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Seafood Import Demand in Caribbean Common Market (CARICOM) Area

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Abstract

An aggregate seafood import demand function for selected Caribbean countries is estimated using Autoregressive Error model and a Generalized Autoregressive Conditional Heteroscedasticity model to correct autocorrelation and heteroscedasticity. The results show that aggregated seafood import is elastic (-1.12), low-valued import is more elastic (-1.21), but high-valued import is inelastic (-0.72). Exchange rate has a negative effect on seafood import quantity. Income is not a factor in Caribbean seafood imports. Tourism has a positive impact on seafood imports. Seafood imports have a negative effect on domestic fisheries production, and a price increase is important in stimulating domestic fish production. Caribbean policy makers must be careful in articulating policies to encourage domestic production since increases in prices through a tariff may have differential effects on consumer groups.

Key words: Seafood, import demand, Caribbean

JEL code: Q17, F11