty in Jamaica, the Women's Edge Coalition (Wyss and Whyte, 2004) provides to date the most definitive account of the challenges to the poultry industry posed by competition from cheap, subsidised imports (see Box 3.2). While the report presents the scenario up to 2003, the local controversy that ensued from the granting of permits for imports at a lowered tariff in 2008 indicates the continuing relevance of the findings.

Despite the passing of the Safeguard Act, successive governments have reduced tariffs on imported chicken meat, especially in peak periods of consumption such as holidays. Such a relaxation of the import restrictions occurred in December 2008 – supposedly to satisfy demand during the Christmas season. The Government granted permits for the importation of 625,000 kg or 25 containers of leg quarters at a duty of 40 per cent, down from 260 per cent. The Minister said this was to facilitate affordable prices for the consumers, while still allowing local producers to compete.

As usual, this occasioned protests from major producers, who contended that there was no shortage and that the imports would threaten the livelihood of chicken farmers. The Minister defended the decision by saying that the Government was concerned that any shortage of chicken during the period would lead to additional price increases over what had already taken place, creating hardship for consumers.

**Box 3.2 Challenges to the poultry industry from subsidised imports**

Poultry is a popular food item in Jamaica. It is less expensive than pork or beef and is considered healthier, particularly the white meat. From 1996–2000, chicken production increased 40 per cent and local production was able to satisfy 60 per cent of the demand. The remainder, primarily lower-cost chicken necks, backs and leg quarters, was imported from the USA. Under the WTO, Jamaica granted high levels of market access to imported agricultural products. It had already gone a long way in liberalising imports prior to the launch of the WTO, reducing its import duties from as high as 200 per cent to 40 per cent for agricultural goods. Lowering import duties makes it less expensive for other countries to export food and other products to Jamaica. Jamaican officials may have believed that trade liberalisation would enable them to import cheaper food for low-income consumers, pressure inefficient farmers to leave the sector and make other farmers more competitive.

In 1994, the USA exported just over US\$13 million of poultry meat and edible offal to Jamaica, but by 1998 this had almost doubled to US\$25.2 million before returning to roughly US\$13 million in 2001. In the early 1990s, the USA adopted aggressive marketing strategies to sell poultry products internationally. One strategy involved exporting leg quarters to Jamaica at prices well below costs of production. It claimed the practice was not dumping, since the leg quarter prices in Jamaica were no lower than those in the USA. This was because, based on American consumers' preference for white meat over dark meat, US producers were selling leg quarters at only about 40 to 60 per cent of production costs, while they sold breast meat at four times the cost of production. In this way, they covered their costs.

Poultry producers in Jamaica were particularly riled because while they were struggling to compete with lower-priced US chicken products, exports of Jamaican poultry were barred from the USA under sanitary and phytosanitary (SPS) measures that were required by the WTO. The SPS rules barred Jamaican poultry on the grounds that the country had not demonstrated that Newcastle disease, a viral disease affecting chickens, had not occurred in the country during the past 50 years. Producers appealed to the Jamaican Government to enact measures to protect the local industry. They requested that the Government raise the WTO bound tariff rate to the ceiling that Jamaica had set of 100 per cent for chicken, which was the only remedy available to the country under its WTO

**Box 3.2 (continued)**

commitments. This would mean that a 100 per cent tax would be levied on imported chicken, making the price close to that of local producers. However, policy-makers were reluctant to act as the Government was bound by an IMF agreement not to raise tariffs at all. Wealthy members of the poultry sector continued to lobby for the local market to be protected, and in 2001 the Government passed the Safeguard Act,<sup>4</sup> which allows Jamaica to use temporary tariffs or quotas to restrict imports of a product where there is clear evidence that increased imports have caused or threaten to cause serious injury to the domestic industry and it is in the public interest to impose these measures.

Source: Adapted from Wyss and Whyte, 2004

## **Impacts of trade policy changes on women**

The backyard farmer is the most vulnerable of the suppliers of chicken to the local market. Though often supplying the immediate market of her community, she is also competing with the cheaper imported meat. While there is little data on the number of farmers who have had to go out of chicken production due to increased competition from imports,

... anecdotal evidence suggests that nearly half of the ‘backyard’ farmers may have left. Some analysts have suggested that the backyard farmers moved into other enterprises such as working in the market selling vegetables while others may have moved to tourist areas to find work. Rural women, who are the majority of these ‘backyard’ producers, were most affected by the trade policies. (Wyss and Whyte, 2004: 25)

## **Measures taken to help women to cope with or take advantage of policy changes**

### **National**

While no national programmes have specifically targeted women, there have been general measures that would benefit women in the industry. For example, the Safeguard Act in 2001 increased import duties from 86 to 260 per cent for poultry products (Wyss and Whyte, 2004), which helped protect local poultry farmers, including small-scale producers who are mostly women.

However, in July 2003 Robert Levy of Jamaica Broilers still had reason to suggest that Jamaica and other Caribbean countries needed to reduce their imports of chicken from 25 per cent to 15 per cent. Levy noted that Caribbean countries as a whole granted high market access for chicken in comparison with Mexico, which imports 5 per cent of its poultry, and Brazil, which imports less than 1 per cent (Wyss and Whyte, 2004).

Prior to the passing of the Safeguard Act, the Government enacted the Customs Duties (Dumping and Subsidies) Act (CDDASA) in 1999, which sets out the general investigation process and provides for the imposition of anti-dumping and countervailing duties against dumped or subsidised goods. CDDASA established a statutory body called the Anti-dumping and Subsidies Commission (ADASC), whose function is the implementation of the provisions of the Act (FAO, 2003).

Additionally, a number of agricultural support services are provided by the Government in order to enhance competitiveness and develop the agricultural sector generally. These include research and extension, the development of technology, human resources and marketing, plant quarantine/produce inspection and veterinary services.

The Government also provides income tax exemption for up to ten years for farmers with approved farmer status. Agricultural production inputs are exempted from general consumption tax payments and farmers are eligible for a 20 per cent duty concession on the importation of farm vehicles.

The Jamaica Livestock Association (JLA), a civil society organisation, advocates for the interests of poultry farmers by lobbying against unnecessary importation of poultry products and regulating importation in times of shortages, for example following hurricanes. During such economically challenging periods, the JLA has, for example, imported eggs for distribution through farmers to retail outlets until production returned to normal. The JLA supplies, at competitive prices, all the requirements of independent poultry farmers – from day-old chicks and feeds to feeders, laying boxes, mesh wire, health-care products and medications. The Association's Field Representatives keep in touch with farmers, giving them the advice they need to make their business profitable (JLA, n.d.).

## International

A review of programmes supported by international agencies that benefit women in agriculture generally and in poultry specifically suggests that these programmes have been relatively small in scale and have been:

- In response to weather shocks (hurricane damage, etc.), with support being given to rebuild coops, restock, etc.;

- Related to efforts to improve the income-generating capacity of rural and/or urban women in specific pilot communities, with backyard poultry farming as one of the strategies.

## Lessons learned

The overarching lesson to be drawn from the analyses is that trade is not gender neutral. In agriculture, as in other areas of the economy, women and men come to the market with different material capacities and needs. These affect their relative position and vulnerability within a given sector. Effective policy-making, monitoring and evaluation require that these differences be identified and that specific and appropriate remedies be implemented.

As stated by the Women's Edge Coalition:

... the reality of free trade has not always lived up to the rhetoric, particularly for the poor. ... In particular, trade's effects on women, who are more likely than men to be poor, must be carefully examined. For, if trade is to lift up the poor, then there should be positive benefits for women living in poverty for whom a small increase in income could have an enormous impact on their quality of life. (Wyss and Whyte, 2004: 1)

And they concluded, among other things, that:

The WTO agreements affected Jamaica's small producers and limited the ways in which the Government could respond to an influx of cheap, imported goods.

The state has a legitimate role in developing policies for the public good as well as in regulating goods – for example, ensuring food safety and the safety of new drugs. International trade commitments should be consonant with other international commitments on development, gender equality, and economic, social, and cultural rights. Moreover, international trade commitments should enhance Jamaica's national laws and policies that are designed to increase economic development within the country.

Jamaica's economic and social crisis has many factors, but it is clear that the WTO commitments that Jamaica has undertaken have hindered the ability of the state to act in the public interest. As a small island economy, Jamaica is already vulnerable to the exigencies of external forces. Jamaica must be able to maintain needed flexibility to act in the interest of the public.

Jamaican women, particularly women living in poverty, have a great stake in the outcome of trade negotiations. Trade negotiations can either create new opportunities for women which will enable them to support

their families and invest in their children's future or instead, trade may create the narrowest range of poverty-waged jobs for women while reducing the ability of the Government to legislate in the public's interest. (ibid.: 75)

As Wyss and Whyte (2004) point out, Jamaican women have consistently demonstrated 'their entrepreneurial zeal, their ingenuity [and] their ability to work hard to support themselves and their families'. What they need are policies to open up sectors where they can compete and laws that promote a balance between work and family life.

## References

- Best, R (2008). 'CARICOM Poultry Industry: Changing Competitive Environment and Evolving Response', presentation at a forum on Strengthening Agricultural Trade Strategies: Towards a Caribbean Agenda, 6–8 November, Belize City, Belize, [http://www.ecdpm.org/Web\\_ECDDM/Web/Content/Download.nsf/0/B1830603147E53A1C1257501005C05A8/\\$FILE/Best\\_CARICOM%20Poultry%20Industry\\_Changing%20Competitive%20Environment%20and%20Evolving%20Response.pdf](http://www.ecdpm.org/Web_ECDDM/Web/Content/Download.nsf/0/B1830603147E53A1C1257501005C05A8/$FILE/Best_CARICOM%20Poultry%20Industry_Changing%20Competitive%20Environment%20and%20Evolving%20Response.pdf)
- Daly, J (2009). Telephone interview by the author of *The Live Production Manager*, Jamaica Broilers Group, 20 April.
- FAO (2003). 'Jamaica', in WTO Agreement on Agriculture: The Implementation Experience: Developing Country Case Studies, Food and Agriculture Organization (FAO), Rome, <http://www.fao.org/docrep/005/y4632e/y4632e0m.htm>
- Jamaica Broilers Group of Companies (n.d.). 'Best Dressed Chicken Operations', <http://www.jamaicabroilersgroup.com/jabroilers.dti?section=poultrydivision&page=fieldops&PHPSESSID>
- JLA (n.d.). 'About Us', Jamaica Livestock Association website, <<http://www.jlaltd.com/about.us.farmers.htm>>.
- Singh, RH, Rankine, LB and Seepersad, G (2005). 'A Review of Agricultural Policies: Case Study of Jamaica', report prepared for the CARICOM Secretariat, Department of Agricultural Economics and Extension, University of the West Indies (UWI), [http://www.caricom.org/jsp/community/agribusiness\\_forum/agri\\_policy\\_jamaica.pdf](http://www.caricom.org/jsp/community/agribusiness_forum/agri_policy_jamaica.pdf)
- STATIN (2007). <http://www.statinja.com/stats.html>
- STATIN and the Planning Institute of Jamaica (2006). 'Jamaica Survey of Living Conditions 2006', <http://salises.mona.uwi.edu/databank/slc2006/survey0/index.html>
- UNDP (2007). *Human Development Report 2007–2008: Fighting Climate Change: Human Solidarity in a Divided World*, Palgrave Macmillan, New York.
- USAID Jamaica (2007). 'Rural Enterprise Development of the Poultry Industry: Bridging the Gap', 30 August, <http://jamaica.usaid.gov/en/Article.1084.aspx>
- Witter, M (2004). 'Trade Liberalization: The Jamaican Experience', prepared for the United Nations Conference on Trade and Development (UNCTAD), <http://r0>

[unctad.org/ditc/tab/events/nama/docs/Draft\\_studyjamaica.pdf](http://unctad.org/ditc/tab/events/nama/docs/Draft_studyjamaica.pdf)

Witter, M (n.d.). Interviewed for 'When The Cows Come Home', Life Series article, Lifeonline, <http://www.tve.org/lifeonline/index.cfm?aid=1438>

Wyss, B and Whyte, M (2004). *The Effects of Trade Liberalization on Jamaica's Poor: An Analysis of Agriculture and Services*, Women's Edge Coalition, Washington, DC.