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AGRICULTURAL MARKETING SYSTEM IN ST. LUCIA

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Presented to:

Agency for International Development/Washington  
Caribbean Development Bank  
Ministry of Agriculture, St. Lucia

September 30, 1978  
Greensboro, North Carolina, USA

Research carried out under 211(d) Grant  
funded by AID/Washington, DC

## TABLE OF CONTENTS

### Chapter I: INTRODUCTION

- I. Introduction
- II. Objectives
- III. Procedures

### Chapter II: SAINT LUCIA AND ITS ECONOMY

- I. General Background
- II. Population
- III. Economic Activities and Industry
- IV. The St. Lucian Agricultural Sector
- V. The Sample Farmers
- VI. Harvest and Sales Decisions

### Chapter III: AGRICULTURAL MARKETING SYSTEM

- I. Overview of the System
- II. Marketing Channel
- III. Marketing Functions
  - a. Exchange Function
  - b. Physical Function
  - c. Facilitative Function
- IV. Transportation System
- V. Agricultural Prices--Farm Gate vs. Market Prices
  - a. Farm Gate Price
  - b. Market Price
  - c. Marketing Margin

### Chapter IV: PROBLEMS AND RECOMMENDATIONS FOR IMPROVEMENT

- I. Problems of Agricultural System
- II. Problems of SLMB
- III. Problems of Standardization
- IV. Recommendations for Improvement

## I. INTRODUCTION

This study of agricultural marketing system of St. Lucia was undertaken by North Carolina A&T State University, under the 211(d) Grant from the Agency for International Development, Washington, DC. The objective was to assist the government of St. Lucia in identifying the agricultural marketing system and the problems associated with the system and to assist the Caribbean Development Bank in its long term marketing study.

The Caribbean Development Bank has undertaken a long term marketing study of St. Lucia and currently the bank is collecting the basic data. This study will form a part of and supplement to the long term study, and provide the bank additional farm to market data in the marketing processes involved.

## II. OBJECTIVES

Historically, the marketing of food crops has presented a problem to the people of St. Lucia. About ten years ago, the Government established the St. Lucia Marketing Board (SLMB) with the hope of improving the food marketing problem. Many people felt the SLMB would play a predominate role in marketing, and within a few years most produce would move through the Board. This role has failed to materialize. The SLMB handles only a small amount of total production and sales, around 2 percent annually.

The failure of the SLMB to become a major institution in food crop marketing may have been the result of lack of farmer acceptance, misunderstanding of the function of SLMB, low producer prices, and a host of marketing problems facing the St. Lucian farmer.

In an attempt to answer some of the questions raised about the marketing problem in St. Lucia, the Caribbean Development Bank (CDB) was asked to assist in a study of food marketing. The scope of their study was at the wholesale-retail level, emphasis placed on the Marketing Board, and the market place in Castries.

The purpose of this study is to assist the government of St. Lucia through the Caribbean Development Bank conduct a food marketing study in St. Lucia directed towards the identification of projects that will help improve the performance of the food marketing system; and also, to delineate constraints in the marketing system. Specific objectives of this study are as follows:

1. To determine the market functions and harvest decisions of St. Lucia from the time of harvest to first exchange of ownership.
2. To determine the terms, conditions, and costs borne by farmers in food crop marketing.

3. To determine the functions and costs in transferring produce from farm to market.
4. To determine the marketing problems as perceived by farmers.
5. To determine the market information system used by farmers.

### III. PROCEDURES

This study was made possible by the cooperation of the Caribbean Development Bank, the USAID office in Barbadoes and the St. Lucian Ministry of Agriculture, especially the extension officers, Statistics section at Union Station, and officers of the Agricultural Bank.

A random sample of farmers were selected from four agricultural districts. Each of the districts were selected based upon the crops grown and being harvested during June-August. These crops were representative of the crops being harvested throughout St. Lucia. A total of 150 farmers were selected from each section by using the Agricultural Census of 1973 (Table 1.1). A systematic sample was selected for each area. The names and address of each farm selected was recorded. Attempts were made to survey each of the farmers selected. A questionnaire was developed for use in the field. Originally, two to three visits to each farm were suggested. Multiple visits would have enabled the interviewers to gain the confidence of the farmer, hopefully, resulting in "better" answers.

The survey was conducted during a three week period during the month of July. The Extension officers in each of the survey areas accompanied the interviewers. They helped to locate the farmers on each of the four samples lists.

Table 1.1 Population and Sample Size by Region

Area	Population	Number in Sample	Number Surveyed
Dennery	1612	45	26
Choiseul	889	35	20
Babonneau	408	20	20
Vieux Fort	977	35	20
Total	3886	135	86

Because of their help, we were able to get better answers and more reliable data in a much shorter time. Only one visit to the farmer was found to be necessary. We were able to confirm some of the data given by the farmers by the personal knowledge of the extension officers. Thus, the researchers felt that three visits to each farmer were unnecessary.

We did experience difficulty in locating the farmers. Many of the farmers on our list were retired, had moved away, had quit farming, or could not be located. Thus, it became necessary to replace some of the farmers in the survey in order to obtain at least 20 farmers for each district.

The farmers surveyed were usually very cooperative. Most of them readily answered the questions after an explanation of the purpose, and the objectives of the study were given. In some areas, the extension officers had to assist with translating the questions. Many of the farmers felt more secure in speaking Patios and were reluctant to answer in English. The extension officers therefore assisted not only in locating the farmer, but also in translating the questions.

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## CHAPTER II

### ST. LUCIA AND ITS ECONOMY

#### I. General Background

St. Lucia, the second largest windward island is situated between Martinique and St. Vincent in the Eastern Caribbean sea. The country is a part of the East Caribbean group including Grenada, the Grenadines, St. Vincent and St. Lucia (See Figure 2-1). It is a small island with 238 square miles of land area endowed with towering mountains, beautiful valleys, scenic areas and picturesque beaches all around.

The exact date of findings of the island is still unknown but the legend has it that ship-wrecked sailors landed on the island on December 13, 1502 and named the island St. Lucia in honor of St. Lucy, the Virgin Martyr of Syracuse.

St. Lucia is a former colony of the Great Britian and France. Since the discovery, the island has changed hands fourteen times between English and French rulers and as a result both cultures have left their imprint. Both English and Patios, a variation of French, is spoken.

St. Lucia is a self-governing state in association with the Great Britian, which has retained the responsibility for external affairs, defense and monetary management. The government of St. Lucia has jurisdiction over internal affairs. However, St. Lucia is currently negotiating with Great Britian for complete independence.

#### II. Population

St. Lucia had a total population of about 100,000 in 1970. Its people, called St. Lucians, are predominantly Africans with some Europeans and Indians.

The population in 1974 was about 110,000<sup>1</sup> and is estimated to have increased to 114,600 in 1977 an annual rate of 1.8 percent.

More than 60 percent of the population in 1974 were living in urban areas and, thus, created more unemployment problems. Castries, the capital, and the largest urban area had 39 percent of the total population, equal to that of rural population of the island (See Table 2-1).

The density of population in 1977 for the entire island was 482 people per square mile while that for Castries was 2,990.

Reduced mortality rate due to better health programs, the declining outmigration, coupled with the annual population growth rate of 1.8 percent leaves the country faced with a serious population problem.

### III. Economic Activities and Industrial Development

The St. Lucian economy is characterized by colonial plantation economy where agriculture is the major activity and production of food crops for export is predominant. The dominant crop for export is bananas.

The gross domestic product, commonly known as gross national product, of St. Lucia during 1971 to 1973 as estimated by the British Development Division in the Caribbean was about EC\$66.5 mil, EC\$67.3 mil, and EC\$66.5 million for 1971 to 1973 respectively.

St. Lucia depends largely on export crops and tourism because it does not have many of the basic natural resources for industry. Only a small proportion of people are employed either in the manufacturing or service sector.

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<sup>1</sup>1970 Population from University of West Indies, 1970 Population Census of the Commonwealth Caribbean, Vol. II and V, Census Research Programme, Kingston, Jamaica 1973. The population for 1974 from Annual Statistical Digest, St. Lucia, 1974, table 5.

TABLE 2-1. Total Population and its Distribution,  
1974

	Population	Percentage of urban	Percentage of total population
<u>Urban Centers:</u>			
Castries	43,000	64	39
Vieux Fort	5,600	8	5
Soufriere	3,300	5	3
Dennerly	3,000	4	3
MiCoud	2,800	4	3
Anse La Raye	2,100	3	2
Laborie	2,000	3	2
Choiseul	1,700	3	2
Canaries	1,300	2	1
Other	<u>2,200</u>	<u>4</u>	<u>1</u>
Total Urban	67,000	100	61
Rural Population:	<u>43,000</u>		
Total Population	100,000		
Urban	67,000	61%	
Rural	43,000	39%	

Source: The Government of St. Lucia, St. Lucia National Plan,  
Castries, St. Lucia, The Voice Press, 1977.

#### IV. The St. Lucian Agricultural Sector

St. Lucia has an agricultural based economy with its farm population (52,283) making up around one half of the total population.<sup>2</sup> The vast majority of the farm operators have small holding, almost 8500 of 10,706, holding less than five acres, 4,691 hold less than one acre. Most of the farmers utilized hand labor for nearly all crop producing activities. In 1973, there were 25 wheel and single axle tractors in the country, a total of 367 farm vehicles including pickups, vans, jeeps, land rovers, etc.<sup>3</sup>

The chief livestock enterprise are cattle, sheep, goats, and pigs. A limited number of chickens are also raised. The main fruits are bananas, limes, plantains, coconut, bread fruit, and mango. Root crops are an important part of the agriculture sector. Sweetpotatoes, tannias, dasheen, yams, make up important enterprises to the St. Lucia Farmer. Recently, attempts have been made to expand vegetable production, and make tomatoes, cabbage, carrots, and lettuce important crops.

The agricultural sector has undergone many changes during the recent past. Sugarcane and coffee, once important export crops, are now rarely grown. Bananas has become the major export crop and is the major foreign exchange earner in St. Lucia. Other changes include a decline in the farm population. The decline in farm holders was also accompanied by a decline in acres farmed. In 1973, 72,001 acres were held, a 15,374 decline in acreage from 1961. Therefore, the effect of this reduction is likely to result in increased imports of food products. While estimates of productivity are not presently available, it is unlikely that large gains have been made. Few farmers apply fertilizer, less than 40%, only 6% use

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<sup>2</sup>The Census Data of St. Lucia, "Agricultural Statistics". Ministry of Agriculture and Land, St. Lucia, 1973/74.

<sup>3</sup>Ibid.

irrigation, and combined with a lack of mechanical power, <sup>gains in</sup> farm productivity ~~is~~ <sup>are</sup> likely to be ~~be~~ limited.

The large volume of imports support the hypothesis of growing imports. In 1976, St. Lucia exported EC\$45 million and imported EC\$126 million. Much of these imports were in food products. The export crop, bananas does not earn enough foreign exchange to offset the cost of imported foods. Thus, food production and marketing are serious problems facing St. Lucia.

#### V. The Sample Farmers

The farmers were selected in such a way that they were likely to be representative of all farmers in their region. Further, the farmers in the survey should be representative of those in the country as a whole. Tables 2.2 and 2.3 summarizes some of the selected socioeconomic characteristics of the farmers. The mean age for farmers varied little by region. Most of the farmers were in the upper middle age, between 45-50. Their number of dependants varied somewhat. Choiseul farmers had 7 dependants vs 4 for farmers in Babonneau. The years spent in farming were nearly the same, exceeding 25. One of the more surprising items was that of sex distribution of farmers. Nearly all of the farmers in Choiseul

Table 2.2 Selected Characteristics of Farmers by Region

Item	Choiseul	Vieux Fort	Babbaneau	Dennery
Age	46	50	50	46
Number of Dependants	7	5	4	6
Years Farming	26	25	29	28
Percent Male	95%	90%	75%	58%

Table 2.3 Education by Region

Level	Choiseul	Vieux Fort	Babbaneau	Dennery
None	0	10	3	4
Primary	18	10	16	22
Secondary	1	-	1	0

Table 2.4 Crops Grown by Regions<sup>a</sup>

Crop	Choiseul	Vieux Fort	Babaneau	Dennerly
Casheen	16	8	12	20
Plantain	3	7	1	17
Peas	4	3	1	1
Pumpkins	6	5	0	4
Cabbage	16	9	4	3
Carrots	15	5	2	
Tomatoes	14	13	8	8
Lettuce	4	8	5	4
Sweet Pepper	8	7	3	1
Yams	7	8	11	20
Sweet Potatoes	7	11	0	0
Bananas	4	1	13	17
Peanuts	8	3	0	0
Potatoes	3	1	0	1
Tannia	0	6	5	20
Cucumbers	2	6	3	13
Coconuts	1	1	7	2
Oranges	1	0	4	0
Chin	0	0	3	0
Grapefruit	0	0	3	0
Breadfruit	0	0	3	1
Cassava	2	1	0	3
Other	9	10	15	11

<sup>a</sup>The numbers do not add to the number of farmers surveyed because of multiple crops grown by all farmers.

10

and Vieux Forte were male. In Babonneau three-fourths were male, but in Dennery, 58% were male. The Babonneau and Dennery areas have a large number of female farmers. Throughout the country, there are 56% male operators. Dennery is certainly similar to that figure. Data for the country were not broken into region by sex so one doesn't know if certain region has a large percent male operators and other regions have a large percent female operators or whether our sample was heavily weighted with males.

The educational level of the farmers is low in all regions. Only two of the farmers in our survey completed secondary school. The majority of the farmers completed only primary school. None of the farmers in Choiseul failed to attend school. Only three farmers in Babonneau and four in Dennery had no schooling. However, in the Vieux Fort area, half of the farmers had no schooling (Table 2.3).

The types of crops grown in each region varied. While there were certain crops grown in nearly all areas, each area seemed to have slight differences. There were no peanuts, or sweet potatoes grown in Babonneau and Dennery while none of the farmers in Choiseul grew Tannia (Table 2.4). The most popular crops grown in the four regions were dasheen, tomatoes, and Yams. Dasheen and Yams are major part of the diet of most of the people so one might expect them to be a major crop. Tomatoes are very popular as a marketable crop. Cabbage, carrots and sweet peppers were the major vegetables grown in Choiseul and Vieux Fort. Cucumbers was an important crop in Dennery. All of the farmers surveyed in Dennery grew yams, Dasheen and Tannia and most grew bananas and Plantains. The farmers in Babonneau seemed to be more diversified in their crops. Except for dasheen, yams, and bananas, no other crops were grown by 40 percent or more of the farmers surveyed.

## VI. Harvest and Sales Decisions

Harvest decisions and decisions on sales of the food crops are two of the most important decisions farmers have to make. They must decide when and how often to harvest, estimate labor needs, and determine the place to sell their produce. A brief survey was made relative to some of these decisions to be made by the St. Lucian farmer.

The St. Lucian farmer list two major factors in determining harvest decisions; (1) market demand, (2) ripeness of the product. Most of the farmers surveyed felt that ripeness was the most important factor in deciding when to harvest. All 20 farmers in Babonneau and in Choiseul said ripeness was the only factor. In Vieux Fort and Dennery, the farmers considered ripeness and market need of the product as the important factors. One might expect that an important relationship exist between market demand and harvest because of the cost of harvesting. If the farmer expects price to be low and do not cover the cost of harvest, or expect price to change unfavorably or favorably, the amount harvested may be affected as harvest may be moved up or deferred for a few days. Ripeness is important because if the product is not mature the buyer will not pay premium prices.

Root crop, perhaps, more than many other crops, are ones that harvest can be deferred. Yams, sweetpotatoes, and potatoes grow underground, and many farmers can defer harvest for several weeks, ~~or months~~. Thus they use the ground as a storage facility, harvesting only what they feel is marketable at a reasonable price. Nevertheless, <sup>if</sup> indefinite storage can not occur. During certain seasons, sprouts or the tubers will begin, rendering the potato or yams as undersirable for the consumer market. Furthermore pest, bugs, and underground rodents that may attack the crop. However, some short time deferrals in harvest are made when market demand deems it wise to do so.

The vast majority of the farmers tend to harvest their crops weekly (Table 2.5). A few harvest more than twice weekly and a few harvest bi-weekly. Most farmers harvest weekly, usually on Thursday, because they wish to retail their produce in the market at Castries (or Vieux Fort) on Friday and Saturday mornings. The farmers that sell to wholesalers or hotels have a slightly different pattern--harvesting when their buyers want the produce.

Most of the farmers utilize hired labor to assist in harvesting of the food crops. Since most of the work on the farm is done in absence of farm machinery, hired labor is needed. However because most are small farmers, their needs are limited. The number of workers used in harvesting food crops is summarized in Table 2.6. Of the 86 surveyed, only 22 did not use hired labor. Most hired less than five workers. The mean number of workers used varied, averaging just under 4 in Choiseul, slightly over 3 in Dennery, and about two in Vieux Fort and Babonneau.

Table 2.5 Date of Sales of Produce

When Sold	Choiseul	Vieux Fort	Babonneau	Dennery
Weekly	3	2	7	6
Day of Harvest	1	1	1	0
Next Day	16	8	7	15

Table 2.6 Workers Used in Harvesting Food Crops by Region

Number	Choiseul	Vieux Fort	Babonneau	Dennery
Less than 5	13	12	12	15
5-10	2	1	1	0
10 or more	1	0	0	2
None	4	7	2	9
Mean	3.6	1.87	1.87	3.36

## CHAPTER III

### AGRICULTURAL MARKETING SYSTEM

#### I. Overview of the System

The St. Lucian economy is basically dependent on agriculture, hence, the improvement of agriculture and the efficiency of the agricultural marketing system will determine the economic well being of a large majority of people. An inefficient marketing system results in a waste of valuable national resources, inequities in income distribution and deacceleration of the badly needed economic growth of the nation.

The analysis of the marketing problems can best be done by visualizing marketing activities as constituting a functioning system.<sup>4</sup> As a complete system, all marketing activities interact and are linked together and the end result largely depends on the efficiency of these inputs. Together with the internal factors, the functioning of marketing system is affected by external forces such as political, social, cultural and economic factors (See Figure 3-1).

The agricultural marketing system begins at the farm gate and ends after goods are delivered to the final users. How extensive the agricultural marketing system will be depends on the flow of goods coming from the agricultural sector and several exogenous factors.

Being a developing country, St. Lucia is still characterized by a traditional agricultural system. It has the basic problem of a large number of subsistence farmers with small parcels of land using traditional, outdated

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<sup>4</sup>For a very good discussion of this see Kriesberg, Martin, and Howard L. Steele, "Identifying Problems of Food Marketing in Developing Countries," unpublished report prepared under an agreement between AID/TA and USDA/REDS.

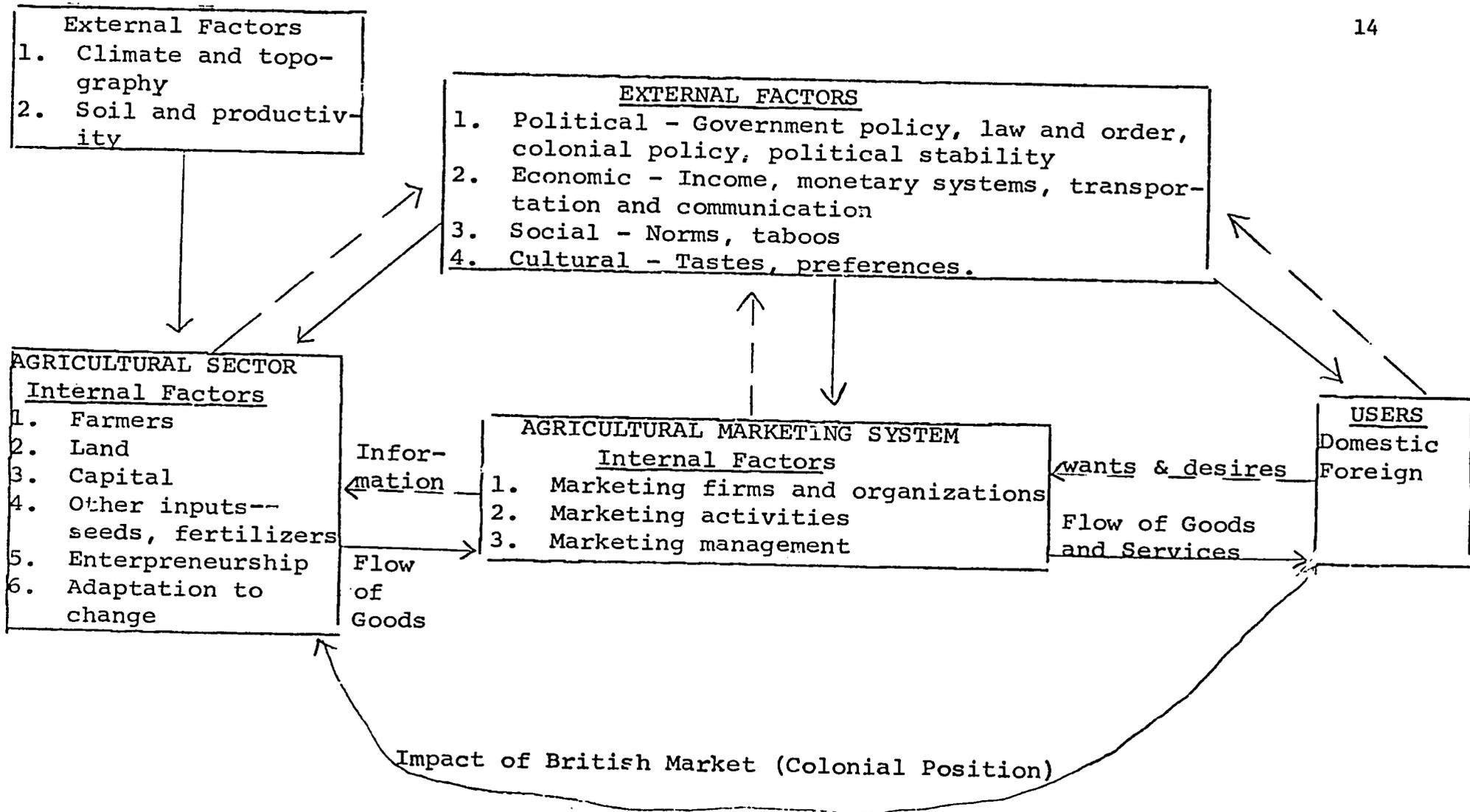


Figure 3-1. Agricultural Marketing System in St. Lucian Economy

farming practices. Further, as a farmer colony, the major portion of resources are devoted to producing crops for parent country at the cost of basic crops.

Only about 39 percent live in the rural area, but many people living and working in urban areas still farm to fully support themselves. Many of the farmers ~~are somewhat educated~~ <sup>have limited education (3 years or less)</sup> and lag in adopting new technology. Use of improved seeds is very limited and fertilizer is rarely used for any crops except bananas. The ~~subistence nature~~ <sup>lack of mechanical power in</sup> of farming, domination of agricultural sector by the British market, open import policy, and traditional marketing system, combined with uncertainty of agricultural prices <sup>in the domestic market</sup>, all have contributed to unfavorable climate for additional investment in agriculture.

St. Lucia lacks the basic infrastructure needed for an efficient and smooth operation of the marketing system. Except <sup>for</sup> the recently built East Coast highway, financed by the World Bank loan, the transportation system is inadequate and there is no satisfactory communication system. The agricultural marketing <sup>for the domestic market</sup> ~~system, as a whole~~, is still primitive, poorly organized and suffers tremendously from the lack of uniformity in exchange units.

Agricultural products coming into the marketing system has basically two flows due to the influence of British market together with all the characteristics of traditional agricultural systems. One flow, which is reasonably organized, is basically for export to the British market. For example, the marketing of bananas, the only crop which is well organized due largely to the effort of Banana Growers Association (BGA), mangoes and eggplant are carried on by BGA, Geeste Company and few exporters. The association has actively engaged in improving marketing of bananas and has done remarkably well. However, the association has not been able to reduce the tremendous

loss the members incur due to its rejection policy *for poor quality produce*. In spite of this, the association has done a valuable service to one group of farmers, i.e., banana growers, by providing inputs on credit, establishing the boxing plant where farmers deliver the banana, crating, and transportation from the boxing plant to the shipping point.

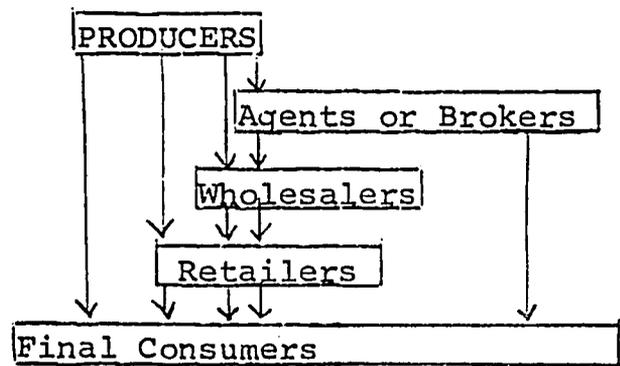
The other flow is the goods for the domestic market. Marketing of the rest of the food crops coming from this flow is very disorganized. The system still operates on a small scale without well defined standards, and facilities. The marketing is primitive and the system is inefficient in moving goods from the production point to the consumption point. Farmers, still perform a significant portion of marketing functions themselves, e.g., transporting, selling, financing, in addition to farming. They take the substantial portion of risk from the farming to the marketing.

## II. Marketing Channel

The producer has several alternatives to reach the final consumer (See Figure 3-2). The use of a particular channel may depend upon the attitude of the farmers, the development of the market organizations, the scale of productive activities and the distance and development of the urban areas. The shortest and simplest channel of distribution is the direct sale from the producer to the final consumer. Then, "the decision to market directly to ultimate buyers involves the absorption (by producer) of all marketing related functions (contacting buyers, storage, delivery and credit) typically performed by intermediaries."<sup>5</sup> While the complex method may involve producer-

<sup>5</sup>Kerin, Roger A. and Robert A. Peterson. Strategic Marketing Problems, Boston, MA: Allyn Bacon, Inc. 1978, p. 290. See also Stanton, William J. Fundamentals of Marketing, 5th ed., New York: McGraw Hill Book Company, 1978, pp. 355-375.

Figure 3-2. Marketing Channel Alternatives



wholesaler-retailer-final consumer where the producer specializes on production and the entire marketing functions are performed by the intermediaries, who may perform effectively and efficiently. But regardless of the selection of shortest or longest channels, "ultimately the channel system must deliver the goods and services desired by target customers."<sup>6</sup>

Given a set of traditional value systems and underdeveloped social capital, a society can expect very little participation from the business firms in the marketing system and farmers will be forced to use the direct channel by shouldering a large proportion of marketing activities themselves.

"Marketing functions are performed through a fantastically complex network of individuals and organizations."<sup>7</sup> Figure 3-3 illustrates the agricultural marketing channel in St. Lucia. The marketing process involves the movement of goods from the farmer to the consumer through the marketing middlemen. A substantial proportion of this middlemen activities are actually performed by the farmers or they carry the goods from the farm to the main market and directly sell to the consumers or carry to the hotels and hospitals. Only a small fraction of the total supply for domestic market is handled either by the middlemen and exporters or by St. Lucia Marketing Board.

There are basically five channels of distribution utilized by the agricultural sector as:

1. Direct sale by farmers to the consumers in the market. Farmers in this instance produce goods and also participate in the marketing activities. Theoretically, this eliminates the use of marketing middlemen and this reduces

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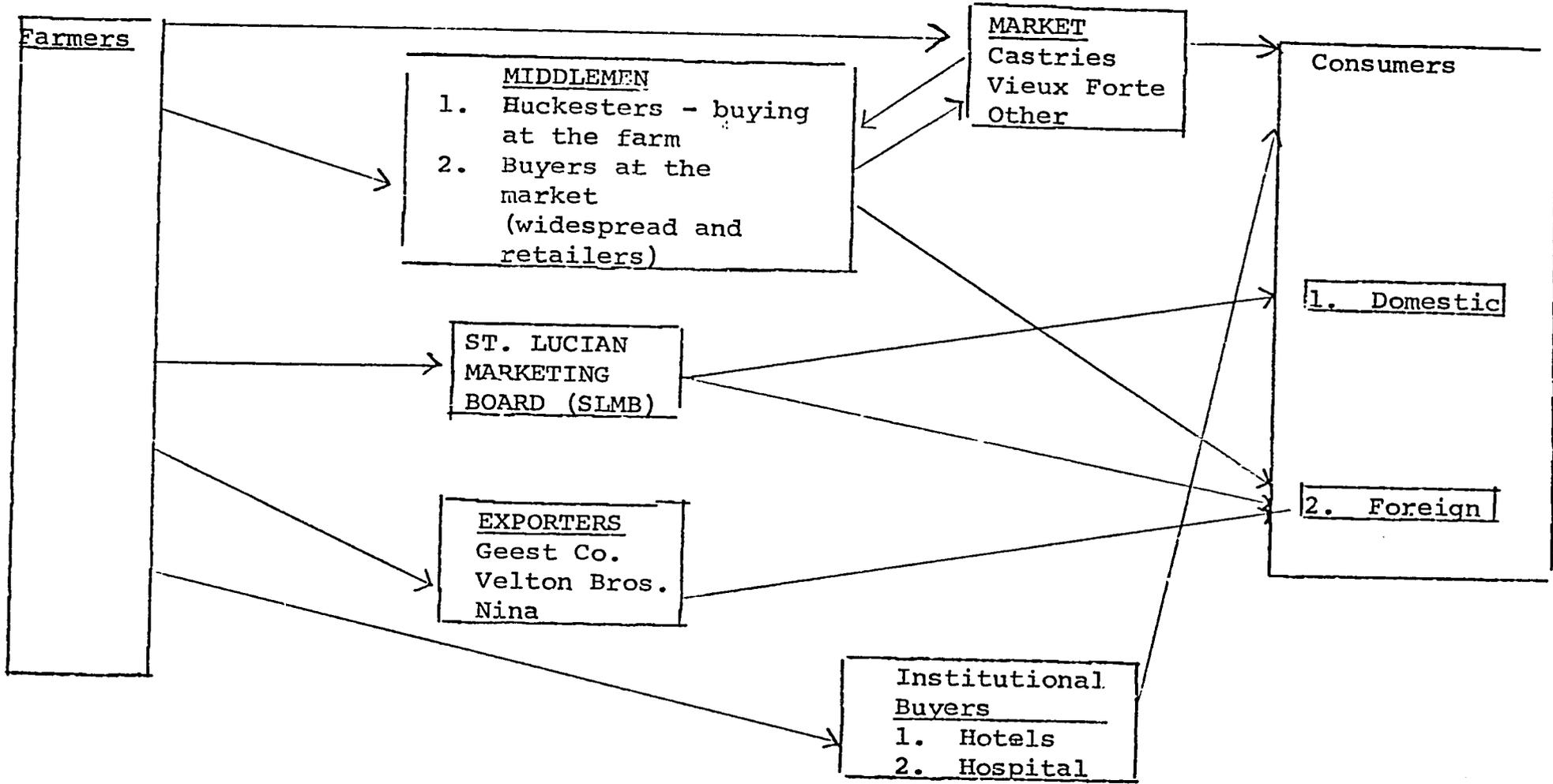
<sup>6</sup> McCarthy, E. Jerome. Basic Marketing, 5th ed., Homewood: Ill: Richard D. Irwin, Inc., 1975, p. 306.

<sup>7</sup> Otherson, Schuyler F., William G. Pandher and James M. Patterson, Marketing the Firm's Viewpoint, NY: The Macmillan Company, 1964, p. 309.

Figure 3-3. Schematic Presentation of the Flow of Goods



19-



the cost to the final consumers. But in practice, there is no proof of this because of very poor cost figures. The majority of the farmers sell their produce directly to consumers in the market place. (Table 3.1) Two major markets where farmers sell directly to consumers are Castries and Vieux Fort. The bazaar style selling is done on Friday and Saturday in the Castries market and on Fridays in the Vieux Fort market. Other small markets are in Soufriere, Choiseul, Dennery and Laborie. The seller purchases a "ticket" which gives him the right to sell in the market.

The use of this channel precludes farmers to specialize in producing activity only as production and marketing activities will be competing against their limited time and money. However, this practice of the majority of the farmers' wives selling the produce may allow specialization on a limited scale. As improvement in farming occurs and as farm size increases, that practice may no longer be necessary. Usually all produce not sold to consumers will either be sold to the "hawkers" and "Hucksters" in the market place at a discount or be taken home and used for home consumption or feed for the livestock.

2. Direct sale by farmers to institutional buyers. This channel is utilized by only a small portion of farmers. The farmers have no written contract but only an understanding or a verbal contract with the hotel or hospital of selling the produce when the produce is harvested. Even though the prices paid by hotels are higher, the requirement of high quality produce and limited purchases make this channel inaccessible to a large group of farmers.

3. Sale to merchant middlemen. Goods are sold to either wholesalers or retailers for resale to final consumers. So far as wholesale buyers are concerned, there are very few of them and their purchases are not significant.

Table 3.1 Selected Buyers of Produce Grown by St. Lucian Farmers

Item	Choiseul	Vieux Fort (number)	Babaneau	Dennerly
Hotel	2	7	2	1
Hospital	4	1		
Castries Market	13	8	14	18
Supermarket		7		
SL Banana GA Mixed			3	
Wholesale	1	2	1	1
Neighbor				5
				1

They buy mostly at the farm and sometimes right at the market and distribute and sell to retailers later for resale.

The retailers include either the supermarket or the regular vendors at the market who resale to the final consumer. They procure goods either from the wholesalers or farmers.

Hucksters, as they are commonly known, buy directly from farmers and either sell in the main market in Castries and Vieux Fort, or export to nearby islands such as Barbados, and St. Croix. These hucksters, depending upon the level of competition, sometimes engage in harvesting of produce. For example, farmers in Choiseul reported a keen competition among hucksters as they buy produce before harvesting and dig the ground provisions themselves.

4. Sale to exporters. Important buyers of farm products are the wholesalers who buy from farmers and export them to foreign markets. These buyers such as Geest Industries, Valton Brothers, Tina, John Baptise, Ltd., and Banana Growers Association, seem to be very well organized and have earned tremendous confidence from the farmers. The significant reason for their confidence is to several factors like,

- (a) the prices these buyers pay are higher than other buyers; for example, Valton Brothers pay 20¢ for ungraded mangoes, 40¢ per

pound for breadfruit and 20¢ per pound for plantains while the SLMB pays only 15¢, 20¢ and 10¢ respectively for mangoes, a pound of breadfruit and a pound of plantains. These exporters can pay higher prices and still make substantial profit because the prices they receive from foreign buyers are high.

- (b) Generally these exporters buy ungraded produce, from farmers, in a lot, paying the same price for all produce regardless of the quality. The SLMB on the other hand buys on the basis of grade and pays based on ~~that~~ <sup>its</sup> ~~arbitrary~~ grading system.
- (c) Although these buyers buy a limited quantity of few crops, such as mangoes, plantains, breadfruit eggplants, but they buy in equal proportions from all their patrons and pay the same price regardless of the prices they receive.
- (d) The produce sold to these sellers are, in general, a better quality. However, these exporters grade from the lot and ship only the best ones. The remaining lower quality produce is, then, sold to SLMB. Further, these exporters in most cases come to pick up in the farm or buy at the shipping point, e.g., airport, dock or port.

5. Sale to St. Lucia Marketing Board (SLMB). The SLMB is the government sponsored agency responsible for buying produce from farmers and marketing it either in the domestic or international market. One of the basic purposes of creating this institution was to assist farmers in marketing of produce, to improve the marketing system, and to create an organized effort to export produce to foreign countries.

Few of the farmers sold their produce to the SLMB. The majority of the farmers interviewed utilized the direct sale to consumers, instead of St. Lucia Marketing Board, because of the following reasons:

- (a) The price paid by SLMB is too low. Almost everyone pointed out that this is a major problem of the board. Further, they feel that there is a large difference between the price at which SLMB buys from farmers and sells at the market thus depriving farmers from getting full return. Many of them prefer to sell in the market than to the Board because in the main market they do get better prices for the same quantity depending upon the buyers, time and other factors.
- (b) Contrary to the buying practices of hucksters and exporters and farmers' method of selling ungraded produce in the market, the SLMB uses the grading system to decide the price. This was the major resentment factor especially because of the arbitrary method of grading. Farmers feel that grading varies by person and have led to large scale rejection. Under this uncertain environment, they reported their preference of selling directly to other people to increase their return.
- (c) Prices are not guaranteed. It changes during glut and scarcity period--high during scarcity and low during glut period. SLMB actually is not helping the farmers during glut period when they need the help most.
- (d) Ginger Fiasco: Many of the farmers reacted adversely about SLMB and its policies due to their losses on ginger. It was learned that back in 1972, the SLMB got the sole right to export ginger.

When the harvest time came, the Board could not buy because of the lack of funds and other problems. Farmers saw their ginger rotting and their income going down the drain because of the inaction of the Board. Some private buyers bought at higher prices whatever they could salvage. This failure really affected the reputation of the board. Farmers lost faith in the Board and decided to sell on their own.

- (e) SLMB does not buy small quantities of produce from very small farmers. Since they are the ones who need the service most, it is not serving the needy ones.
- (f) The Farmers feel that the Board does not have a cooperative style patronage refund system so farmers could get the share of the profit of the board.
- (g) Pick-up service called farm gate service is not reliable.
- (h) The board's pricing structure does not discriminate between the produce picked up at the farm gate and the one delivered at the Board's sales office. The cost of transportation is in many cases does amount to significant part and if both prices are the same there is not incentive in delivering at the board's sales office.

In general, many small farmers reported their resentment towards SLMB. Those who sell are among those who either do not have any time for marketing or who do not like to sell or because the farm gate services are convenient.

### III. Marketing Functions

In a broad sense, the functions of marketing in today's society are:

"...to move the desired varieties of farm and food products to consumers in the desired quantities and conditions at the lowest possible cost, ...to make living for people working in it and yield reasonable returns to the capital and management skills devoted to it...and (to find) and develop new markets either at home or abroad..."<sup>8</sup>

The first refers to the complex marketing process involved in moving goods from the producers, and placing the product that the consumer wants, where he wants it and in the form that he wants it. In other words, it is "...a major specialized activity performed in marketing..."<sup>9</sup>

Secondly, it refers to the efficiency and equity in marketing. That marketing must function efficiently and provide reasonable returns to all participants including farmer.

Lastly, it refers to the dynamic functions of marketing. Instead of taking for granted the existing market, the marketing system must be progressive enough and develop a new and broader outlet.

Marketing functions, therefore, include all activities involved in the flow of goods and services from the point of production until they reach the ultimate consumers.<sup>10</sup> Figure 3-4 illustrates the functional relationships in agricultural marketing. The complex marketing process which is

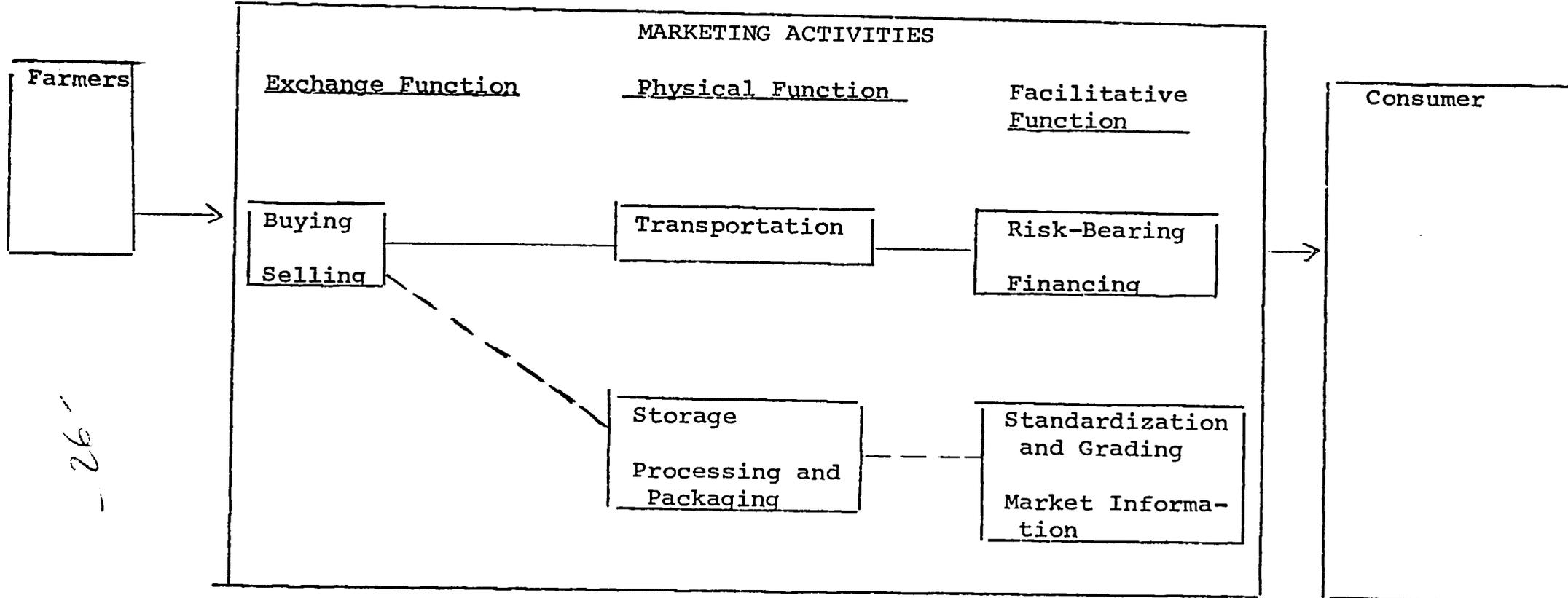
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<sup>8</sup>Wells, O.V., "Marketing: What is it? Why is it?" in Marketing: The Yearbook of Agriculture, USDA Washington, DC: The Government Printing Press, 1954, p. 4.

<sup>9</sup>American Marketing Association, Marketing Definitions, Chicago, Ill., 1960, p. 16.

<sup>10</sup>Kohls, Richard and W. David Downey. Marketing of Agricultural Products, 4th ed. NY: The Macmillan Co., 1972, p. 17.

Figure 3-4: Functional Relationship in Agricultural Marketing



-26-

NOTE: \_\_\_\_\_ Fully used  
 ----- Partially or not used

is responsible for moving goods from the producers to the ultimate consumers involves several functions and organization. The later, i.e., the institutional elements involved in marketing have been discussed in section 2. And here only "what" of marketing, i.e., various activities involved in marketing goods are discussed. Specially, it includes the following functions:

(a) Exchange function. "The exchange functions are those activities involved in the transfer of title to goods."<sup>11</sup> Depending upon the channel of distribution utilized and the development of the marketing system, the exchange may occur only once or several times. But no matter how many times goods are exchanged, "in the process of transferring ownership, two important functions of selling and buying can be distinguished."<sup>12</sup>

(a-1) Selling Function. "The purpose of selling is to create demand for a particular product and to find buyers to whom it can be sold at a price satisfactory to the seller."<sup>13</sup> Therefore, in a broad sense, selling includes advertisements and other promotions to influence and expand demand, finding buyers, determination of the proper unit of sale, packaging, marketing channel decisions, price determination and actual selling.

(a-2) Buying Function: The buying function is basically concerned with locating the sources of supply, assembly of products, determination of prices and actual buying. One of the important processes in efficient marketing system is the collection of produce from small and scattered producers. The collection or assembly process facilitates the efficient utilization of trans-

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<sup>11</sup>Ibid, p. 20.

<sup>12</sup>Tousley, Raybourn D., Eugene Clark and Fred E. Clark, Principles of Marketing, NY: The Macmillan Co., 1962, p. 14.

<sup>13</sup>Ibid, p. 14.

portation and handling equipment and reduce the per unit cost of marketing. The transportation of produce or small individuals producers in the main market is not only inefficient but misutilization of valuable time.

Eighty six percent of the respondents indicated that they do not take any collection point (See Table 3-2). The remaining 14 percent take their product to banana boxing plant. So, if we exclude bananas, close to 90 percent of the farmers utilize no collection points. Five of the respondents in Vieux Fort take their produce to Black Bay offices. Alternatively, almost everybody takes it to the market or sells to middlemen, (who collects to the farm gate) who in turn collect for export purpose only.

The exchange function in St. Lucian agricultural marketing system is very simple in terms of the number of times goods are bought and sold, but actual operation is somewhat inefficient because of the nonuniformity of pricing structure.

The use of direct channel by farmers, as they carry their produce to Castries, Vieux Fort, and other minor markets for direct sale to the consumers has made the entire exchange function very simplified. However, sales to SLMB, wholesalers, hucksters and other exporters have several stages of exchange.

The exporters or hucksters locate the sources of supply through their local contact people or regular observation before harvesting period. And some, like Valton Bros. even advertise their intention to buy in the radio.

(a-3) Pricing. In the process of change of ownership, both buyers and ~~S~~ellers engage in determining the reasonable price. Everytime title changes,

TABLE 3-2. Collection of Produce to an Assembly Point

	Total	Percent	Babbanean	Dennery	Vieux Forte	Choiseul
Yes	12	14	4	3	5	
No	<u>73</u>	<u>86</u>	<u>15</u>	<u>23</u>	<u>15</u>	<u>20</u>
Grand Total	85	100%	19	26	20	20

a price must be decided upon because "pricing is the determination of market values in terms of money."<sup>14</sup> The functioning of price depends upon the supportive function such as market information, standardization and grading. More would be discussed about this later in Section 5 of Chapter III.

(b) Physical function. This function includes the activities involved in physical movement, storage and processing and packaging of the produce before it reaches to the consumers.

(b-1) Transportation. In general transportation function is very poor and disorganized. It is not specialized and no regular service exists just for the movement of goods.

Farmers carry their produce on their head from the farm to their homes where they catch the bus to take the produce in the market. The bus is primarily for transporting people but farmers can carry their produce on top of the bus. The passenger transportation seem to be the primary use and freight transportation is secondary.

The cost of using transportation vary tremendously not only between different locality,<sup>14</sup> but even between the same locality and the main market. There are basically two rates - one for passenger and the other for the freight. The former rate seems to be reasonably established and consistent among riders. However, the freight rate is arbitrarily decided by the drivers of the vehicle. Depending upon the number of passengers (few or many) relationships with the driver (friend or other) and sex and beauty (beautiful females vs. males or average looking females), rate may be higher or lower.

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<sup>14</sup>Walsh, Robert M., "And What are Its Parts," in Marketing: The Yearbook of Agriculture, USDA Washington, DC: USGPO 1954, p. 7.

Section 4 of this chapter discusses more of the transportation costs.

(b-2) Storage. The equalization process of marketing aims in matching demand and supply to eliminate the severity of extreme situations of glut and scarcity. Without the same mechanism of reducing the supply during glut period and increasing the supply during scarcity the price fluctuates violently-very low during glut period and very high at scarce times. The storage function which creates the time utility in marketing softens this price fluctuations.

Except few farmers in Choiseul who store peanuts at their place for one to two months no storage functions are available or used. Functions like storage not provided are indicated by dotted arrows in Figure 2.

Seasonality of production characterizes the agricultural marketing system of St. Lucia (See Table 3-3). Excessive supply mostly of ground provisions during the harvesting period, December to March, have created a glut in the market and reduced the prices often at a low level while the scarcity before planting time has driven prices up. To minimize this extremes and assure farmers a reasonable price, mechanism has to be devised to absorb the excess quantity during harvesting period and releasing at the time when demand exceeds supply. This necessitates that farmers have some facilities for storing goods instead of supplying everything immediately after harvesting.

Table 3.4 shows that except a small portion who sell before harvesting more than nine tenths of farmers sell immediately after harvest. Only some farmers in Choiseul area sell before harvesting to middlemen and some of them store only peanuts for about two months. Storage is at their own place and there is no storage facilities as such.

TABLE 3-3: Seasonal Availability of Produce

Item	Seasonal Availability	Supply Position
Avocados	Aug/Oct	Plentiful
Bananas, Ripe	All year round	"
Bananas, Green	" " "	"
Macamboo	" " "	"
Oranges	Aug/Feb	"
Grapefruits	Oct/Feb	"
Limes	June/Nov	"
Cantaloupe	Aug/Nov	Fair
Golden Apples	Oct/Jan	Small Quantities
Guavas	Dec/March	Plentiful
Mangoes	April/Sept	"
Paw-paw	All year round	"
Passion Fruit	Sept/March	Small Quantities
Plumes	March/June	"
Sugar Apples	May/Aug	Fair
Watermelons	Aug/Nov	Plentiful
Pineapples	Dec/June	Fair
Beans, Snap or string	All year round	Erratic
Beetroots	" " "	Small Quantities
Breadnuts	Oct/Jan	Fairly Good
Cabbages	Sept. May	Erratic
Carrots	All year round	"
Christophenes	Sept/ May	Fair
Cucumbers	All year round	Plentiful, April/Oct Other months erratic
Eggplant or melongene	All year round	Plentiful
Lettuce	Nov/June	Erratic
Maize, Corn	Feb/March/Oct Nov	Fair
Okras	May/Jan	Fairly Good
Parsley	All year round	Erratic
Peppers, sweet	" " "	"
Peppers, chillies	" " "	Plentiful
Potatoes, sweet	Aug/Feb	"
Plantains	All year round	"
Pumpkins	Aug/March	"
Radishes	All year round	Erratic
Spinach, Indian Kale or Chinese Cab' age	" " "	"

TABLE 3-4: The Timing of Sale and The Use of Storage

	Total	Percentage	Babbanean	Dennergy	Vieux Forte	Choiseul
Sale before harvest	1	1.0	-	-	-	1
Sale immediately after harvest	78	91.0	20	25	20	13
Sale immediately after harvest and sale before harvest	3	3.4	-	1	-	2
Sale immediately after harvest and several months after harvest	<u>4</u>	<u>4.6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
Grand Total	86	100%	20	26	20	20

Item	Seasonal Availability	Supply Position
Marrows	All year round	Erratic
Tannias	" " "	Plentiful
Dasheen	" " "	"
Tomatoes	March/Oct	Erratic
Turnips	All year round	"
Yam, Portuguese	Nov/April	Plentiful
Yams, Lisbon	Dec/March	"
Yams, Yellow	" "	"
Breadfruit	June/Oct	"
Anthuriums	All year round	"
Spices (Ginger)	Feb/Aug	"

Source: Henry, Cadet W., Collection of Information (Data) For the Long Term Marketing Study, Castries, St. Lucia: The Ministry of Agriculture and Lands, 1977.

It seems many of the farmers grow the same crops year after year and the supply of all at the same time creates a glut. Perhaps one of the possibilities of eliminating or reducing this problem of glut at one point in time and no supply at other times would be to reeducate and encourage the production of other crops.

(b-3) Processing function adds the value to goods by changing the form. Form utility is created by transforming the raw produce to semi-processed or processed products.

The degree and extent of processing services depend upon the preference and the level of income of the consumers and, finally the availability or processing and packaging plants and equipment. The demand for more processed products increases as consumers' incomes grow because many of the activities performed at home are then shifted to the market.

The processing function is not in use in St. Lucian markets. Except the slaughter of cattle in Castries and Vieux Fort markets, most of the goods are sold in unchanged form. The chicken is sold live, and the produce is sold raw right after the harvest. All the processed products are imported and sold in the supermarket as there is no processing plant in St. Lucia.

None of the respondents processed the produce they sell (See Table 3-5). They harvest and only clean the produce before taking to the market.

(c) Facilitative functions. All other activities that assists in smooth running of the marketing activities are called facilitating function.

Table 3-5 Processing of Agricultural Products

Response	Total	Percentage	Baboneau	Dennery	Vieux Fort	Choiseul
Yes	0	0	-	-	-	-
No	86	100	20	26	20	20
Grand Total	86	100%	20	26	20	20

(c-1) Standardization. The use of uniform standard of measurement, and weight and standard of quality packaging labeling, grading and sorting facilitates exchange as buyers and sellers can determine the prices without engaging in inspection and checking of each goods at every stage of buying and selling, mass merchandising and efficient market depends largely on standardized products.

In St. Lucia, there is no uniformity in measurement. Therefore one can easily detect the problems of marketing due to the lack of uniformity in exchanging of goods and services. Great variation of measurements are used in selling produce such as by unit or head, heaps, bag, basket, pound and a combination thereof. Selling and buying by heaps in the market seems more prevalent than any other form while SLMB supermarket exporters and hotel generally buy on the basis of total pounds.

So far as packaging is concerned virtually all farmers sell loose quantities or unpacked produce in the main markets. It is so poor that the buyers have to bring their bags or pay 25 cents per bag. However, the SLMB, hucksters and other exporters use box and crate merchandise before shipping to either England or to Barbados and surrounding islands.

Table 3-6 shows the extent of packaging activities provided by the farmers. About four-fifths of the farmers sell goods in unpackaged form. The remaining farmers have used some or no packaging services in a small scale. However, it basically refers to bundling of carrots, bunching of celery leaves, and boxing of bananas and boxing and crating of mangoes to ship to Barbados and St. Croix. Therefore, in the domestic market almost everyone sells unpackaged agricultural products.

TABLE 3-7: Measurement and Average Size of Sale in St. Lucian Agricultural Marketing System

	Total	Percentage	Babbanean	Dennery	Vieux Forte	Choiseul
<u>Sale by weight</u>						
No	29	34	8	13	7	1
Yes & No	30	35	6	7	5	12
Yes	<u>27</u>	<u>31</u>	<u>6</u>	<u>6</u>	<u>8</u>	<u>7</u>
Grand Total	86	100%	20	26	20	20
<u>Frequency of weight</u>						
Once	52	91	12	13	8	19
Twice	<u>5</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>
Average Size or Unit of Sale	57	100%	12	13	13	19
Heap only	22	26	8	8	5	1
Bag only	1	1.2	-	1	-	-
Basket only	-	-	-	-	-	-
Pound only	23	27	5	4	8	6
Heap and Pound	19	22.4	5	5	4	5
Heap & Basket	1	1.2	-	1	-	-
Heap, Bag & Pound	6	7.1	1	-	-	5
Heap & Bag	3	3.5	-	1	2	-
Heap, Bag, Basket & Pound	3	3.5	-	1	1	1
Bag & Basket	3	3.5	-	3	-	-
Bag, Basket & Pound	2	2.3	-	2	-	-
Bag & Pound	<u>2</u>	<u>2.3</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>
Grand Total	85		19	26	20	20

Report Page 11

38

The consensus of all farmers is that they use several stages sorting as:

- a. First, farmers use preliminary sorting to isolate the poorest quality products from the group. These are kept for home consumption and only the better quality products are marketed.
- b. The best quality is first sold to hotels or supermarkets.
- c. The second best quality is sold in the market.
- d. Whatever is left is then sold to SLMB.

No further grading or sorting is done by majority of them after the preliminary sorting at home. The selling in the market is on the "mixed" basis instead of differentiating based on quality.

Fifty nine percent indicated they do not grade at all while only 41 percent do sort the product (See Table 3-8). Out of these who do sort, 57 percent sort it before they take it to the market, hotel, supermarket or middlemen. Forty three percent sort after taking to the market. However, this sorting actually referred to the heaping in the market instead of actual sorting.

In terms of additional sorting before goods are actually marketed, only 5 percent of the respondents thought the goods they sell are further graded prior to sales.

(c-2) Financing. "The financing function is the advancing of money to carry on various aspects of marketing."<sup>15</sup> Many of the financial institutions provide credit to marketing firms to facilitate the shipment of goods and to finance during storage and processing. And "anywhere that storage or delay takes place, someone must finance the holding of goods."<sup>16</sup>

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<sup>15</sup> Kohls and Downey. Marketing of Agricultural Products, p. 22.

<sup>16</sup> Ibid, p. 22.

TABLE 3-8: Grading and Standardization in St. Lucia Agricultural Marketing System

	Total	Percentage	Babbanean	Dennery	Vieux Forte	Choiseul
<u>Sorting and Grading</u>						
No	50	59	9	22	12	7
Yes	35	41	10	4	8	13
Before taking to Market	20	57	3	-	6	11
After	<u>15</u>	<u>43</u>	<u>7</u>	<u>4</u>	<u>2</u>	<u>2</u>
Grand Total	85	100%	19	26	20	20
<u>Other Sorting Before Marketing</u>						
No	81	95	17	26	19	19
Yes	<u>4</u>	<u>5</u>	<u>2</u>	<u>-</u>	<u>1</u>	<u>1</u>
Grand Total	85	100%	19	26	20	20

- 40 -

The St. Lucian agricultural marketing system suffers from <sup>m</sup>adequate financing. Most of the banks finance only to exporters and large businesses and "don't provide any agricultural credit."<sup>17</sup> In fact most of the banks refer the applicants to agricultural and industrial development bank whenever it pertains to agriculture. These commercial banks finance only commercial loans and export trade for large exporters.

Generally, financial institutions in any developing economies play a very significant role when it comes to agriculture. In contrast to profitable business loans, agricultural credit is regarded as unworthy and risky. It ties their funds for a long time and provides no surety of subsistence farmers being able to pay back on time.

Similarly, many of the people do not, generally, accept the use of credit and borrowing is abhorred. The traditional concept of debt as an evil still prevails among many farmers and they are reluctant to borrow for fear that they would lose their land and entire possessions in case they fail to pay back the loan on time. Also borrowing puts additional burdens on the part of farmers as they have to pay principal and interest. Since farming is still at the subsistence level, it is a risky business. Therefore, it is not unnatural on their part to fear especially when marketing is also uncertain.

More than four-fifths of the farmers have not borrowed and indicated their strong displeasure in borrowing (See Table 3-9). Out of the 15 percent who have borrowed only half of them have obtained loans from the Agricultural and Industrial Development Bank. The rest have borrowed either interest free loans from friends or high interest loans from Barclays Bank. The two types

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<sup>17</sup>Personal Interview with Mr. Baptaste, Loan Officer, Bank of Nova Scotia, Castries, St. Lucia, July 14, 1978.

TABLE 3-9: Financing and Conditions of Exchange in Agricultural Marketing System of St. Lucia, 1978

	Total	Percentage	Babbanean	Dennery	Vieux Forte	Choiseul
<u>Borrowing</u>						
Yes	12	15	3	3	4	2
No	<u>69</u>	<u>85</u>	<u>13</u>	<u>23</u>	<u>15</u>	<u>18</u>
Grand Total	81	100%	16	26	19	20
<u>Rate of i (average)</u>						
FIC	8%		8%	8%	8%	-
APC	12%		12%	-	-	-
Other	18.5%				12%	25%
<u>Condition of Exchange</u>						
Cash only	57	70.4	11	21	11	14
Credit only	2	2.5	-	-	2	-
Cash & Credit	<u>22</u>	<u>27.1</u>	<u>5</u>	<u>5</u>	<u>6</u>	<u>6</u>
Grand Total	81	100.0%	16	26	19	20

41A

of loans from the Agricultural and Industrial Development Bank were agricultural production credit and farm improvement credit and the rates of interest were 8 percent and 12 percent, respectively. Whereas, the interest rate for other loans from Barclays Bank varied between 7.5 and 25 percent.

Likewise, selling on credit is not commonly accepted practice among farmers. Except for friends, merchants and sometimes hotel, they do not sell on credit and every transaction is on cash basis. More than 70 percent of the farmers interviewed sell on cash only and about 27 percent use mostly cash and little bit of credit to friends hucksters and hotel (See Table 3-5) while less than 3 percent of farmers in Vieux Fort area sell on credit only.

(c-3) Risk Bearing. An important function in agricultural marketing is the bearing of risk, both physical and market. The physical risks occur due to spoilage, theft, loss, damage by fire many of which could be controlled with proper managerial actions. While the market is arising<sup>71</sup> from the fluctuations of prices cannot be controlled and forecasted. The changes in demand and supply, export and import position and several other factors could create a shortage or glut causing prices to go up or down. The risk of a drop in the prices of commodities will have to be done by someone in the marketing channel especially if goods are stored.

In St. Lucia, the risk bearing function in marketing is largely shouldered by farmers. They seem to suffer more from physical risk of wastage, spoilage, theft, than the marketing risk since virtually all the produce is sold right after harvesting.

(c-4) The information system in St. Lucia. An important concern for many of the farmers is the price of the product. Since many sell to the retail consumer directly or to hotels, and hospitals, the setting of the retail price

price is extremely important. In determining how the retail price is set, the information about supply and demand for food crops, is crucial. Some attempts were made to determine price setting and the information system in St. Lucia.

St. Lucia does not have a formal information system. Most of the information flows by word of mouth--from neighbors, relatives and friends. To the outside observer, prices appear to be set in a haphazard and a disorganized way. In the survey, farmers were inquired as to whether they obtained price information. Only a few reported that they did obtain information. None of the farmers in Dennery and Vieux Fort obtained any information, only two in Babonneau and three in Choiseul obtain information.

Despite the information price setting technique, and the absence of formal information system, none of the farmers reported that the absence of information was a major problem. While most of the prices were set by market conditions at the time of sale, a survey was made of existing information facilities to determine if some price information was flowing through formal channels.

St. Lucia has one television station, 2 radio stations, and three local newspapers operating in the country. Only a few programs relay information on farm prices in these media.

The television station in St. Lucia is more of a relay station, relaying programs taped in Britain. During the last year, two broadcast hours per night are originated locally, all other programs being relayed. Approximately 500 to 700 T.V. sets were sold in 1975, a 10% increase in two years. It is estimated that 6000 sets are on the island. The coverage is in a limited area, only 60 to 70 miles around Castries, thus reaching only about one-half the

population but just a small percentage of the farmers. There were no programs geared specifically to farmers. The only program attempted was a kitchen or country garden project, aimed toward increasing farm production. This program did not generate much interest and was cancelled. There are no present plans to present any related program in the near future.

The three newspapers have an estimated circulation of 7500 weekly. Two of the papers concentrate on political news and editorials and the other is general news. All of the papers sell advertising as a means of financing their operations. No specific articles on farm pricing exists in these papers. Some agricultural input, and production information is carried through advertising, and through a regular column entitled "Winban Column". Occasionally, the Banana Growers Association or the Coconut Growers will list route changes or other such information. There is no regular farm price features.

In addition to these three local papers, there are papers that serve the needs of visitors--giving information on taxies, hotels, restaurants, shopping, etc. There is also a regional paper that serves the Caribbean. Again, no specific features on farm price exist. Only when an article might need of require prices would such information be listed. Further, since the circulation is limited to about 5-6% of the Islands population, most farmers do not have access to the little information that does exist.

There are two radio stations that originate their broadcast in St. Lucia. This media appears to be the most likely candidate for extensive farmer oriented programs. In 1975, there were an estimated 55,000 radio sets on the Island, enough to average over one per family. Both stations operate in excess of 17 hours per day.

One of the stations broadcast 17 hours of which 13 hours is in French, 4 in English. Thus its programs are geared to the French speaking Caribbean. During late 1978, it hopes to broadcast in French, English and Spanish. None of the programming is centered on farm prices. They do have farm oriented programs, "Grow more food" (in Patios) and "Why import when we can grow". These programs are usually only a few minutes long and is designed to improve production and production practices. In addition, input suppliers are now advertising their products. Thus very little price information flows through this station.

The other station broadcasts primarily in English and some of the programs in a Patios version. They have four scheduled farm related programs, two of which gives some price information. The Bon Qualite program is broadcast weekly and sponsored by the St. Lucia Banana Growers Association. Included in the 15 minute program is information on fertilizer, disease, production technique, input prices and prices of bananas.

Another program "Shopper's Guide" is broadcast on Friday morning, for ten minutes. This program is designed for the consumer. A survey is made of supermarkets in Castries, and general information on prices, including farm food prices, is presented. Thus farmers could benefit in setting their price by the retail prices at supermarkets for similar products. However, none of the farmers or their wives reported their prices to be influenced by supermarket prices. Perhaps the effects of the "Shoppers Guide", if any, is through the demand side. Consumers are aware of competing prices, quality, freshness, etc., and accept or reject farmers prices based on that information.

The other two programs are similar to Bon Qualite except it includes all crops. Also included is information on land preparation for cultivation. Tips for farmers is presented in 15 minute segments weekly. Agriculture Today also includes interviews with farm leaders.

One other feature that gives some price information is an announcement by the St. Lucia Marketing Board. Each week the Board presents an announcement on the price, quantity and pickup points for the produce that it will purchase. There is evidence that many farmers listen to this program. In some instances, farmers complained of the failure of the Board to keep its pickup schedule, in others, the farmer complained that the announced price was too low. Thus, some price information is flowing through radio to some of the farmers.

The Ministry of Agriculture also has an information leaflet for benefit of farmers. However, as is true for the other sources of information, most of the emphasis is on production. The leaflet gives cultivation, land preparation, fertilizer, pesticide, and related information. Very little emphasis is placed on price information.

Farmers in St. Lucia do not appear to be able to obtain adequate information of prices of farm products. In all of the mass media surveyed, only one program lists price information, and that information is designed for the consumer. There are no attempts to predict prices for future production trend, nor to adequately inform farmers of present prices. The information about prices is merely incidental to other information that emphasized production. Prices appear to be set by supply and demand in absence of formal information systems.

#### IV. Transportation

The transportation function for farm to market movement of people and produce is not well organized. The majority of the transport equipment in St. Lucia is owned by individual operators. Some of the equipment is owned by associations, large plantation companies, and government agencies. Interviews with the associations and the plantation companies were not scheduled since these groups were usually involved in the production of bananas, which was outside the scope of this study. The individual operators and the government agencies interviewed were either hesitant or unable to share information about cost of transport operation or charges for service. Farmers interviewed were willing to answer questions but often unsure of what their transport costs were.

From Table 3-12, it is clear that the majority of equipment is owned and operated by farmers with 25 acres or less. It was explained by some agriculture ministry personnel/that this ownership pattern was expected because much of the transport equipment is owned because such ownership is considered an indication of social status rather than being a business decision.

#### Passenger Transportation

The fares for passenger transportation are fairly consistent. Fares appear to vary in a direct relationship to distance with a

TABLE 3-12. Transport Equipment Owned by Farmers

	Total	Size Group/Acres								
		0	1	5	10	25	50	100	200	500+
Trucks, Vans, Pickups Under 30 Wt.	178	-	30	12	59	43	15	5	8	6
30 Wt. and over	23	-	10	-	-	6	2	-	1	4
Jeeps and Land Rovers	80	-	-	-	13	34	8	5	4	16
Totals #	281		40	12	72	83	25	10	13	26
%	100		14	4	26	30	9	3	5	9
Cumulative %			14	18	44	74	83	86	91	100

Source: 1973/74 Agricultural Statistics

*how many observations  
in each group*

few exceptions which appear to be based on competition. For example, the fare from Vieux Forte to Castries is the same as the fare from Dennery to Castries even though Dennery is an intermediate point along the same route. Some discriminatory pricing practices are used. Friends of drivers are often carried for lower fares than passengers who do not know the drivers well. Tourists are charged higher fares than local nationals using the same class of service.

From the outlying points in Vieux Forte district to the Vieux Forte market the range of passenger fares was 50¢ to \$1.00. The mean was 78¢.

From Choiseul to the Vieux Forte market, the passenger fare was \$1.50 with no variations expressed by the respondents.

From Babonneau to the Castries market, the farmers were paying from 50¢ to \$1.50 to go to market. The average fare was 80¢.

Dennery to Castries is a longer distance and as would be expected the fares are higher. The range was \$1.00 to \$1.75 with the average fare of \$1.16.

Inadequate data was available on passenger fares from Vieux Forte district to Castries to determine an acceptable average. The few data available listed Vieux Forte to Castries fares at \$2.00.

From Choiseul to Castries, the fare was \$3.00 and no variation was expressed by the farmers.

### Freight Transportation

Basically the rates charged for hauling produce varied by distance and by amount of produce. Repeatedly, the farmers and the drivers commented that the produce rates were determined by the size of the load. In the absence of weight scales, the transport operators are using cubic space as a determinant in computing the rate for produce hauling. Discriminatory pricing was noted in produce hauling. Family, friends, or neighbors were paying less for produce loads than were people not well known to the transport operators.

It appeared that some communication existed between drivers in determining the prices for produce hauling. There were street corners in every community where the drivers met and discussed varied topics including transport operator costs and pricing.

### Transport Cost Structure

From Tables 3-13 and 3-14, it can be noted that the transport operator must endure sizable expenditures to acquire the needed inputs to provide his service. Maintenance costs and fuel efficiency measures are not noted because the drivers interviewed could not estimate these figures. Without knowing these two very important factors, the operators can not know their total costs for providing transport service.

TABLE 3-13. IDENTIFIED COSTS OF OPERATING  
TRANSPORTATION EQUIPMENT (EC\$)

Insurance	\$360 - 1,800/year depending on size of vehicle
Tires	\$120 - 500 each
Fuel	\$2.15 - 2.50/ gallon
Labor	\$40/week for assistant drivers or for loaders
Interest	15% - 17%
Equity Requirement	30%
Box or Truck Body	\$300 - \$600 depending on size of unit
Monthly payment	\$200 - \$820 depending on amount of mortgage
Truck Purchase Price	\$8,000 - \$34,000 depending on size
Mortgage Repayment Period	30 - 36 months

Table 3-14. Transport Equipment Registration, 1977

# of Units	Type of Equipment	Size	Registration Fee in EC\$/yr <sup>1</sup>
153	Buses	37 to 42 Passengers	\$190 <sup>2</sup>
288	Buses	12 Passengers	\$190 <sup>2</sup>
600	Pickups	2300# TARE Wt.	\$110-\$140
194	Vans	2300# TARE Wt.	\$110-\$140
492	Trucks	5 tons and over	\$190 <sup>2</sup>

<sup>1</sup> Must have a safety inspection which is free

<sup>2</sup> Minimum of \$190 EC but charged at \$30 per ton

SOURCE: Mr. Reed, St. Lucia Police Department, C

At least one truck operator found it necessary to re-mortgage his truck. He had paid the original mortgage but did not have sufficient funds from the rates to rebuild the engine when it failed. Consequently, his truck has been re-mortgaged to pay for the engine overhaul.

Not only do the individual transport operators lack a knowledge of their costs, but the St. Lucia Marketing Board does not know what their farm gate service costs. Recently, a Peace Corps worker was assigned to the Marketing Board and has been trying to ascertain the cost structure of the transport service as well as other functions of the Marketing Board activities.

Using a very rough estimate of the costs and the quoted rates from Choiseul to Castries, a transport operator would need to carry 72 round trip passengers, 72 bags of dasheen to Castries, and return with 109 bags of fertilizer to meet out of pocket costs plus depreciation on the vehicle. Profit was not considered in the cost structure nor was a self-employment wage for the transport operator considered. Assuming a 42 passenger vehicle and a 80% utilization rate, 67 round trip passenger fares would be collected. If 85% utilization is achieved, 71 round trip passenger fares would be collected. Over 85% of the available round trip seats must be used to break even and this assumes every passenger carries a bag of dasheen to market and 1.5 bags of fertilizer back to the farm.

Given a very conservative estimate of costs and a high utilization rate, the transport operator is in a marginal situation. Using the current new vehicle prices instead of the prices of existing units, the figures for passengers and produce would need to be considerably higher than those stated above.

The current rate structure could not cover the costs if new equipment were used. Given that the current equipment will eventually need replacement, the farm to market transport system may be in poor condition. Further work on the transportation sector is needed.

#### Transport Profitability

From the data collected, it would be difficult to say conclusively that the transport operators are not making a profit. It is quite clear, however, that the operators do not know fully what their cost<sup>s</sup> are and if a profit is being made. Further, the transport sector of the agricultural marketing process is at best marginal if any profit is being made.

Many factors contribute to this low or negative profit situation. The decision to buy a truck to enhance ones social status is the first detriment to profitability. The high cost of inputs to the transportation service certainly limits the profitability of the operator. The low prices for agricultural products makes it difficult

for the transport operator to increase his rates for the current fares since transport costs are a very significant cost of the farmer already. In other words, a large percentage of the farmers' crop revenues are going to the transport operator for transporting produce to market.

## V. Agricultural Prices--Farm Gate vs. Market Prices

The basic function of the price in any economic system is to guide in the efficient allocation of scarce resources. If price system operates efficiently, consumer, through their purchasing power, could indicate their preferences and the producers would produce only those goods that the society wants most. Producers in a competitive economy are forced to use the most modern and efficient production techniques and to organize the resources for the maximum possible output. Price will be the guideline in terms of what to produce, when, how and where to produce.

Agricultural prices function in the same manner by guiding farmers as to what to produce and by guiding marketing system in terms of how, where, and when to sell the agricultural products. Prices are important decision variables because they "affect business decisions of producers, marketers and consumers (and) those decisions in turn affect prices."<sup>18</sup> It is, therefore, important to study the characteristics of agricultural prices.

The nature of farm gate prices as well as the market prices is essential in understanding the functioning of the agricultural production and marketing system because the reason as to why a marketing

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<sup>18</sup> Hoos, Sidney S. & George L. Mehren. "Prices and Pricing" in Marketing: The Yearbook of Agriculture, USDA, Washington, DC, The Government Printing Press, 1954, p. 342.

system operates very poorly may be due to poor pricing structure.

The analysis of agricultural prices in St. Lucia is little bit complicated because of non-uniformity in measurement. The prices of the commodities are as numerous as the measurement unit used by farmers and vendors. As indicated previously in Section 3-9, prices of agricultural commodities are quoted on the basis of heap, bag, basket, unit, head and pound.

The prices in the market appeared to be fairly uniform. Variations did occur based upon size of sale and quality. While no uniform standards of quality were set, some sorting was done by the sellers. Prices, therefore, varied according to the size, shape, color, texture, and the overall general appearance of the item.

The average prices of selected agricultural products are presented in Table 3-10. These prices are the average of prices in all four districts, Babonneau, Dennery, Vieux Forte and Choiseul and were collected during interviews.

(a) Farm Gate Price. In general, the agricultural prices involve the analysis of prices at each stage of exchange beginning from the point of sale to the final sale price. The first exchange generally occurs when farmers sell their produce right at the farm to the marketing system and this price is called the farm gate price. In other words, farm gate price is what the farmers get if they sell their produce right at the farm.

TABLE 3-10: Average Prices of Selected Agricultural Products  
in St. Lucian Market, 1978.

CROPS	Farm Gate Price			Market Price				Other		
	Heap Unit	Bag	Basket Pound	Heap Unit	Bag	Basket Pound	Super Market	Hotel	SLMB	
	EC\$									
Yams	\$3.8		\$23.5	\$0.41	3.9		\$23.5	\$0.47	\$0.40	\$0.42
Dasheen	1.1	35.0		0.33	1.1	40.0		0.34	0.25	0.22
Tannias	1.5	28.0			1.5	30.0				0.22
Pumpkin	5.8			0.31	5.8			0.31	0.28	0.60
Carrots	1.0			0.95	1.2			1.00	1.30	1.5
Celery	0.05				0.05					
Coconuts	0.13			0.30	0.13			0.30		
Sweet Peppers	0.10			0.81	0.11			0.81		0.90
Tomatoes	1.9			1.8	2.0			2.0	2.0	1.7
Cuke	0.28			0.69	0.31			0.69	0.40	0.4
Mangoes	0.15				0.17			0.20	0.25	0.17
Cocoa				0.80				0.80		
Orange				0.23				0.23		0.25
Plantains*	6.6			0.40	7.0			0.40	0.20	0.19
Avacado	0.10				0.38					
Golden Apple	0.05				0.05					
Lettuce	0.38				0.38				1.25	0.83
Ginger				0.45				0.45		0.50
Cabbage	2.50	30.0		0.76	2.60	30.0		0.78	1.10	1.50
Breadfruit	0.33			0.40	0.33			0.40	0.36	0.20
Khuskhus	1.50		40		1.50		40		0.70	0.50
Sweet Potato	1.50	44		0.32	1.50	44		0.32		0.25
Peanuts				2.00				2.10		
Beans	0.60				0.60					
Plum	0.01				0.01					
Macumba	0.05				0.05					
Pigeon Peas	0.75				0.75					
Chives	1.10				1.1					
Eggplant				0.35				0.35		
Papaw				.25				0.25		
Pineapple				1.40				1.40		
Sour Sop				0.27				0.27		
Christspine				0.40				0.40		
Turnip				0.95				0.95		
Nutmeg				0.60				0.60		
Mace				1.00				1.00		

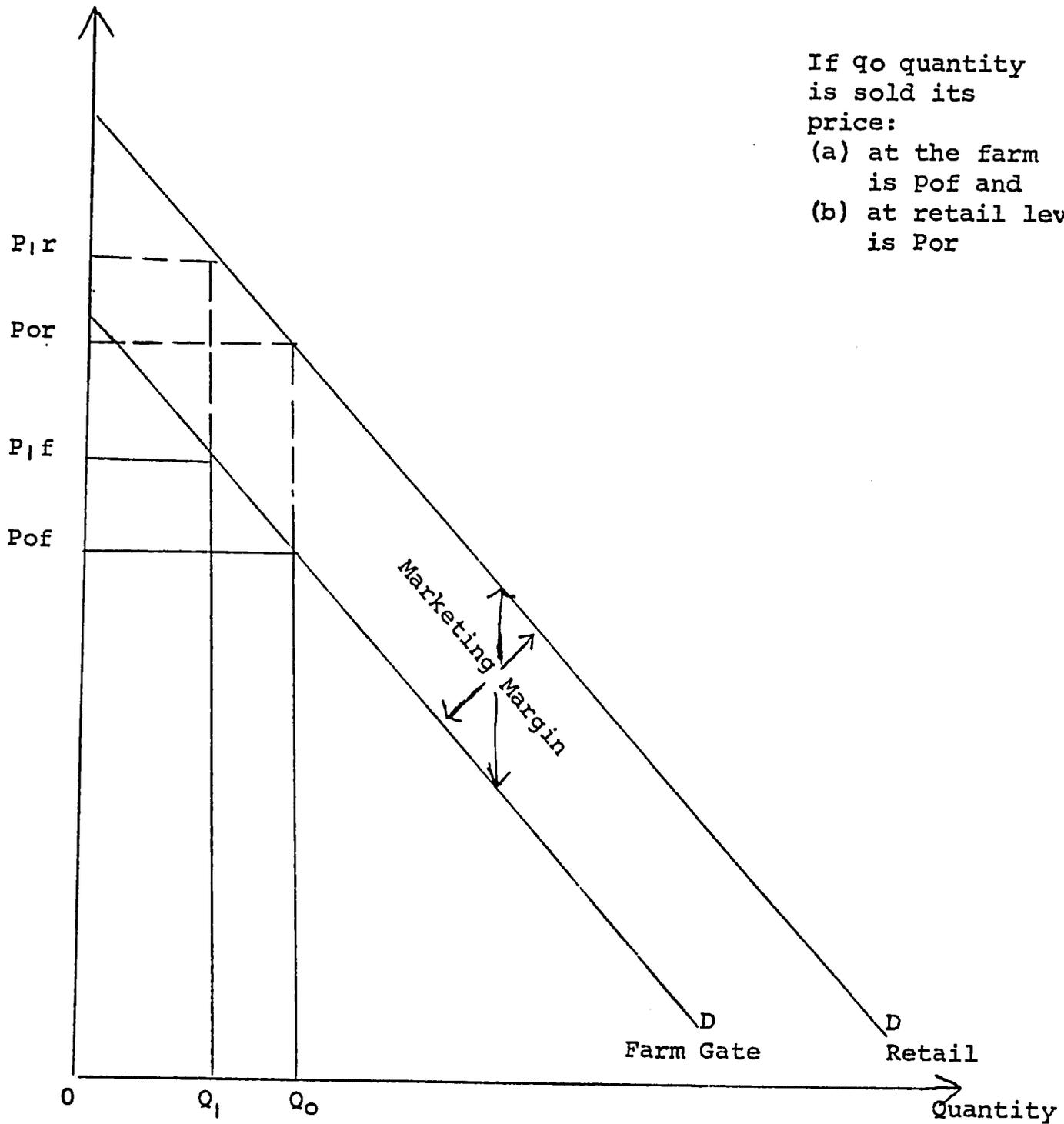
\*For entire stalk of Plantains.

Farm gate price depends largely upon the retail price because the demand at the farm gate is a derived demand. The prices are determined at the retail level by matching the available supply against the demand of final consumers and based on this retail price, the marketing system on this retail price, the marketing system buys products at the farm. Figure 3-5 illustrates this point. Given the consumer's demand, a price of  $P_{or}$  means the  $Q_0$  quantity of goods needed to be supplied at the retail level to have equilibrium. The marketing machinery then demands or buys  $Q_0$  quantity at the farm but at  $P_{of}$  price. But the higher price of  $P_{lr}$  farmers will get  $P_{lf}$  from  $Q_1$  quantity. Therefore, the farm gate price of  $P_{lf}$  and  $P_{of}$  are dependent on  $P_{lf}$  and  $P_{or}$  respectively. The actual prices at the farm gate depends, however, on the number of middlemen involved, their required return and other costs of marketing.

Farm gate prices in St. Lucia are not distinctly identified because

(i) Farmers utilize direct marketing channel in most of the cases. They harvest the products and carry them to Castries, Vieux Forte and other minor markets and sale directly to customers instead of selling at the farm. Majority of these farmers do not discriminate between prices at the market or at the farm. Only a small number of them are willing to sell at a slight discount if sold at the farm.

Figure 3-5: Retail Price vs. Farm Gate Price



Even though farmers incur transportation costs in bringing produce from the farm to the main market, it seems transportation charge is an insignificant decision variable in determining the prices at the retail and at the farm level. Farmers should have sold at a cheaper price at the farm compared to the market because they would be saving the costs of transportation. Only a small number of people are willing to give discounts for this saving. Perhaps, the reason as to why transportation costs are not significant decision variables may be because many of the farm wives combining their marketing with personal activities. They will be incurring some of the costs anyway, since they go to the market to buy essential goods or to meet and socialize with friends.

(ii) St. Lucia Marketing Board pays the same price regardless of whether the produce was delivered at the farm or at its office.

(iii) Small number of hucksters buy produce at the farm and generally obtain at cheaper prices because of their strong bargaining power.

(iv) Many of the exporters, such as Valton Brothers, Geeste Industries, John Baptiste Company, come to the farm to pick up the produce.

Farm gate prices in most cases are the same as market price. However, there is a variation in prices depending upon the unit of

sale. For example, both prices are EC\$1.1 and \$1.5 per heap of dasheen and tannias but farm gate price is only \$35 and \$28 per bag respectively, compared to EC\$40 and \$30 respectively of the sell at the market. ? /

Perhaps the analysis of price paid by hucksters and their sales prices would have been better approached but many of the hucksters were reluctant to cooperate when Dr. Marhatta approached them for this information.

(b) Market Price. The price at which goods are bought by the final consumers is called the market price. This price is also known as retail price. The prices paid by final consumers differ from that of farm gate prices due to the costs incurred in moving, processing, storing and providing other marketing functions including a reasonable return to all participants.

When asked then, how prices were set for their produce, a majority reported they established prices based on what was happening in the market. Most farmers said today's price was based upon "yesterdays" or "last weeks" depending on the activity at the market. If there appear to be a lot of buyers crowding around the trucks as the produce arrived, they knew that there was likely to be a shortage. If there was no rush or crowd, they knew there was likely to be a surplus. The farmer (wife) would know that price could be adjusted accordingly. Thus, the farmer appeared to be responding to

supply and demand conditions at the market on a given day. These responds are presented in Table 3-11 as supply and demand considerations.

Many of the other factors given may sell have been directly related to supply and demand. Judgement was listed as the second important determinant of price, i.e., each farmer decided on the price according to what he judged the market would bear. Undoubtedly, the number of buyers, quantity of goods, and his best guess of quality would enter into his judgement.

Bargaining was listed by a few of the sellers. Again, the supply and demand for the products would enter the decision. The amount that the buyer would be willing to pay, and the acceptance/rejection of the bid would be dependent on the available supply and the number of buyers.

Only one farmer, located in Choiseul, indicated that production records (costs) determined price. Three farmers in Babonneau reported that prices were set by wholesalers.

Banana prices and coconut prices were excluded from the analysis. These prices were set by the respective association, and were beyond the scope of the paper. Banana prices in the marketplace were usually lower than the Banana Association prices because those bananas were usually of poorer quality, comparing in large part, of rejects from the Banana buyers.

*short as long term?*

The prices paid by hotel and supermarket is often times higher than the market price because the market price includes only the average price at which farmers sell at the various markets. The determination of the price at the market is very disorganized. Prices are quoted per heap or some other unit. The fairness is largely determined by the seller because the heap fluctuates depending upon his total output and demand of consumer. Higgling and haggling is very common among buyers and sellers. Price varies depending upon not only some National reason such as scarcity versus glut, and number of buyers, but also some irrational reasons such as the types of buyers. Two or three tier prices have been used by farmers--one price for the local people and one for the foreigner. For example, it was observed in Castries markets that the lettuce was sold at \$0.60 per head to a local person but was \$1.75 to the foreigners.

Table 3-11. The Determination of Price by St. Lucian Farmers  
(Number)

How is Price Determined	Choiseul	Vieux Forte	Babonneau	Dennery
S & D	13	14	9	16
Bargaining	4	1	2	5
Judgement	9	7	2	14
Records on Production	1	0	0	0
Set by Wholesalers			3	0

*not mutually exclusive.*

Even with such disorganized market, the price determination fits the economic model. The farm wives use psychological approaches in deciding in selling prices. The selling prices are adjusted based on the supply situation and the number of consumers. For example, a farm wife will automatically assume that there is a shortage and raise the price if she notices a big crowd surrounding her right after she steps down from the bus.

(c) Marketing Margin. Analysis of the marketing margin indicates the efficiency and problem of the agricultural marketing system and the nature of allocation of returns. A high marketing margin without a corresponding improvement in the marketing sector implies exploitation of farmers and consumers. While low margin indicates poor marketing system because of insufficient return to the participants.

Marketing margin is the difference between the price paid by the final consumers and the farm gate price. Or

$$\text{Marketing Margin} = \text{Market Price} - \text{Farm Gate Price}$$

This marketing margin includes all the costs of marketing such as transportation, storage, processing, charge, premium for risk-bearing, expenses for obtaining market information and a reasonable return to all middlemen.

The comparison of market price and farm gate price of several commodities indicates that most of the prices are similar and marketing is very small. Addition of transportation costs and the costs of

physical wastage would make the marketing margin negative implying that farmers are not getting adequate reward for their marketing services. *or others*

The lack of large number, of middlemen in the marketing system, farmers practice of not discriminating between purchases at the farm versus market, and poor and unorganized marketing system may have accounted for the low marketing margin.

Perhaps the insignificant marketing margin explains the reason as to why the marketing machinery is still primitive in St. Lucia.

## CHAPTER IV

## PROBLEMS AND RECOMMENDATIONS FOR IMPROVEMENT

This chapter briefly summarizes the problems of agricultural marketing system and proposes several recommendations for the improvement. It is not the intention of the authors to criticize rather sincere desire to make marketing system effective to meet current needs and to make progressive enough for accommodating the future expansion in St. Lucian economic system.

I. Problems of Agricultural System

(a) The critical and significant problem of St. Lucian agricultural system is the lack of necessary incentives to expand crops for marketing. Since the formation of capital for economic expansion has to come from agricultural sector, instead of just tourist industry, food production has to increase. The only way to expand production and encourage farmers in using better inputs and production methods is to present them with an assured market combined with a reasonable and guaranteed price. Further, they must have an access to and necessary credit to buy inputs needed for expansion of production.

Basically, farmers are on a subsistence level with very little left for improvement in agriculture. Simplified and liberal financing should be provided by the Agricultural and Industrial Bank.

Cost of inputs are high for an average farmer on subsistence level, e.g., fertilizer imported from Trinidad (12-4-24 compound) costs \$33 for 112 lbs. bag and insecticides costs \$34 per lb. excluding the costs of transportation. Sale on credit should be instituted to facilitate the use of these compound inputs.

(b) Absentee landlords motivated only for speculative gains care very little about agricultural production or to increased production. Further, the land tenure system which is crude and outdated discourages improvement and further investment in agriculture. Without a clear title of ownership or tenantry, the farmers will have no incentives for using better inputs to expand output. Also, sharing arrangements in which landlords get larger proportions of output without contributing to seeds, fertilizer, and so on bring more disincentives in agricultural production. To rectify this, the sharing arrangements must be equitable to compensate both landlords and tenants.

(c) Majority of farmers are not fully educated enough to improve their farming methods. Since farmers resist changes they keep on doing what they have been use to for years even if it is the wrongway. An expanded education program through extension could be used to improve their knowledge, production process and farming practices.

Many of the farmers plant the same crop year after year causing excess supply during the harvest period. They should be educated and assisted in planting other crops.

(d) Land area holdings of many of the farmers are very small and this does not facilitate the mechanization.

II. Problems of SLMB. Based on the reactions of the farmers interviewed during the survey the following are the basic problems:

(a) The prices paid by SLMB to the farmers are very low. Their experiences of selling at the market indicate to them that they will be better off selling in the market than to the board at wholesale price. Part of

this problem is that most of them have small quantities of produce, they sell at retail in the market, the pricing based on "what the traffic can bear" principle means chances of greater return. Further, farmers have more free time to engage in marketing (because of small operations), they may prefer to market directly rather than SLMB.

*perhaps more  
in no function  
for SLMB  
pay for*

- (b) The SLMB prices are not guaranteed for farmers to really benefit them. Farming decisions are based on expected price and if prices of SLMB are as uncertain as that of the market, it has little use as an incentive tool.
- (c) Uncertain policy of the board in terms of what price it pays, how much it buys, and what are the quality specifications of goods it buys, discourages farmers to deal with SLMB.
- (d) Lack of reliable pick-up service or farm gate service creates uncertainty to farmers. For perishable goods delays or postponement means a huge loss because of wastage and missing the main market day.
- (e) SLMB's buying policy is just the opposite of what is needed. Policy varies depending upon the supply conditions at the market--it buys less during glut and more when scarce. But this type of buying really does not provide stability to small producers during the period of excess supply.

### III. Problems of Standardization

Lack of uniformity in measurement both in terms of weight as well as in quality term creates confusion in exchange, encourages cheating, slows down the buying and selling function, and creates inefficient marketing system. The country cannot expect to improve the marketing system without a well defined,

uniform and nationwide system of standardization.

#### IV. Recommendation for Improvement

Since the economy of St. Lucia is faced with a net deficit in its balance of trade, and does not have sufficient raw material resources, it has to emphasize the development of either the tourist industry or the agricultural sector to rectify this situation. With all her natural endowments, picturesque mountains and seashores and favorable climate, tourism can be a lucrative source of earning foreign exchange in St. Lucia. But this directly benefits only a limited number of people, and it does not solve the current problem of excessive imports of food crops. In the final analysis, agricultural development has to be emphasized both to improve the welfare of the general public and to ensure national survival during strategic periods.

A. Overall Policy. In order to ensure the development of agricultural sector several progressive policies should be formulated and adopted as soon as possible. The first order policy should be to encourage farmers to expand their output by providing assured market and guaranteed price. To achieve this objective, liberal credit should be made available to farmers to buy needed inputs. Second order policy should be to improve the coordinated marketing system for both export crops and the rest of the crops. This would, in order of importance, involve:

- (a) the immediate establishment of standardized measurement system,
- (b) the establishment of storage facilities,
- (c) the initiation and establishment of regular transportation facilities
- (d) the reform of the land tenure system
- (e) the provision of incentives for entrepreneurs including coop societies to enter into marketing, mostly in providing regular outlets throughout the country.

but table  
33 indication  
supply of  
most of  
products  
adequate

what would  
govt do  
with  
surplus?

The third order policy should be to expand and create new markets both in domestic and foreign regions. Efforts should be made in encouraging the use of many of the products available in the country, e.g. almonds, celery stalk, and to research the possibilities in product protection. Trade relations should be established with other nations and export many of the surplus food and non-food items. Additionally, farmers should be assisted and encouraged to produce other profitable crops.

B. Establishment of Standardized Measurement System. The scales and measuring and weighing equipments should be made available through-out the country. Then a law should be passed to make the complete use of the standardization system.

Almost all of the farmers expressed their willingness to use uniform standards if such is required and made available. The government should pass legislation and introduce standardized scales, weights and measurements and should make it mandatory.

To supplement this, some form of packaging and labeling will be required.

C. SLMB. Since the country has already established a marketing board, we suggest that it be reorganized and made a more effective organization. The board should change its image by adopting a progressive policy so that farmers would feel encouraged and rewarded to deal with it. In order to achieve the basic objectives, the board:

1. Should be willing to buy as much produce as farmers bring for sale to reduce the glut in the market.
2. Should be willing to buy produce for the time being without distinguishing the quality. Over the years, the board should thoroughly inform and educate farmers of the benefit of observing quality and should institute a system of reward to farmers who grow better quality produce.

3. Should have different prices—one for pick up and one for delivered load, to compensate for transportation costs incurred by farmers.
4. Should pay the maximum price possible to the farmers so they could be encouraged to sell. In other words, the marketing margin that the SLMB gets should not be high that farmers will not trust the SLMB.
5. Should announce some guaranteed price long before planting time so that farmers can make the basic decisions and a clear idea of expected return.
6. Should formulate a permanent policy with respect to price, quantity it would buy, time and manner of delivery, pick-up service, and quality requirement. Any changes on such policy should be well publicized and made sufficiently before planting decisions are made.

How financed?

D. Storage Facilities. Since, "excessive price fluctuations for food grains during the period between harvests and from one region to another may be traced to inadequate storage capacity..."<sup>19</sup> it is very important that steps be taken to establish storage facilities in few strategic areas. Some near main markets and some near production points which could be used as assembly points.

The storage facilities must be operated to benefit all farmers and marketers.

Although sophisticated facilities with refrigeration may not be feasible in the beginning, well ventilated cool places may be reasonably adequate. The marketing board could undertake this responsibility of building and managing the storage facilities until private entrepreneur participates.

E. Transportation Facilities. A reliable and regular transportation network is needed to efficiently move the goods from the farm to the assembly points and then to the main market.

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<sup>19</sup>Kriesberg and Steele, Identifying Problems of Food Marketing, p. 21.