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POSTHARVEST INSTITUTE FOR PERISHABLES

REPORT OF VISIT TO
GRENADA AND BARBADOS

by

Harvey C. Neese, Field Director
Postharvest Institute for Perishables

GTS Report No.
PIP/Grenada and Barbados/Nov. 86/No. 53.3



University of Idaho

in cooperation with
**United States Agency for
International Development**

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Introduction

This trip was made to the Caribbean from November 16 to the 23rd to review programs that PIP has been involved with and others that it might become involved with in the future.

In Grenada, a review was made of PIP assistance to the Grenada Cooperative Nutmeg Association (GCNA) in its attempt to increase its share of the U.S. market for Grenada produced nutmeg. A meeting was also held with the Minor Spices Cooperative Society on the possibility of combining operations with the GCNA.

In Barbados, meetings were held with USAID and Development Alternatives, Inc. personnel to discuss the status of the High Impact Agricultural Marketing Project (HIAMP) of which PIP was listed as a collaborator in the five year project.

Discussions were also held with USAID/Barbados on possible PIP assistance on a trafficker (higgler) marketing facility in St. Vincent and with the UN/FAO on a training course on postharvest losses.

Grenada

PIP has been giving technical assistance to the Grenada Cooperative Nutmeg Association since 1984. The Grenada AID Mission is currently supporting further financial assistance to the GCNA to improve marketing options in the U.S. by conducting chemical analyses of Grenada nutmeg and presenting the results to U.S. spice processors.

There were several areas of interest that were discussed with the GCNA Managing Director and the Board of Directors pertaining to Grenada produced nutmeg. These are given below:

1. Market Promotion Efforts

PIP personnel have met with four of the largest spice processors in the

U.S. over a period of the past two years on purchasing of nutmeg directly from Grenada instead of buying through brokers who deal with European processors.

Initially, PIP, at the request of the GCNA, had contacted one designated large U.S. spice firm and discussed with company officials specific incentives needed to initiate direct purchase of Grenada nutmeg. The company officials mentioned that a five percent discount from the World Spot Market Price would be adequate incentive to induce the firm to begin purchasing nutmeg directly from Grenada in the following 12 month period. The firm would then allow PIP personnel, as part of the arrangement, to observe and take data on the grinding/sizing/screening processes which could be relayed to other interested U.S. spice firms. Because of delays in finalizing an agreement with the initial U.S. spice firm contacted, PIP discussed the same incentive arrangement with three other large U.S. spice processors who expressed interest in a similar purchasing arrangement with the GCNA.

The GCNA Board of Directors and Managing Director were apprised of the interest expressed by the four U.S. spice processing and marketing firms in purchasing Grenada nutmeg. The Board was also informed that PIP would make no efforts to move forward on solidifying purchase agreements, with any or all of the firms, until the following two points were implemented:

- A. The GCNA requested PIP to continue efforts to develop the U.S. market, and
- B. An amount of nutmeg, estimated at approximately 225 tons, would be set aside for the U.S. market by the GCNA.

2. White Mold on Grenada Nutmeg Shipments to Europe

White mold was found on several recent shipments of defective (or broken/cracked) Grenada nutmeg to Europe. The GCNA was penalized financially on at least one shipment. While in Grenada, the PIP Field Director met with the Managing Director, Mr. Robin Renwick and Dr. Guido

Marcelle, currently in charge of the chemical laboratory on this problem. It was agreed that white mold was a serious potential problem and everything possible should be done to eliminate this threat to Grenada's quality product. It was postulated that excess moisture was more than likely the cause for white mold development during shipment.

The following steps were agreed upon to begin the process of eliminating the mold problem in future shipments:

- A. Examine the possibility of retaining nutmeg in drying bins a couple of weeks longer to remove more moisture before shipping.
- B. Begin spot testing lots for moisture content in Grenada prior to shipment of nutmeg.
- C. Re-examine processing plant operations to determine if something is presently being done, that wasn't done in the past, to account for increases in moisture content. This would include talking to all plant personnel familiar with the processing operations.
- D. Train a laboratory technician from Grenada at the University of Idaho in the more precise methods of determining moisture content of nutmeg.
- E. Check incoming nutmeg from producers more closely to determine if the nuts are being soaked in water to add more weight to the product.

3. Aflatoxins

The Federal Republic of West Germany may initiate stringent legislation that would require testing for aflatoxins at the point of shipment for many food products. Defective nutmeg would be included in the impending legislation by the food and drug authorities of Germany. The requirement of aflatoxin tests, according to Dr. Guido Marcelle, in Grenada prior to shipment would create a large hardship on the nutmeg industry. Grenada does not have the personnel, training or laboratory equipment to conduct aflatoxin tests. PIP prepared a letter of rebuttal that the GCNA could

use as a guideline to reduce or eliminate this threat. In discussions with Dr. Marcelle and Mr. Robin Renwick, it was agreed that a letter would be sent to German authorities presenting Grenada's arguments as to why nutmeg should not be included on the required aflatoxin test list. These rebuttal points are listed below:

- A. Aflatoxin contamination has primarily been found in processed nutmeg from grocer's retail shelves. Since aflatoxin contamination can occur anywhere in the marketing and handling chain there is no conclusive evidence that contamination started in the producing countries.
- B. Requiring aflatoxin tests at the point of shipment would create an economic hardship on the country of Grenada, and its producers as well as German spice processors.
- C. Required aflatoxin tests in Grenada prior to shipment would not preclude contamination while in shipment, during processing, or while in storage. Any aflatoxin contamination discovered in Germany would most likely cause Grenada's testing program to come under suspicion, no matter where the contamination might have occurred.
- D. Aflatoxin tests should be made towards the end of the marketing chain, not at the beginning, to better control contamination that might occur all during the handling processes.

4. Grenada/Indonesian Memorandum of Understanding

A Memorandum of Understanding has been signed between the Grenada Cooperative Nutmeg Association and the Indonesia Nutmeg Association on cooperation in marketing of nutmeg to international users. Since Grenada and Indonesia produce most of the world's supply of nutmeg, an agreement on prices could have wide ramifications for spice processors and consumers.

The PIP Field Director presented to the GCNA Board of Directors a possible negative consequence of a price controlling arrangement for nutmeg if the

prices reached unacceptable levels to spice processors. A result of too high prices, the Board was told, might induce large firms to go to an artificial product which at least one large U.S. spice firm professes to be able to formulate.

Since a majority of the nutmeg in the U.S. is used for institutional purposes, an artificial nutmeg flavor would not necessarily need to be physically seen by consumers as long as the taste was apparent in the food product. Any reduction of the demand for developing countries nutmeg products would have adverse affect on producers, both in Indonesia and Grenada.

The objective of PIP's involvement with the GCNA has remained the same - to assist the GCNA in developing a long term marketing strategy for Grenada nutmeg in the U.S. Currently PIP is examining the ramifications of the proposed nutmeg cartel arrangement between Indonesia, Grenada and a European broker. PIP proposes to make available an international marketing economist to the GCNA and Grenada Ministry of Agriculture to present the pros and cons of the proposed cartel. This will allow the GCNA and Government of Grenada to better understand the long term consequences of such an arrangement if they choose to take advantage of this opportunity. It is understood, at this time, that there is not yet a cartel arrangement in place between Grenada and Indonesia and will not be established until some time in the future.

Minor Spices Cooperative Society

The Minor Spices Cooperative Society markets small volumes of cloves, cinnamon and pimento (all spice) for some, if not most, of the same producers who are members of the GCNA. The Society provides collection, grading, bagging and marketing services for its members.

The Minor Spices Society is the smallest of the four marketing organizations in Grenada. Because of its size, and the small volume of commodities, sufficient funds are not available to properly support an administrative and marketing organization. The Society is currently heavily in debt due to

the above mentioned problems.

The PIP Field Director met with several of the Society's Board of Directors and the Managing Director, Mr. Martin Pierre, while in Grenada. Discussions centered on Minor Spices' financial problems and its lack of ability to market the members' spice commodities.

PIP's efforts to assist the GCNA was explained to the group with the possibility that marketing assistance for minor spices could also take place if the Society would join with the GCNA into one association. Since most spice processing firms in Europe and the U.S. handle a wide variety of spices, the one organization could ostensibly market all the spices from Grenada.

In the past, there has been discussions by personnel of the two organizations, the GCNA and Minor Spices, on the possibility of combining into one organization. The advantages would be the reduction of administrative, marketing and shipping costs. The present system at the GCNA could probably handle minor spices without additional personnel and these products could "piggyback" large nutmeg shipments and benefit from reduced container load costs.

The Managing Director and the board members at the Minor Spices Society indicated they would meet with the Minister of Agriculture and seek his advice and assistance on the possibility of combining operations with the GCNA.

Barbados

In Barbados, discussions were held with USAID agricultural officers, the Director of the High Impact Agricultural Marketing Project (HIAMP) and a representative of the UN/FAO. These discussions are detailed below.

1. USAID and St. Vincent Traffickers Facility

Meetings were held with Mr. Mike Maxey and Mr. Larry Laird on possible PIP assistance to USAID for a proposed trafficker or higgler marketing facility in St. Vincent. The PIP Field Director prepared an initial draft

proposal to USAID on an assistance plan to help develop a consensus for a practical and usable physical structure and a plan to maintain the facility by agricultural authorities in St. Vincent. USAID personnel will decide on how best to provide the needed assistance, taking into consideration PIP's submission and other available options.

2. PIP's Participation in HIAMP

The HIAMP Project is underway and will provide agricultural market development assistance to the following Caribbean countries: Grenada, St. Vincent, St. Lucia, Dominica, St. Kitts-Nevis and Antigua. Mr. David Hughes, Development Alternatives, Inc., is the Director of this five year USAID supported project in the Eastern Caribbean. Several broad areas of technical assistance by PIP were discussed with the HIAMP Director. Since the project is in an embryonic stage, there are no specific on-going projects that PIP might offer assistance to at this time. The Director will be examining possible assistance areas to recommend for PIP participation in the project. A general discussion was also held with Mr. Bill Baucom, USAID/RDO, on HIAMP and PIP's future involvement with this project.

3. UN/FAO and Postharvest Loss Training

Discussions were held with Mr. Steve Harris, postharvest loss specialist with the UN/FAO for the Eastern Caribbean area. He is interested in exploring possible PIP assistance in postharvest loss training that PIP is formulating with the University of California at Davis. Funds have been allocated by the FAO to train a number of agriculturists from the Caribbean on methods to reduce postharvest losses in perishable crops. A course schedule and costs will be submitted to Mr. Harris as soon as they are completed.