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EASTERN CARIBBEAN

AGRICULTURAL MARKETING STUDY

Undertaken by:

Agricultural Cooperative Development International (ACDI)

50 F Street N.W.
Washington D.C. 20001

Phone: 202-638 4661
Telex: 160923 AGCODEV UT

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I INTRODUCTION:

This report is the result of a three week study of agricultural marketing in the Eastern Caribbean undertaken by a two person Agricultural Cooperative Development International (ACDI) team in November/December 1989. The purpose of the study was to identify possible strategies for improving the intra-regional marketing of agricultural produce. While the team therefore concentrated on obtaining information on regional agricultural marketing, a great deal was learned about the export of fresh produce internationally as well.

The team commenced its work on Barbados, meeting with officials at USAID's Regional Development Office/Caribbean, regional organizations and institutions. Each of the four Windward islands (St. Vincent, Grenada, St. Lucia and Dominica) was then visited. As the Leeward islands are net importers of food and export little or no agricultural produce, they were not visited. In retrospect, the study would have been strengthened if it had been possible to lengthen the time the consultants spent in the region, allowing them to visit regional markets in Trinidad, the Leewards and the French islands in order to more fully assess both market demand and the requirements on each of these. Information on these regional markets was obtained in interviews, and is assumed to be accurate for those regional markets to which exporters now send produce. However, for those islands where there is known to be a market but

to which there are no regular shipments of produce from the Windwards, the information obtained was often based on hearsay or assumptions. Further study of conditions on these markets, particularly those on Martinique, the more northerly Leewards and the Virgin islands is needed. The information obtained in such a study should be disseminated to all exporters, public sector marketing boards, farmers and hucksters associations in the region, and should include data on local production, market demand, requirements, customs information, etc.

A great deal of assistance was received from the Agricultural Venture Trust/High Impact Agricultural Marketing Project staff, both on Barbados and on each of the four Windward islands visited. HIAMP island staff organized appointments and schedules for the team on each island and in many instances provided some transport. As a result, more interviews were conducted than would otherwise have been possible.

II. BACKGROUND AND RECOMMENDATIONS:

Agriculture in the Eastern Caribbean is characterised by small farms, ranging from 1 - 8 acres, which are often rented or leased. The topography of individual farms will varies from flat to extremely steeply sloped land, and it is rare to find large tracts of relatively flat land owned and farmed by one individual. Acreages planted to a particular crop or fruit tree are therefore

small.

Bananas predominate throughout the region as the major export crop, with each island having one or two other traditional export crops, e.g., nutmeg and cocoa from Grenada and citrus on Dominica. Root crops are intercropped with the traditional export crops, and other fruit trees, such as mango, tend to be used as wind breaks. Bananas and the other traditional export crops are sent to the United Kingdom and European markets, where they receive preferential treatment. These bananas are purchased and shipped to Europe by Geest, whose vessels provide regular fortnightly service and also carry non-traditional export produce to the international market. With 1992 and the introduction of a single European market through the EEC, this preferential treatment in terms of both price and market share will end. To a certain extent the governments of the Organization of Eastern Caribbean have been encouraging farmers in the region to diversify away from bananas and develop export markets for non-traditional crops, particularly in the United States. These efforts have not yet met with any great success for a variety of reasons.

The terms of the Lome IV agreement through which countries of the African, Caribbean and Pacific (ACP) regions will continue to receive both development assistance and preferential trade terms, have not been announced. However, it is widely believed in the Caribbean that the preferential agreements governing bananas

exported to the United Kingdom will be phased out gradually using a quota system based on 1992 levels of production. Thus, governments in the region are both encouraging agricultural diversification and encouraging farmers to increase the acreage under bananas in order to increase their presumed 1992 quotas.

The production and marketing of bananas in the Eastern Caribbean is based on a subsidised system of development, production and marketing assistance to farmers through Banana Growers Associations on each island. These associations are in turn affiliated to the regional body, Windward Islands Banana Association, WINBAN. Through this system farmers are used to being told when to plant, how to plant, how to grow, when to pick their fruit, and receiving assistance in packing and transport to the dock. While the costs associated with the fertilizer, pest control and other programs implemented through the associations are deducted from payments of farmers in the form of a cess, these programs are also heavily subsidized by WINBAN through assistance from the British government. Bananas have been grown in the region for over a century, and farmers are used to this system of production and marketing. They have no sense of the real costs of production of bananas, and expect similar support services and systems to be provided for other crops being introduced through agricultural diversification efforts.

As long as there is a market and the Banana Associations continue to provide a total package of services to the farmer who is

able to collect a twice monthly check for his produce, farmers in the Eastern Caribbean will continue to focus their efforts on banana production. The introduction of new crops must take into account the type of infrastructure and support the farmer is used to. Without the creation of some form of crop specific extension and marketing system for new crops, farmers will not diversify. One of the reasons for the success of the HIAMP grenadilla project in Dominica is that the project recognized these constraints, ensured a market for the crop prior to encouraging farmers to grow grenadilla, and provides assisted farmers with both credit and extension advice during production.

Agricultural marketing in the Eastern Caribbean is the least understood and most neglected component in agribusiness. In part this is because of the systems developed by the growers associations for export crops, which are themselves legacies of the islands' colonial history, when trade was controlled by large family-owned expatriate businesses. Similarly, trafficking between the islands has been the domain of local families and is a closed business. Traffickers buy at farmgate and the farmer remains uninvolved in the handling of his produce. Producers have almost no involvement in marketing and therefore no understanding of the demands of the different markets into which their crops are sold.

Interviews with farmers, government officials, marketing boards, buyers and shippers, traffickers, processors and others, indicates

that the following were the major constraints within both regional and international agricultural marketing channels:

- transportation
- marketing intelligence and related information
- post harvest handling
- credit
- low production volumes

a) Transportation:

With few exceptions everyone interviewed stated that the lack of appropriate transportation was the major constraint to both regional and international agricultural trade. Vessels which sail between the islands have neither refrigeration nor handling equipment for fresh produce, their schedules are limited and their freight charges are such that they encourage improper handling of produce. Dock and port facilities in the region are inadequate. Estimated loss on produce traded in the region is 50%.

The schooners that do sail between the islands on a regular schedule tend to sail to Barbados and Trinidad. The volumes being sold on the Trinidad market have sharply declined since 1986, due to the devaluation of the Trinidad dollar and successful efforts by that country's government to increase local agricultural production. The

markets of the French Antilles, the dry Leeward and Virgin islands are known to be expanding and should be investigated. While there are schooners sailing to these islands, they tend to have irregular schedules and have limited experience in carrying fresh produce and, with the exception of Dominica, no traffickers from other islands have managed to trade into these lucrative markets. As a result the Dominican Republic and Puerto Rico are obtaining an increasingly large market share, particularly in the Virgin islands.

Only St. Lucia and Grenada have international airports, St. Vincent and Dominica have small airports, served by only by the regional air carriers with limited cargo space. Grenada has the only airport chill room, and this is on the second floor of the terminal building requiring the produce to be carried up to it, thus no exporter is using it.

It is important to note that both the largest produce exporter in the region, CATCO, and all transporters interviewed during the study indicated that they felt the transport problem was a myth. One used as a convenient excuse to cover a host of other problems, most particularly the lack of volume. CATCO officials stated that if the produce was available, then solutions could be found to the transport problem. An example cited was the schooner CATCO has hired to move produce purchased from the Organization for Rural Development (ORD) on St. Vincent to Barbados. While the vessel has no chill space,

the produce is properly packed and iced during the voyage, thus keeping losses to a minimum.

Air cargo companies and officials of the larger sea freight organizations cited the low volumes of fresh produce as the reason for the lack of appropriate inter-island aircraft and vessels operated by themselves. Given the volumes, they would provide appropriate transport to move fresh produce and freight rates would drop.

Apparently AVT/HIAMP is investigating the feasibility of funding a new inter-island vessel, trading between St. Vincent, Grenada, Barbados and Trinidad. This vessel will be containerised, will take partial container loads, and will have the capacity for refrigerated containers, as well as having the capacity for a large number of passengers. In addition, under the U.S. Agency for International Development's recently initiated Tropical Products project (TroPro) there are funds available to support a regional air cargo plane for the movement of produce. These efforts could assist in ameliorating some of the transport problems cited by producers and exporters in the Windwards islands. However, the recommendations given below should be taken into account when planning for these new transport initiatives.

Recommendations:

- i) Donor agencies should work through the OECS' new secretariat for agricultural diversification to actively encourage island governments to change the policies controlling schooner freight rates. Schooner owners should charge traffickers by weight and not by piece for fresh produce moved between the islands. This will result in reducing loss, encourage appropriate post harvest handling by the traffickers, introducing some discipline into regional trade. Traffickers would quickly learn that loss reduction means increased profits.

- ii) Governments in the region should be encouraged to improve the portside handling facilities on both the exporting and importing islands. Ideally these facilities should include small chill rooms, but minimally they should include pack sheds, with running water and adequate waste disposal facilities.

- iii) Every effort should be made to encourage schooner owners, and most particularly the owners and operators of HIAMP funded vessel and the TroPro aircraft (should these materialize) to investigate the feasibility of routing their vessels to the French islands. USAID and other donor agencies involved in agricultural development in the Eastern Caribbean should positively consider funding trial shipments of fresh produce into these markets, including if necessary the hiring of schooners. The produce shipped during these trial shipments should be properly packed and iced, to demonstrate to the traffickers involved the cost benefits of proper post harvest handling.

b. Market Intelligence and Information Systems:

While producers, exporters and shippers in the region have always had reliable information on the United Kingdom and European markets, and there has been an increase in the information available on the U.S. market, little is known about the regional markets.

As one exporter on St. Lucia told us, "I know more about prices, demand, customs requirements and phytosanitary conditions for the London market than the Martinique market". The sailing distance between St. Lucia and Martinique is twenty six miles. Even for the Barbados and Trinidad markets, to which traffickers from Grenada, St. Vincent and St. Lucia send a great deal of produce little is known about who purchases the product, whether or not there is a market for quality, etc. The Dominicans have done far better in exploring and evaluating the French market on Guadeloupe and Martinique, but even they admit to needing more information on prices, demand for specific products, the possibilities of contracting with purchasers, etc.

As far as the United States market is concerned there has been a marked increase in the understanding of exporters as to the conditions prevailing on the Florida and New York markets in particular. However, they lack experience on these markets

and do not know how to evaluate their business contacts. The result has been more than one instance of non-acceptance of produce on arrival in Miami or New York or non-payment by the broker or jobber who received the produce, and the exporters concerned do not know how to make the U.S. market information system work to their advantage in solving these problems.

Finally, throughout the region the producers have little involvement in marketing and as a result have no knowledge or understanding of the markets their produce is shipped to. This results in a lack of commitment to quality maintenance through proper post harvest handling.

Recommendations:

i) A market intelligence and information system needs to be established. This system would provide information on:

- commodities in demand
- prices
- quality, size and grade required
- packaging requirements
- taxes
- customs duties, charges and agents
- market volume (overall demand)
- transport, including availability schedules and cost

- capacity and equipment of available vessels
- portside equipment
- documents required
- regional production volumes by island for commodities listed

The market intelligence system should be computerized and based on one of the Windward islands, possibly St. Lucia. The information must be made available to all involved in agricultural marketing in the region, including producers and their organizations, exporters, shippers and marketing boards. The establishment of such a system would require the services of three people: one market intelligence specialist with good computer skills to establish the system and define the data required, one information specialist to collect and compile the information and one computer programmer who would input the data. A cost effective method of implementing the system would be to use the HIAMP offices on each island to serve as island data collection points, using their computer/fax facilities to transmit the information, to the central data base.

Despite the fact that a CARICOM market information system is to be established, serious consideration should be given by USAID to establishing a Windward island specific market intelligence system under its new TroPro project. Two reasons

mitigate against the success of the CARTIS system yet to be established by CARICOM. Firstly, CARICOM's reputation in implementing successfully regional project is poor (e.g., WISCO). Secondly, regional projects based out of Barbados, as CARTIS will be, are increasingly viewed with suspicion by both public and private sector organizations on the other islands. Such efforts are widely regarded as unrepresentative of overall regional needs, and are increasingly underutilized by the agencies and organizations they are intended to serve.

ii) Training should be provided to producers and traffickers as to the demand and regulations governing the markets they export into. A great deal has been done, through the Caribbean Basin Initiative, to inform exporters and shippers as to the demand and requirements of the United States markets. Little have been done to transmit information on the regional markets, particularly those in the French Antilles, Leewards and Virgin islands. Very little market information and training on any of the markets available has been provided to producers, and this needs to be done.

c. Post harvest handling:

While there have been notable improvements in post harvest handling in produce exported from the region, particularly on

Dominica and St. Vincent, much remains to be done. On all the islands recognition of the need for improvement in post harvest handling has not filtered down to the producer level. Everyone involved in produce marketing, from the producer, through the pack shed staff to the exporter must understand the critical importance of proper handling and packaging. While regional markets have less stringent requirements than international ones, they are known to be becoming more demanding and increasingly willing to pay for quality produce.

A need exists to ensure that quality control standards are in place from field to final purchaser. New concepts in packaging design, new methods of reducing field heat and new quality control systems are being introduced into the produce business worldwide. Producers, exporters, shippers and purchasers involved in both regional and international export trade need to become aware of these trends, if the region is to survive as a net exporter. Competition from Central and North America on its traditional European markets will be severe after 1992, and there is increasing competition from growers in the Dominican Republic and Puerto Rico in the regional market.

It should be noted that the traffickers account for some 75% - 80% of all fresh fruit and vegetables moved in the region, and their losses are some 50%. The Dominica experience in training traffickers in post harvest handling techniques has proven that

they will adapt these once it is demonstrated that decreased losses mean increased profits. Little has been done to make farmers aware of the need for quality control through appropriate post harvest handling. Training in post harvest handling has been provided to the buyers and exporters throughout the region, yet little or not attention has been paid to the need for providing similar training to farmers. Yet the largest exporter in the region purchases 80% of its produce from small farmer groups or organizations.

Recommendations:

- 1) Assistance to the Dominica Hucksters Association and the Small Business Traders Association on St. Vincent should be continued. This should include institutional strengthening, continued training in post harvest handling and small revolving credit funds for the purchase of appropriate packaging materials.

- 2) The Dominica Hucksters Association's efforts to assist other traffickers in the region require support. They have been working with the association on St. Vincent and attempting to organize the traffickers on Grenada, sharing their experiences and the benefits of introducing post harvest handling technology to traffickers.

3) Post harvest handling training must be provided to the producers in the region. Farmers must become more directly involved in export, must appreciate the demands of the markets their produce is sold into and understand the cost benefits of improved produce handling.

d. Credit:

Exporters and shippers of produce in th Eastern Caribbean consistently mention the need for credit as a constraint. This is particularly true of the smaller exporters, the traffickers and others involved in regional trade. Commercial banks in the region tend to view investment in any type of agricultural business as a high risk activity. Production credit is provided to farmers through loans to farmers administered by the regional development bank. Little or no credit assistance is available to the exporters, particularly those in the private sector.

There is a need for a short-term (30 - 60 day) revolving fund to provide working capital to exporters. Exporters could thus finance their packing house inputs, freight and other expenses before realizing collections from sales.

Recommendations:

i) Consideration should be given to establishing a short-term revolving credit fund to provide regional exporters with working capital. This could be implemented through the USAID funded Tropical Products project.

e. Production volumes:

Throughout the region, private sector exporters, whether to regional or international markets, state that one of the most critical constraints to the increased export of non-traditional export crops is the low volume of production throughout the islands. Many exporters stated that they have dropped out of one or another of their markets because they could not obtain sufficient produce to meet demand. The traffickers on Dominica are beginning to experience serious problems in acquiring sufficient produce to maintain their markets on Guadeloupe.

In part these problems are caused by agricultural practices in the Caribbean, where farmers intercrop the root crops with the traditional export crops and use fruit trees as wind breaks. Thus, volumes are low, and neither regional demand nor that of the international markets for exotica can be met. However, these problems are exacerbated by the continued emphasis on banana production by governments in the region. For as long as farmers believe that their bananas will be purchased by their Banana Associations for sale into the European markets by Geest,

they will continue to focus their efforts on banana production. Farmers must be given the opportunity to understand the implications to banana production of the introduction of the single European market in 1992. And it must be demonstrated to them that diversifying their production is profitable. Efforts to encourage diversification must take into account the social and economic practices that now pertain to banana production, where the farmer is used to receiving extension and other support from planting through to sale.

Recommendations:

- i) Governments in the region must be encouraged to implement realistic programs to make farmers aware of the implications of 1992. Farmers must understand the economic effects on themselves. Assistance should be provided to governments in developing and implementing information campaigns using the extension services, media and other channels to reach farmers.
- ii) Efforts such as the HIAMP funded Dominica grenadilla project should be replicated on other islands in the region. This project first identified the market and profitability of grenadilla production, before developing the extension, credit and support systems needed to encourage farmers to plant grenadillas. Adapted to take into account local conditions on

each island, the introduction of this type of agricultural development project could do a great deal to convince farmers both of the need to diversify and of the potential profitability in diversification.

III. REGIONAL INITIATIVES:

A number of regional organizations, institutions and projects are directly involved in agricultural marketing or in efforts which support an increase in marketing. Among these are the Caribbean Agricultural Trading Company (CATCO), the Caribbean Agricultural Research and Development Institute (CARDI), Agricultural Venture Trust/High Impact Agricultural Marketing Project (AVT/HIAMP) and two new initiatives, the Organization of Eastern Caribbean States secretariat for agricultural diversification and CARICOM's CARTIS project.

Many of these institutions will be involved in the U.S. Agency for International Development's new regional agricultural marketing effort, the Tropical Products Project (TroPro). Under this project, CATCO, CARDI and the OECS' new agricultural diversification effort, among others, will receive assistance in the development of market intelligence, post harvest handling, crop production and extension in order to increase volumes, etc.

In addition, the project includes funds for the lease of a charter aircraft to move produce from each island. TroPro is a large and diverse effort which will address many of the problems identified in this study.

A. CARIBBEAN AGRICULTURAL TRADING COMPANY (CATCO):

Based in Barbados, CATCO is presumed to be the largest exporter in the region. CATCO started operations in the early 1980's and is registered as a private company, although started by regional governments. It is therefore both a private and public sector entity. Its start-up costs were, in part funded by USAID, but until its inclusion in TroPro, CATCO had not received USAID funding for some years.

CATCO exports a variety of regional specialities and tropical fruits to Holland, the United Kingdom, Canada and the United States. The U.S. is its smallest market, as it has found that prices are 20 - 30% higher on the European markets. In addition, because of the region's traditional links with the U.K., and therefore the European Common Market, it understands these markets better and their entry requirements for Caribbean produce are less stringent than those of the U.S.

The company purchases from each of the islands in the Eastern Caribbean, ships the produce by sea or air to Barbados,

where it is packed for export. CATCO undertakes no regional marketing, beyond beyond supplying the tourist trade on Barbados. 80% of its purchases are from farmer organizations or groups, and it has found these these most loyal and successful of the producers with which it works. It either purchases on contract through established farmer organizations such as STAFCOOP on St. Lucia or ORD on St. Vincent or works to group farmers into loose associations in order to obtain the volumes needed. It has recently been involved with ORD in trial shipments by chartered schooner from St. Vincent to Barbados at a cost of Barbados \$4.00/box. While only two trial shipments have been made and it is too early to properly evaluate this arrangement, they have both been successful and could possibly be replicated elsewhere.

CATCO's major problems is obtaining sufficient volumes to meet market demand. Farmers in the region need to be assisted to improve their management practices to increase volumes and they need training to fully understand the marketing process. This highlights one of CATCO's internal problems: the fact that it is expected to play a dual role. Firstly, it is expected to operate as a profitable private sector regional export company. Secondly, it is expected to assist with the development of the infrastructure and services needed on individual islands to enable the competitive export of fresh produce. CATCO has therefore been expected to work with farmer groups in the building of packsheds, providing training and information on post harvest handling and

developing the transport linkages needed to move produce. This is essentially a development role, and not all of the costs associated with this role have been met by donor agencies.

CATCO staff stated that in their experience the transport problems, mentioned by almost everyone else interviewed, are a myth. In their experience, if the produce is available it can be moved. The transport available might not be the most appropriate, but with careful packing and handling and the use of ice to reduce temperatures, post harvest loss can be minimised.

CATCO is a regional organization, although like most in the Eastern Caribbean it is controlled out of Barbados, with a majority of Barbadians on its board. Like other regional bodies it is the target of a great deal of criticism. Exporting organizations, both public and private sector, feel that CATCO has an unfair advantage in that it has been subsidised by donor agencies enabling it to operate at a loss and purchase in their markets at prices with which they cannot compete. Farmers organizations and groups tend to argue that CATCO does not do enough to develop the infrastructure and services needed on individual islands. There are also said to be instances when CATCO has negotiated a contract price with a farmer organization and subsequently reduced this at time of delivery.

Despite the above, CATCO is now becoming profitable and remains the only regional agricultural export trading company. It has done much to develop market awareness in Europe for the speciality crops and exotic fruits exported from the Eastern Caribbean.

B. AGRICULTURAL VENTURE TRUST/HIGH IMPACT AGRICULTURAL PROJECT:

AVT/HIAMP have funded and provided technical assistance to a number of agribusiness projects which have a marketing component. In many instances, marketing appears to be the weakest and least researched component in these projects, and has accounted for their lack of profitability. Marketing should be the focus of the plans developed during the conceptual phase of a project. But, AVT/HIAMP has done much to encourage agricultural diversification and improve the infrastructure needed for agricultural marketing in the region.

The work being done on Dominica by HIAMP is a good example of the project's contribution. In this instances, the introduction of new crops is tied to the availability of a market with an established price. HIAMP identifies potential new crop lines, undertakes the research into production and management, including costs, and does market research prior to introducing

these to the farmer. Farmers are then provided production management and extension advice and credit through HIAMP while having a pre-identified market to sell their crops to.

HIAMP has also assisted a number of farmer organizations in the region through the provision of infrastructure, improved packaging and institutional strengthening services. Since the project's inception it has worked with ORD on St. Vincent, providing funding for the building of a large packshed and its equipment. ORD's management problems have resulted in delays in the completion of this packshed and could mean that while the packshed remains under ORD's sole control it will either be improperly or incompletely used. However, this is the only properly equipped packshed on St. Vincent, and so long as HIAMP ensures that it is made available to groups and individual farmers as well as ORD members its existence is an accomplishment assisting the development of agricultural marketing.

The Productive Farmers Union (PFU) on Grenada is receiving assistance from HIAMP. The project is funding management consultants who are advising PFU on its institutional restructuring and organizational development. PFU has no management staff and is a very small and fragile farmers organization. The HIAMP consultants have recommended that PFU restructure itself as a farmers association limited by guarantee,

which will offer it some protection from government interference. However, they have recommended that the PFU's member groups, of which there are currently eight, be registered as cooperatives. This should be avoided as Grenada's cooperative laws allow for a great deal of control by the registrar and there is a long history of government domination and control of cooperatives on the island. The possibility of registering the PFU as a commercial company and its member branches as farmers associations limited by guarantee should be investigated.

While the PFU is small and exports very limited quantities of produce through CATCO and the Marketing board on Grenada it is one the only farmer organization on the island marketing members produce. PFU could be a viable organization. However, any technical assistance provided to PFU should be limited to that which it can absorb and should initially focus on developing professional management, a sound marketing section and solid member understanding of the organization and their roles in its operation.

Finally, HIAMP is considering investing in a new schooner line to operate out of St. Vincent but providing passenger and freight service between all the Windwards and Trinidad and Barbados. The proposed vessel type will have both refrigerated and dry container space and will take partial container loads. The management company involved is well-experienced in

inter-island shipping in the region but is apparently having problems acquiring an appropriate vessel. Should this project come to fruition it could go some way towards alleviating some of the transport problems encountered by regional exporters, particularly if the vessel owners investigate the potential of sailing to the French islands and further north.

D. CARTIS:

CARTIS is a new CARICOM initiative about which little information was available. It has not yet begun operations but is intended to provide market intelligence and information on domestic, regional and international markets for all CARICOM member states. The system will be computerized and based in Barbados. The information it will provide will include up-to-date market prices, market requirements, customs and clearance information for regional and international markets, as well as information on brokers and agents. CARTIS is apparently intended to complement the new OECS agricultural diversification unit.

Many of those interviewed were not hopeful for the success of CARTIS indicating that they did not expect to provide current information nor the type of information needed. They cited the lack of success of other CARICOM initiatives, such as WISCO.

E. CARIBBEAN AGRICULTURAL RESEARCH AND DEVELOPMENT INSTITUTE:

CARDI is an established regional institution, maintaining research staff on each island in the Eastern Caribbean. While CARDI staff do undertake research into the traditional export crops, work is also done on other crops and increasingly the role of CARDI has been to encourage agricultural diversification.

CARDI will play a role in the the new diversification effort and will receive assistance under the new USAID effort. However, CARDI's institutional structure appears weak and its profile on some of the islands is not high.

IV. ISLAND REPORTS:

A. ST. VINCENT:

As is the case on most of the Windward islands, agricultural marketing is handled by a mix of private sector companies, farmers organizations, parastatal bodies and the traffickers. The traffickers, 95% of whom are women, are responsible for the 90% of regional trade, and St. Vincent's traditional regional markets have always been Trinidad and Tobago and Barbados. It is estimated that of the total volume of non-banana produce leaving the island, 60% is marketed intra-regionally and 40% internationally.

Approximate estimates of non-banana exports are as follows:

1. Sweet potatoes - 95% regional to Trinidad and 5% to the UK via Geest;
2. Eddoes - 60% regional to Trinidad and 40% to the UK and Canada through Eastern Caribbean Agencies (ECA);
3. Plantains - 100% regional, 50% to Trinidad and 50% to Barbados
4. Tannias - 60% regional to Trinidad and 40% to Canada and the UK through ECA
5. Yams - 50% regional to Barbados and 50% to the UK via Geest
6. Ginger - 100% regional, 50% to Barbados and 50% to Trinidad
7. Mangos represent the largest volume of fresh fruit exported to the region, UK, USA, Europe and Canada, with extra-regional markets being handled by the Marketing Corporation and ECA.

While those interviewed agreed on the ranking and estimated percentages listed above, no estimates were available on the amount of produce exported or consumed domestically. Throughout the region there is a lack of information on production figures.

The relationship between traffickers and farmers is one of mutual dependence. Traffickers provide farmers with what is often their only market, and the farmers enable traffickers to do business by allowing them to purchase on credit. Generally, the traffickers on St. Vincent purchase at the farmgate. As the boats leave St. Vincent for Port of Spain, Trinidad on a Monday, the traffickers will organize the farmers on a Saturday, informing them of the produce wanted and arranging collection. Transport to the dock in Kingstown is generally the responsibility of the trafficker, and the produce is packed at dockside. The term "pack" is used loosely, boxes and bags are used, and because freight rates are based not on weight but on the number of boxes or bags shipped, as much produce as is possible is crammed into the packaging used. Two boats sail to Port of Spain each Monday, both privately owned, calling at St. George's, Grenada en route where more produce is loaded. The traffickers themselves fly to Trinidad, meeting the boat on arrival and arranging for customs clearances and sale of their produce.

The Traffickers Small Business Association on St. Vincent, although formed in 1984, only become operational during 1989. This is one of two traffickers organizations existing in the islands, the other being in Dominica. Its purposes are to: a) secure markets for member traffickers; b) introduce post harvest handling improvements; c) standardize packaging, and d) standardize and improve presentation. Members pay dues and a cess is charged when

they are provided special services, such as the provision of improved packaging materials. The Association is receiving support and assistance from IADF in Washington D.C. in the form of funding for office space, equipment and staff salaries.

With the decline of the Trinidad market caused by the devaluation of its currency and the increase in local production, there has been a corresponding decline in the number of traffickers on St. Vincent. In 1986, there were an estimated 375 traffickers operating out of Kingstown, currently the number is estimated at less than 200. Estimates of gross volume exported to Trinidad are currently 40 tons/week, and rough estimates of the value of this trade are EC\$16.8 million/year*. When the Trinidad market was at its height, the value of the traffickers trade from St. Vincent was estimated at over EC\$60 million each year.

The Traffickers Small Business Association provides its members with training in packaging and handling. However, the traffickers will only improve their packaging and handling when the market demands this. Estimates of their post harvest loss on the Trinidad market are as high as 50% and the Port of Spain consumer is apparently used to buying poor quality, damaged produce. When the buyer or consumer demands improved quality and is prepared to pay for it, the trafficker will improve handling and packing. This

* EC\$2.34 = US\$ 1.

is apparently done for some supermarket buyers in Port of Spain.

Currently, the traffickers on St. Vincent are more interested in investigating new markets than in improving post harvest handling. Efforts are underway to investigate and penetrate the French islands (Martinique and Guadeloupe), and assistance has been sought from and provided by the Dominica Hucksters Association, with IADF funding, to obtain this information. A group of traffickers from St. Vincent plans to visit the French islands in early 1990 to investigate the requirements of these markets, and this will be followed by trial shipments once a schooner sailing to the French islands can be found and the funds are available.

Traffickers indicate that their most pressing problem is transport. The schooners used have no ventilation or cooling systems, handling on board is poor. The schooner routes are all directed to Port of Spain and, to a lesser extent, Barbados. None of the boats used by traffickers sail to the French or Leeward islands where there are undoubtedly markets for fresh produce from the Windwards. No attempts have been made by the traffickers, or anyone else involved in regional agricultural trade, to discuss with the owners the rerouting of the schooners, even on a trial basis.

While the traffickers handle some 80% of regional agricultural trade from St. Vincent, other groups and organizations are also involved, such as the Organization for Rural Development (ORD), the St. Vincent Marketing Corporation and to a lesser extent some of the private sector companies involved in the produce business, such as Eastern Caribbean Agencies (ECA) and Square Deal, etc.

ORD is a farmers organization founded in 1976 to improve the quality of life of rural Vincetians and increase the entrepreneurial level of farmers on the island. It estimates that it has 1200 farmer members (although these figures are thought to be inflated). ORD has received a great deal of assistance from USAID, Over US\$2 million through a PADF managed organizational strengthening and marketing grant and through HIAMP.

ORD estimates that it is marketing some 30,000 lbs/week through the Caribbean Agricultural Trading Company (CATCO). This produce goes both to the Barbados local market and the international market. In a recent experiment CATCO has chartered a schooner to move produce from ORD in Kingstown and deliver it in Barbados. Only two sailings have been completed to date. The schooner has no ventilation or cooling facilities, but does carry ice and the prduce is properly packed and handled.

Through HIAMP, ORD has received assistance with a tumeric project. Farmers were to grow tumeric which would be dried by ORD and sold to a U.S. buyer. The project did not succeed apparently because there was a misunderstanding about the percentage of moisture required in the tumeric and under the sun/solar drying conditions on St. Vincent these conditions could not be met, and because once this problem was known ORD itself announced a price increase to farmers which resulted in increased tumeric production even though ORD knew it could not be sold. In addition, HIAMP has funded the construction of a packshed for ORD with a cool room, packing lines and storage space. CATCO is subcontracted to supply the equipment for this shed. The packshed is only partially completed, construction is behind schedule and work on the building was not underway while the ACDI team was on St. Vincent.

Despite all the assistance ORD has received, it is an organization in trouble. It is rapidly losing farmer member support and both leadership and management changes are needed if it is to survive as a farmers organization providing a range of services to its members.

ORD staff indicated that there was a need to improve grower awareness of post harvest quality: selection, grading, packing, transport and handling. Farmers have to be motivated by increased prices for quality to introduce changes in their post harvest handling practices. One way in which to accomplish this would be

improved market information, which would allow ORD to sell into those regional markets which pay for quality products. Farmers also need to increase production, through the introduction of new seed varieties with higher yields thus increasing returns per acre. Low production volumes make it difficult for any organization marketing fresh produce from St. Vincent to provide regular volumes and consistent quality to meet market demand.

The National Farmers Union (NFU) is a trade union established in 1980 with some 1500 registered members, of whom approximately 500 - 600 are active. It was started in response to farmer problems in marketing and credit, and began its activities establishing a line of credit for farmers through a commercial bank. Subsequently, a credit union was established. It is now becoming involved in regional marketing organizations in order to provide assistance and information to members. The NFU is a member of the Inter-Island Marketing Committee, based on St. Lucia and comprised of farmer organizations in the Windward Islands (e.g., STAFCOOP, ORD, PFU, etc). This committee is assisted by IIACA and is examining cooperation among these organizations to facilitate intra-regional marketing.

The agricultural marketing problems of NFU members reflect the same concerns as other groups interviewed in St. Vincent: transport being the major problem. NFU feels that transport

problems in intra-regional marketing, which include the lack of regularly scheduled sailings to any of the islands, except Trinidad, and the lack of facilities on the schooners are major problems. These are coupled with the lack of an international airport on the island, little or no information on regional or international markets and the lack of institutional support for farmers organizations in the region, including the lack of management and marketing training specific to the problems encountered in the islands.

The private sector companies such as Eastern Caribbean Agencies (ECA), owned and operated by the de Freitas family, tend to export internationally. ECA does not trade regionally because the lack of transport and the lack of grades and standards in traditional regional markets (i.e., Trinidad) makes it impossible for them to compete with the traffickers who do not have the same overheads. ECA, for example, pays farmers on purchase and grades and packs produce.

ECA is the largest private exporter of fresh produce on St. Vincent, currently handling some 16,000 lbs/week, primarily to Canada by air. The produce leaves Kingstown on regularly scheduled flights to either Barbados or St. Lucia, where it is transhipped. As St. Vincent has no international airport, and the one it has is small only small inter-island planes can call. Until recently, ECA chartered its own plane to move produce and was exporting some

40,000 lbs/week. ECA estimates that freight costs are 125% of the value of Vincentian produce sold on international markets.

? St. Vincent Marketing Corporation is a parastatal, which since its restructuring operates without government subsidies and no concessions. Its eight person board is government appointed with the majority of members coming from the private sector. It is said to be profitable, with its supermarket operations providing a portion its budget. In addition, it has the import monopolies on sugar and cooking oil.

Since restructuring it is trying to export into those markets not occupied by the private sector or the traffickers. Most of its product goes into the EEC markets using the Geest banana boats for transport and a small percentage is exported to the United States.

The Marketing Corporation sees the needs of the sector, both for the regional and international produce markets, as the availability of appropriate, regularly scheduled transport and infrastructural development on the island, including the provision of cool sheds and refrigerated vehicles, of which there are none on the island.

While the internal agricultural market on St. Vincent is small, it is significant. During the high tourist season (November

to April), the local market is now protected by law. If produce is locally available, it cannot be imported. As most of the tourist hotels are in the Grenadines, produce is either flown or taken by boat from St. Vincent by individual farmers or hucksters and sold to the hotels, generally on the basis of pre-arranged volumes and prices based on informal verbal contracts. (On St. Vincent, individuals who trade within the region are called traffickers, those who trade on the domestic markets are known as hucksters). The local market is an important consumer of Irish potatoes, carrots, lettuce, tomatoes and cabbage. Items not grown on St. Vincent, such as broccoli, are generally imported from the U.S. or the French islands, as are those items which are grown locally but are not available in sufficient quantities.

B. GRENADA:

Traditional export crops from Grenada are nutmeg, cocoa and bananas. These are handled by growers associations, operating as statutory bodies and account for 80% of the island's GNP. Non-traditional exports from Grenada include root crops to the regional markets (yams, sweet potatoes, eddoes, dasheen, tannias, etc.), and what would be termed exotic crops to the U.K., European and U.S. markets. These include soursop, breadfruit, golden apples and limited amounts of plantain and mango.

Despite its infrastructural improvements and advances, there are apparently no private sector companies regularly exporting non-traditional crops into the regional or international markets from Grenada. The island now has more than one packshed, several cool trucks, and an international airport with chill rooms, although these are poorly sited. Regional agricultural marketing is handled by traffickers, exporting mainly to Trinidad with limited sales into the Bridgetown, Barbados market. Farmers organizations tend to market into the regional and international markets through CATCO. International markets are handled by the Marketing and National Import Board. There have been isolated attempts by private sector groups to export mango and other exotic fruits to the U.S., but these have been unprofitable. Reasons given include the fact that the volume of production is not available, there are, as is the case on all the islands, no large scale commercial growers. In order to acquire the volumes required, exporters therefore have to organize the farmers by arranging picking times, collecting the produce and then doing their own grading and packing.

As is the case on all the islands, the hucksters (traffickers) are the major regional exporters of produce. The main markets for Grenada are Trinidad and Barbados, and again it is root crops which are exported with the addition of breadfruit, soursop and plantain, destined mainly for the

Barbados market. There is no traffickers organization on the island, although there has been talk of starting one, and little or no information is available on the numbers of traffickers and the volumes they handle.

Apart from the statutory bodies exporting traditional crops, there is only one island-wide farmers organization on Grenada - the Proudctive Farmers Union (PFU). Founded in 1980 it serves as an umbrella organization for farmers and its aims include market development and the provision of input supplies and credit to farmer members. The PFU was created as a trade union during the time of the People's Revolutionary Government (PRG) and following the intervention was perceived as a PRG organization. It nearly collapsed as a result of this, and only since 1987 has it been re-emerging as a farmer member organization. Efforts are currently underway to restructure it, eliminating its status as a trade union and re-registering the organization as a farmers association/cooperative. These efforts are being assisted by HIAMP.

In a recent member survey, farmers identified lack of knowledge of and access to markets for non-traditional crops as a major constraint. Members state that they are encouraged by government and regional agricultural bodies, such as CARDI, to grow non-tradition crops, but there are no markets for these, nor are the systems in place to manage production, grade,

collect, store and transport the produce as is the case with the traditional export crops.

PFU's major activity is marketing of members produce through the Marketing Board and CATCO, primarily the latter. (CATCO indicated that the volume of produce received through the PFU is miniscule, and in fact PFU owes CATCO money). PFU records indicate that in the period September 1988 - August 1989 it exported 132 tons of mango, breadfruit, soursop, plantain and golden apple, with 75% going to Europe and the balance to the United States.

PFU identifies its own needs as organizational development and institutional strengthening in order to meet farmer member needs, which are in turn identified as: market information and development, improved transport systems both on-island and within the region, post harvest handling training and infrastructural improvement.

PFU is a fragile organization and proposed HIAMP assistance in its restructuring and strengthening should proceed cautiously. Funding and technical assistance should be provided only in accordance with the limited ability to absorb these, and attention should primarily be directed towards developing sound management, a solid marketing division and strong farmer member involvement in the organization. In

the restructuring of PFU care should be taken to avoid any structure (such as a cooperative one) which would give government a role in PFU's affairs, and would allow a future government to assume full control of the PFU. Grenada has a history of government domination of farmer organizations, which due to the fact that most, if not all, farmer organizations have been politically as opposed to economically based.

The Marketing and National Import Board is the major exporter on the island. It does not compete with the traffickers and only ships into those regional markets not served by Grenada's traffickers. It experiences many problems with scheduled, direct and cost effective transport to these markets, which are in the Dutch and French Antilles. Freight rates where transport links do exist are extremely high. It is, for example, cheaper to air freight produce to London on the weekly flight from Grenada than it is to send it by sea or air to Barbados.

The Board sells into the local market from its depot in St. George's and purchases from farmers at its three collection points on the islands. From these produce is trucked to St. George's where it is sorted and packed. The Board has two cool trucks and a packshed, which is to be improved with additional chill rooms. There are problems with access to the chill space at the international airport at Point

Salines (it is accessible only by elevator) and the Board is attempting to obtain cool containers for the airport, so produce for export is not subject to temperature fluctuations. At present the Board finds it more appropriate to keep produce at ambient temperature prior to loading it into aircraft rather than subjecting it to fluctuations due to problems with chill space and the subsequent manual loading of cargo.

Staff at the Board acknowledged that they had little or no information on the regional markets, although they were aware that there was a demand for root crops and fruit on the Dutch and French Antilles and the Leeward islands. The reason given for this lack of knowledge about these potential markets is that appropriate transport by air or sea was not available. However, no research had been done to establish whether prices were such that it could be profitable to send produce to these potential markets by schooner.

Figures provided by various officials at the Marketing and National Import Board differed widely, and it proved impossible to establish the volumes handled for local consumption and export. It appeared that at least 66% of the Boards produce marketing was domestic.

The Board is a parastatal, with its board of directors appointed by government. Its operations are profitable due to

the fact that it has the import monopolies on four items, including sugar and cement.

The Marketing and National Import Board indicated that its needs were improved, appropriate and cost effective transport both regionally and internationally, the development of a detailed regional market information system, assistance in strengthening cooperation among marketing boards and corporations in the Eastern Caribbean and assistance with the development and acquisition of appropriate packaging.

Transporters would argue that the volumes to ensure regular, appropriate and cost effective transport are not available. CARICARGO is a regional air cargo company, which is owned by U.S. interests and leases aircraft in Miami. Its rates for airfreight from Grenada are EC\$.43/lb to Miami. Most of its cargo is finished goods which leave the Caribbean islands for the U.S. market, e.g., clothing, computer chips, etc. It has problems filling its planes for the backhaul from Miami. It has operated in the region for a number years, and admits to inefficiencies and delays, but argues that one of the reasons for these is that it cannot fill the planes. CARICARGO has done no research on inter-island trade needs, including those of the fresh produce business, but indicated that it is seldom approached to move agricultural produce.

Apart from the inter-island schooners used by the traffickers, several shipping lines call at each of the Windward islands, with Castries in St. Lucia being the main intermediate port for the region. (Guadeloupe in the French Antilles is currently upgrading its port facilities, including those for fresh produce, and is expected to become the major port in the Eastern Caribbean, particularly with 1992 and the integrated European market, as once goods have cleared Guadeloupe they will have entered the EEC).

However, most of the major shipping lines into the ports of the Eastern Caribbean do not handle fresh produce, although they have the capacity to do so. The exception to this is Geest, the company responsible for purchasing and shipping the bananas from the islands. Other lines servicing the Windward islands include Nedlloyd, Techmarine, WISCO (West Indian Shipping Company) and various cruise liners. The port at St. George's, Grenada has no plug-in facility for refrigerated containers. A further problem is that these commercial lines will only handle full containers, not partial loads, and they indicate that the volumes are not at present available in the Eastern Caribbean for them to concentrate on developing their services in the fresh produce market. Shippers interviewed on Grenada indicated that they could not remember ever receiving a request to move fresh produce within the region.

Westerhall Estates is one of the remaining larger agricultural enterprises on Grenada. A long-established family owned business it operates 69 acres of land and employs some 25 people. Half its acreage is devoted to sugar, bananas and cocoa. its main profit line is the rum made from its distillery, and recently following contacts made through HIAMP, it has developed and begun exporting quality rum to the United States. Through HIAMP the estate was put in touch with a U.S. distributor who assisted in market investigation and development, and funded this aspect of the business. The estate funded the development of a quality rum meeting U.S. standards and requirements. Lessons learned by management of the estate, which are applicable to regional and international agricultural marketing throughout the Eastern Caribbean region, were the importance of having links with an organization involved with the market to be penetrated and the importance of investigating the reliability and honesty of the U.S. investor.

The estate is not involved with agricultural diversification and has no plans to increase the acreage it has under production. The reasons for this are the high cost of labor on the island, political instability, the high costs of agricultural production and praedial larceny.

Interestingly, Westerhall Estates has developed innovative and inexpensive ways in which to transport its rum to the United States and the Leeward islands. After investigation it found schooners sailing from the north of Grenada to the Leeward islands who were prepared to carry their rum to St Thomas and St. Croix. To the United States it is using windjammers, who carry the rum in exchange for a few cases of rum per trip.

Again, the main problems in agricultural marketing on Grenada were the lack of reasonably priced, appropriate transport, the lack of information on regional and international markets, low production volumes, and the need for improved post harvest handling.

C. ST. LUCIA:

Although the volumes exported from St. Lucia both regionally and internationally are small, it appears to have the most active private sector in agricultural export marketing. Traffickers, while they exist, do not seem to dominate the market as in the other islands, in part because the numbers of schooners sailing out of St. Lucia are limited and in part because of competition from Dominica traffickers. The major market for St.

Lucian traffickers is Barbados, to which there is a twice monthly schooner which plies between Dominica, St. Lucia and Barbados. Schooner sailings to Trinidad are irregular and infrequent. While St. Lucia appears ideally placed to take advantage of the markets offered by the French islands, particularly Martinique to which the sailing distance is only 24 miles, no one interviewed on St. Lucia had any information on this market, beyond that it was known to exist and no attempts had been made to investigate it.

The major exports from St. Lucia are regional specialities, yams, plantains, tannia, eddoes, mango, etc., primarily into the United Kingdom and Canadian markets, with limited quantities going to the United States. St Lucia has an international airport, but air freight rates to the United Kingdom are cheaper than those to the United States (e.g. U.S. 0.17/lb to Miami as opposed to U.S. 0.67/kg to London) and the island has not yet been declared fruit fly free.

A Fresh Produce Exporters Association has recently been formed on St. Lucia, with six members. Representatives of the Association stated that regionally they could not compete with the hucksters working out of St. Lucia onto the Barbados market and out of Dominica into the Leeward and French islands. Only for those items and markets demanding quality, for which higher prices would be paid, could they compete. In these areas, there

is scope in the regional market, if transport services could be rationalised. There is a need for airfreight that is reliable, cost effective and one which provides chill space for produce serving the region. In addition, while there are boats sailing out of St. Lucia to the Leewards and French islands that handle refrigerated containers (20 foot), they will only accept full containers, not partially filled ones. Until the volume of production on the island is increased, it will be difficult for individual exporters to take advantage of opportunities existing in the region. The Fresh Produce Exporters Association is beginning discussions among its members about the possibility of sharing the services of an agent on the Barbados market to handle their produce. If this succeeds, they will attempt joint marketing into other regional markets on a shared basis in order to rationalize some of the transport and other problems they encounter.

Where private sector exporters on St. Lucia are marketing into the regional market they are shipping to CATCO on Barbados, for resale on the local market. They have tried selling through farmers organizations on different islands, the Barbados Agricultural Society and Antigua Marketing Board were mentioned, with poor results. All those interviewed stated that market information on regional markets is needed as well as incentives to encourage the development of these markets.

The St. Lucia Marketing Board moves produce locally, regionally and internationally. It is a parastatal but receives no government funding for operational costs. Of its eight Ministry of Agriculture appointed directors, six represent the private sector. Its regional trade is limited, because of the lack of reliable and appropriate transport. In addition, the root and tree crops St. Lucia exports are available on all the Windwards at the same times, and they are therefore competing with the hucksters from the other islands on the traditional Barbados and Trinidad markets at these times.

On the domestic market, import substitution legislation is in effect preventing the import of five crops (carrots, cabbage, lettuce, tomatoes and sweet peppers) which can be grown in the dry season (November - May) in sufficient quantities to supply local needs. When local production cannot supply the market, the Marketing Board has the sole right to import these commodities on certification by the Ministry of Agriculture. The Marketing Board makes the point that the high costs of local production result in it being cheaper to import produce from the United States than purchase that which is locally grown. For example, cabbage landed at St. Lucia from Miami costs EC\$0.45/lb while that bought from local farmers costs EC\$2.00/lb.

The Marketing Board therefore exports small quantities to extra-regional markets, mainly the United Kingdom and Canada

using the weekly Geest boats and airfreight services from the international airport on the island. 75% of its business is importing produce and other items (private sector produce exporters refer to it as the "Import Board"). The Board has received enquiries from Martinique for fresh produce, but prospective buyers have refused to accept the FOB prices quoted and the Board has assumed that they can get the products requested cheaper from France. It admits to a need for information on regional markets.

The Ministry of Agriculture on St. Lucia has established a Marketing Unit which works closely with the IFAD/Caribbean Development Bank funded Small Farmer Agricultural Development Project which emphasises the production and marketing of non traditional export crops. The project promotes extra-regional markets and recommends farmers plant plantains, yams, tannia, ginger, hot pepper and other regional specialities for these. It assists farmers with production extension, purchase the product from farmers and packs for export in its own shed. It covers the costs of its packing operations through sale of the product to the Marketing Board and other exporters.

The Ministry indicates that its needs in agricultural marketing are as follows: packaging improvement, market intelligence particularly in regard to the U.S. market, joint venture investments in agriculture, professional and regionally

specific training in agricultural marketing and the development of processing of produce for the domestic market.

STAFCCOOP (St. Lucia Agricultural Farmers Cooperative) is actively involved in the regional marketing initiatives, such as the Inter Island Marketing Committee and the efforts underway to encourage trade between the various farmers groups and organizations throughout the Eastern Caribbean. As with other farmers groups and organizations it is actively encouraging crop diversification away from the traditional export crops - in St. Lucia's case bananas. However, in common with most of the farmers organizations in the region STAFCCOOP has undergone management changes and problems and needs to focus on farmer member involvement and ownership of the organization. Many of the cooperatives which formed the basis of STAFCCOOP when it was started in 1982 have either fallen away or have dwindled into inactivity. New ones have been started without attention to the reasons why the original groups failed.

Finally, on St. Lucia a new business venture is being started to provide produce to the hotels and cruise ships. The intent is to develop this market by supplying the hotels and ships with the quality and quantity needed on a regular basis. The owners of the business will obtain an import licence so as to be able to maintain supply, but will develop on-island markets by purchasing from farmers at the farmgate on a contract basis.

They will undertake to transport and pack the produce appropriate for the hotel or ship. Provided management can maintain quality and supply the volumes required it should prove successful.

D. DOMINICA:

Despite the fact that it has no international airport and limited port facilities, Dominica appears to have the best developed and organized marketing sector in the region. Part of the reason lies in its closeness to the French markets in Guadeloupe and Martinique which have been the traditional outlet for its hucksters (as traffickers are known on Dominica). In addition, early efforts to organize the hucksters are paying dividends and the government's emphasis on private sector development have minimized its role in export marketing. As a result, exporters on Dominica appear to have a better understanding of the requirements of the markets available to them, both intra- and extraregionally, and are doing more to reach them than is the case on the other Windward islands.

The traditional exports from Dominica are bananas and citrus (and until about ten years ago bay oil, which is still exported in limited quantities). Both the bananas and citrus leave the island for the European market by Geest boat.

Dominica is also a major exporter of citrus into the regional markets, particularly Barbados and the French islands. Other regional exports include the traditional regional specialities - tannias, mango, dasheen, eddoe, etc. The vast majority of these are sold by the hucksters to Guadeloupe. Limited amounts of root crops are exported to the United Kingdom and Canada by private exporters. There is also a small cut flower industry on the island (ginger lilies and antheriums) which are exported regionally and to a lesser extent to Canada and the U.S.

Government involvement in agricultural marketing is limited to the Dominica Export and Import Agency (DEXIA). DEXIA does not export on its own account, rather its role is one of facilitating agricultural exports through the provision of information and services to hucksters and private sector exporters. It has the import monopoly on rice and sugar, and uses the profits from these, to support export development. Its nine member board is appointed by the Ministry of Trade with both government and the private sector represented.

Through DEXIA the government of the Commonwealth of Dominica is actively promoting exports. Research undertaken by DEXIA indicates that there is very little room for growth in the island's domestic market due to the lack of tourism. Any increases in agricultural production would result in gluts.

CIDA is providing DEXIA with a packshed and three collection points for fresh produce, which will be used by the private sector and run as a for-profit government owned facility.

According to DEXIA, improvements in agricultural marketing will only occur when transportation off the island is cheaper and adequate facilities are provided for the transportation of fresh produce on the boats leaving the island. A revolving fund is required to provide private sector exporters with working capital to improve the packaging and handling of produce, particularly that destined for international markets.

Hucksters are, as is the case on the other islands, the major exporters. There is an active Hucksters Association on Dominica with 400 members. The Association acts as a service organization for the hucksters providing training, market research and credit for test marketing and packaging improvement. The Association receives technical assistance in the form of training and funding for equipment, office space and staff salaries from the Inter American Development Fund (IADF). This assistance has been available to the for some years now, and the Association is increasingly becoming self-sufficient. The only salary now being paid by the IADF is that of the secretary, and this will end after one additional year.

The Association is soon to move to new offices with a fully equipped packshed for use by the hucksters operating out of Roseau.

The majority of hucksters on Dominica operate out of Roseau and trade with Guadeloupe. Those hucksters trading out of Portsmouth tend to export mainly to the Leeward Islands.

The experience of the the Association is that its members will improve the packing and handling of the produce if this is demonstrated to increase their profits. Due to market demand in the French islands and the training offered by the Association the Dominica hucksters are beginning to improve the level of their business practice including record keeping and are beginning to package produce more suitably. The Association has, with HIAMP and IADF assistance, introduced special boxes for use by hucksters. While the boats sailing to Guadeloupe and the Leewards charge by the number of pieces carried, rather than by weight, hucksters are tending to pack certain produce more appropriately in these boxes and paying the increased freight, because they have realized that they increase their profits through reduced losses. For those crops where this does not hold true, they will not use improved packing or handling techniques.

Hucketer representatives indicate that apart from the perennial problems of inappropriate transport (the schooners sailing from Dominica are unrefrigerated, etc.), their major problem is the need to increase production on the island. The market on the French islands is growing rapidly, as the population on those islands moves away from agriculture into urban areas. (At the height of the tourist season, for example, Martinique has a population of 500,000). Facilities at the ports both in Dominica and on the receiving islands are poor to non-existent. Hucketers feel that for regional trade to increase and improve, the barriers to trade, such as licences and customs dues need to be regularized and standardized throughout the region. The hucketers also argue that it is not sufficient to expect the exporting countries to improve the quality of exported produce through improving handling and packing standards. They argue that there is a need for the governments of importing countries to establish and maintain produce standards.

The largest private sector exporter on the island also stated that production volumes were a problem. He had in fact stopped supplying his U.K. market because he could not guarantee continuity of supply, and was only supplying his Canadian markets. He pointed out that while the governments of the Eastern Caribbean states talk of encouraging agricultural diversification, the emphasis remains on bananas, despite 1992

and the unified European market.

This exporter owns his own boat, with no chill room, which sails to the Virgin islands. He is only private sector exporter interviewed who has developed his own niche on the regional market, but stresses that unless Dominica increases its production and reduces the costs of production, it will not be able to compete with Puerto Rica and the Dominican Republic which are increasing their share of the fresh produce market in the Leeward islands.

He stressed the need for a revolving credit fund to supply short term working capital to private sector exporters to test new markets and improve handling and packaging of produce. It was pointed out that private sector exporters are responsible for buying at farmgate, transporting and packaging produce on Dominica, and that commercial banks will not provide loans for these activities.

The export of cut flowers from Dominica is growing, although the sector is currently very small. HIAMP has provided assistance to improve the packaging of cut flowers for export through the Ornamental Plant Growers Association. This Association exports into the region, with individual members exporting to the United States and Canada. Their experiences in these latter two markets have been disastrous, and they need

assistance in properly identifying and assessing brokers and buyers. Transport of cut flowers to international markets is difficult as there is no international airport. They have therefore concentrated their efforts on the regional market where there is consistency despite lower returns. They stress the need for increased market intelligence and information and improved transport.

Dominica has one of the few successful agro-processing plants in the Windwards. While there are similar plants on all the other islands, none are as diversified or profitable as Bello Agro Industries on Dominica. The reasons for Bello's success appear to lie in its knowledge of the local market and its conservative approach to doing business. It only introduces new products when it is certain of its market. Bello produces hot pepper sauce, juices and cordials, jams, jellies, coffee, cocoa mass and bay rum. Its largest export item is hot pepper sauce which is marketed in the United Kingdom and throughout the region, and Bello is examining the United States and Canadian markets for this product. It also exports cordials and juices throughout the region.

Bello exports approximately 6 tons/month, using the weekly Geest boats to the United Kingdom, and whatever line it can find leaving Dominica for the rest of the region. Managers of the company stated that transportation was one of its major

difficulties, that the prices and services offered by most transport companies were poor. They are starting to market their products into the French islands and mainland France, through a French company operating out of Canada. These products will be specially packaged for these markets as Creole condiments. Bello would like to sell more of their product regionally, but are constrained by the high costs of market development and penetration.

The low volume of production on Dominica is a major constraint. Bello is investigating the purchase of hot peppers from Central America. The fragmented production on the island and the emphasis on bananas have meant that the factory cannot achieve economies of scale and in some cases have not been able to meet market demand. Bello has therefore been actively involved with HIAMP in encouraging the production of grenadilla and of pommabola, and will purchase as much of these as can be produced.

Bello identified transport, the need for venture capital, market development, packaging and the identification of appropriate sized equipment for small labour intensive factories as problems with which they require assistance.

EASTERN CARIBBEAN AGRICULTURAL MARKETING REPORT

PERSONS INTERVIEWED

BARBADOS:

Aaron Williams	USAID RDO/C, Director
Larry Armstrong	USAID RDO/C, Deputy Director
Chuck Patalive	USAID, RDO/C, Private Sector Officer
Cecilia Karch	USAID RDO/C Program Officer
Bill Kedrock	USAID RDO/C, FSC HIAMP
Stephen New	CATCO, General Manager
Patrick Bethell	CATCO, Chairman
Darcy Boyce	Agricultural Venture Trust (AVT), Exec. Director
David Millington	Ernst & Whinney, Accountants, Consultant, HIAMP

ST. VINCENT:

Ski Doroski	Island Advisor, HIAMP
Clive Bishop	Project Officer, HIAMP
Leroy Rose	St. Vincent Marketing Corp. General Manager
Norman Pemberton	Traffickers Small Business Association, General Manager
Tony Standton	Rabacca Farms PLC (Orange Hill Estates)
Douglas De Freitas	Eastern Caribbean Agencies, Managing Director
Earlene Horne	National Farmers Union, General Secretary

GRENADA:

Jorge Murillo-Yepes	Project Officer, HIAMP
Stephen Johns	Marketing & National Import Board, General Manager
Mr. Rao	Marketing & National Import Board, Economist
Mr. L. Barret	Productive Farmers Union, General Secretary
Mr. Johnston	Productive Farmers Union, Marketing Manager
Reginald Stanley	Shipping Manager, Geo. Huggins & Co.
Edwin DeCaul	CARICARGO, Island Representative
Graham Williams	Westerhall Estate, Manager
Ramon Marks	World Bank Ag. Rehabilitation Project, Consultant

ST. LUCIA:

Bill Kedrock Stanley Best	HIAMP, former island advisor Small Farmer Agricultural Development Project, Coordinator Ministry of Agriculture, Marketing Special Ministry of Agriculture, Marketing Special
Andrew Satney Andrew Satney	Evans International/Country Market, Manager St. Lucia Fresh Producer Exporters Association, President St. Lucia Marketing Board, Acting General Manager Private sector, establishing new produce business Advisor, Small Farmer Organizations/Inter- Island marketing, IIACA
Earnest Evants Hilton Jean Baptiste	
Michael Willius	
Ivy Knotts	
Jerry La Grange	

DOMINICA:

Ahmed Zahalka Hannah Callendon	HIAMP, Island Advisor Dominica Export Imprt Agency (DEXIA), General Manager Ornamental Plant Growers Association, Secretary Hucksters Association, Secretary Produce exporter Bello Agro Industries, Vice President/ Production Bello Agro Industries, Vice President/ Personnel
Mr. Watty	
Cecil Josph	
Clarence Butler	
Sheridan Jean Baptiste	
Sybil Fagan	

ACDI AGRICULTURAL MARKETING STUDY
EASTERN CARIBBEAN
ITINERARY

November 26 - December 16, 1989

November 26 - 29	Barbados
November 29 - December 2	St. Vincent
December 2 - 6	Grenada
December 6 - 10	St. Lucia
December 10 - 13	Dominica
December 13 - 16	Barbados

Freight information and rates

Irregular schooners to Martinique - possibly taking contraband.

GRENADA:

Port has no plug in facilities for refrigerated containers.
Nedlloyd shuttle, WISCO and Techmarine sail into St. George's.

Nedlloyd 20' refrig. containers, costs to Guadeloupe: US\$1,400
Nedlloyd costs at Barbados, 20' refrig. container: approx US\$0.5cents/lb

WISCO rates: 20' dry container to Barbados US\$1,550
20' dry container to Miami US\$2,875

BA freight rates to UK similar to those from St. Lucia.

CARICARGO airfreight rate to Miami: EC\$0.43/lb

ALM airfreight rate to Dutch Antilles (Bonair, Curacao): EC\$7.50/lb
(flies once a week).

Regular weekly schooner sailings to Trinidad (from St. Vincent).

Irregular schooner sailings from Cariacou to the Leeward islands.

Windjammer cruise ships will carry freight to other islands and Miami - limited chill space. Windjammer lines have a "mother" ship which supplies the cruise boats and this has more room for freight.

DOMINICA:

Port served by Geest, Nedlloyd shuttle, WISCO, Techmarine, TMT.

No international airport, airfreight leaves by scheduled LIAT flight or on CARICARGO or Eagle Wings (charter operating out of St. Lucia). All airfreight therefore transhipped.

Schooner sailings from Roseau to Gaudeloupe three times a week, to Antigua from Footsmoth twice a week and from Footsmouth to St. Maarten there are three boats a week. Fortnightly schooners to Barbados - the "Stella S".