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POTENTIALS FOR INTRA-REGIONAL TRADE IN GRENADA BANANAS

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Introduction

The pattern of trade developed in the Caribbean was historically based on a precise and universal set of rules which became a fundamental Law of Europe. Colonies in those days were regarded as valuable because they contributed to the development and welfare of the metropolitan country. A rigid metropolitan monopoly was the pattern set and governed by such rules which may be summarised as follows:

1. Colonies must not duplicate metropolitan products but emphasize other products which the metropolitan country would otherwise have to buy from foreigners, thus draining the country of currency and detracting from its favourable balance of trade. Accordingly, Caribbean countries were specifically encouraged to concentrate on export crops, particularly sugar, and discouraged from producing their own food.
2. Colonies must send their produce exclusively to the metropolitan country and buy their necessities from it.
3. Colonies must not process their raw materials but must leave industrialization to the metropolitan country. Thus sugar refining became a metropolitan rather than a Caribbean industry.
4. External trade of the colonies must be the monopoly of metropolitan shipping.

As a result of these conditions laid down over the years, the Caribbean countries thus inherited a tradition of considerable dependence on the metropolitan connection, greater in terms of agricultural exports than imports. This was the situation on the outbreak of World War II, which dislocated Caribbean economies, disrupted Caribbean trade, stimulated Caribbean aspirations to greater self-government, revived the metropolitan conception of responsibility for these areas and encouraged bulk purchasing of and commodity agreements with the metropolitan country for certain products.

Against this historical background we can now seek to view the growth and development of the banana trade in the West Indies. In spite of the political development of Caribbean countries, some to full independence, traditional patterns in trade have remained.

Bananas are produced to meet conditions specified by the buyers in our one-time motherland, transported in ships owned by motherland investors, trade operated on a monopoly basis and in fact many supporting services to the production and trading of bananas are provided with capital supplied by the monopoly trader.

What is more important is that it appears that the monopolist is involved with most areas of the industry, transport, supporting and manu-

facturing services and marketing.

Growth of the Banana Industry

In the Commonwealth Caribbean, bananas are currently exported by five countries: Jamaica and the four Windward Islands (Dominica, Grenada, St. Lucia and St. Vincent). Bananas are produced in the other territories in various amounts but are generally not exported. Belize has exported small amounts in recent years and is currently initiating large programmes aimed at achieving a target production of 50,000 tons per annum.

This revived impetus for banana production began in the late 1940's when British importers contracted to buy all the bananas that the Windward Islands could produce for the British market. Britain had been totally deprived of bananas throughout the wartime years. When trade began, the supply was far short of demand, so the Company (Geest Industries) accepted fruit of varied ripeness and quality without too rigid standards. The grower found himself at no disadvantage, despite the fact that poor disease control and difficult transportation facilities from the farm might mean that his fruit reached the export market in poor condition.

By the early 1950's, banana production had expanded very rapidly (mainly at the expense of sugar cane) and was well on the way to challenging older established crops for first place among Windward Islands exports. In Grenada, the main thrust in this expansion was necessitated by the need to establish a quick catch cash crop following the devastation of the island by Hurricane Janet of 1955. As the supply and demand situation levelled off, buyers were becoming more exacting in their requirements and Growers' Associations, whose functions in the early years were seen as intermediaries between growers and the sole buyer, had now to develop a more controlled and highly organised industry.

Structure of the Industry

In the five islands, the banana industry is structured along similar lines. Banana farmers organised themselves into local banana growers' associations which were created to:

- (a) buy the fruit from the grower, which meant establishing and running buying points and a transport system; and
- (b) provide some of the services required by the grower in terms of supply of selected inputs (planting material, fertilizer, pesticides, spraying, blue diothene, etc.) and including credit and extension services.

The Banana Growers' Association of the four Windward Islands are grouped together in the Windward Islands Banana Growers' Association (WINBAN) whose main functions are:¹

- (a) negotiating purchasing agreements with the marketing company;
- (b) providing information to growers;
- (c) administering an insurance scheme (at present being phased out);
- (d) operating a research section involved primarily in the study of different aspects of production and quality; and

¹In Jamaica the Banana Board has similar responsibilities to those of WINBAN and any individual Growers' Association of the Windwards.

- (e) the most recent addition of responsibility of the Association is the packaging of bananas for shipping. Until recently, bananas were shipped on the stem. However, it has been found more desirable, for reasons of quality, to ship in cartons so that the Association has to dehand and pack the bananas into relevant cartons.

Regional Importance of the Industry

From the regional standpoint, bananas are the second most important agricultural product after sugar. They have been estimated that in the five exporting countries, some 140,000 persons are directly dependent upon the banana industry. There are some 68,000 growers distributed as follows: Jamaica - 33,000 and Windward Islands - 35,000. The total regional exports amounted to approximately 247,000 tons in 1972, for a total value of about EC\$45 million. This represents about 9 per cent of the total value of agricultural exports of the Region. Large differences exist in the relative importance of this crop with respect to the economy of the five countries. By and large, the Windward Islands are much more dependent on bananas than Jamaica. Grenada is the least dependent among the Windward Islands. This is reflected in the percentage of value of banana exports to total agricultural exports presented in Table 1.

Table 1. Share of Banana Exports in Agricultural and Total Exports, 1971.

Country	% of Agric. Exports		% of Total Merchandise Exports	
	1968	1971	1968	1971
Dominica	82.3	71.5	76.7	64.0
Grenada	40.1	17.8	37.1	16.8
St. Lucia	82.7	77.6	81.8	75.1
St. Vincent	62.1	70.3	57.4	51.0
Jamaica	25.5	24.6	6.8	4.3

Recent Developments and Prospects

Banana production and exports have shown decreasing trends in the last few years. Total exports decreased from a peak level of 380,000 tons in 1965 to 247,000 tons in 1972. Export earnings decreased from EC\$51 million in 1965 through a peak of EC\$60 million in 1969 to EC\$43 million in 1972 (see Table 2). The export market is almost equally divided between Jamaica and the Windward Islands. However, the share of the Windwards has been decreasing since the peak year of 1969 and now represents probably less than 45 per cent of total exports (see Table 3).

An important distinction between the banana industry in the Windwards and in Jamaica is that almost all the production of the former is exported whereas the local market in the latter is larger than the export market (150,000 tons vs 127,000 tons in 1972). The importance of the industry to both producing countries, however, is entirely dependent on the United Kingdom market which is, to this point, the sole outlet for the fruit.

Table 2. Exports of Bananas, 1965-1974.

Country	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Value (million EC\$)										
Dominica	7.5	7.4	8.2	9.4	10.2	7.8	7.8	4.7	-	-
Grenada	2.4	2.4	3.1	3.6	2.9	2.3	1.6	1.5	2.95	-
St. Lucia	9.2	10.0	8.5	9.8	12.9	5.4	6.9	5.8	-	-
St. Vincent	3.1	3.5	3.1	4.1	4.2	3.4	2.8	2.5	-	-
Windwards	22.2	23.3	22.9	26.9	30.2	18.9	19.1	14.5	-	-
Jamaica	29.2	30.4	32.1	33.1	29.9	28.4	28.3	28.7	-	-
Total	51.4	53.7	55.0	60.0	60.1	47.3	47.4	43.2	-	-
Volume ('000 tons)										
Dominica	49.8	43.4	46.8	54.9	57.6	44.4	38.2	35.6	27.9	30.9
Grenada	21.0	21.6	26.1	26.8	22.6	18.8	14.1	12.7	11.0	8.7
St. Lucia	80.6	83.8	69.1	71.5	84.8	50.2	45.0	47.0	35.2	44.1
St. Vincent	28.4	29.7	26.8	30.5	33.8	28.2	28.9	24.9	20.1	21.4
Windwards	179.8	178.5	168.8	183.7	198.8	141.6	126.2	120.2	94.2	105.1
Jamaica	199.6	200.3	190.0	153.0	151.0	134.0	126.0	127.0	115.2	-
Total	379.4	378.8	358.8	336.7	349.8	275.6	252.2	247.2	209.4	-

Source: Winban and Official Trade Statistics.

Table 3. Distribution of Exports.

Country	1965	1969	1971	1972	1973
Volume (%)					
Dominica	13.1	16.5	15.1	14.4	13.3
Grenada	5.5	6.5	5.6	5.1	5.2
St. Lucia	21.2	24.2	17.8	19.0	16.9
St. Vincent	7.5	9.7	11.5	10.1	9.6
Windwards	47.3	56.9	50.0	48.6	45.0
Jamaica	52.7	43.1	50.0	51.4	55.0
Total	100.0	100.0	100.0	100.0	100.0

The export performance has deteriorated rapidly since 1969 as the share of Caribbean bananas on the U.K. market fell from 97 per cent in 1967 to about 75 per cent in 1972. (see Table 4). Moreover, the absolute size of the U.K. market continuously decreased from 374,000 tons in 1966 to 308,000 tons in 1972. Relatively speaking, the Windwards have been affected more than Jamaica since their share of the U.K. market fell from 55 per cent in 1969

Table 4. Imports of Bananas into the United Kingdom, 1966-1972

Country	1966	1967	1968	1969	1970	1971	1972
('000 long tons)							
Windwards	162.6	159.1	178.9	196.2	134.9	125.0	111.3
Jamaica	198.2	193.1	153.7	150.2	122.2	124.4	121.9
Others	13.2	10.0	12.3	10.8	46.8	72.6	75.0
Total	374.0	362.2	344.9	357.2	303.9	322.0	308.2
(Per cent)							
Share of Caribbean Countries	96.5	97.2	96.4	97.0	84.6	77.5	75.7
Windwards	43.5	43.9	51.9	54.9	44.4	38.8	36.1
Jamaica	53.0	53.3	44.5	42.1	40.2	38.7	39.6

Source: Tench, A. Economic Aspects of the Banana Industry in St. Lucia, 1973.

to 36 per cent in 1972.

As a consequence of the inability of the Caribbean countries to meet the requirement of its market, the U.K. has found alternative supplies (Ivory Coast, Surinam, Costa Rica) which are low cost, high quality producers and are now strongly established on the market. Caribbean producing countries will therefore have to increase their production and quality considerably if they wish to continue to hold on to the protected market opened to them in the U.K.

Potential of Intra-Regional Trade in Bananas

Trade between the Caribbean countries has never assumed great proportions except in petroleum products, asphalt, rum, coconut products and rice. The main deterrents have been the similarity of the local economies and the attraction of extra-regional goods and services. Tradition and the scarcity of factors of production have left the Region oriented to importing most of its manufactured goods, while tastes still dictate in favour of imported processed and semi-processed foods over locally produced fresh foods.

Carifta and the subsequent Caribbean Community and Common Market (Caricom) have produced the foundation upon which regional trade are likely to expand. Activities such as the movement towards rationalisation of agriculture and industry in the Region; the development of regional shipping and air services; the setting up of National Marketing Boards in each territory; the establishment of a Common External Tariff; the establishment of the Caribbean Development Bank; and many other regional services, all point toward the expansion of regional production and intra-regional trade.

The Caribbean Food and Nutrition Institute (CFNI) has, over the past four years, carried out some most valuable work on compiling and publishing detailed information on food composition. A comparative analysis shows very clearly that the bananas in their various forms, compare very favourably with other starchy products used for both human consumption and for animal feed.

Table 5 illustrates the cost of energy and protein in two selected countries (Guyana and Trinidad and Tobago). It shows that bananas compare, on cost basis, very favourably with breadfruit, dasheen, yams, cassava, sweet potatoes and would also compare very closely with white potatoes.

Table 5. Cost of Energy and Protein in Trinidad and Tobago, and Guyana; January 1975.

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Cost of Energy and Protein						
	Dollars/lb.		Cal./Dollar		Grams of protein/ dollar	
Green bananas	.25	(.27)	1276	(1160)	16.40	(14.90)
Corn meal	.49	(.96)	3400	(1740)	72.03	(36.87)
Breadfruit						
(St. Vincent)	.25	(.55)	1000	(454)	16.00	(7.27)
Wheat flour	.44	(.16)	3735	(10145)	107.69	(291.51)
Parboiled rice	.62	(.27)	2671	(6200)	53.62	(124.44)
Dasheen	.49	(.60)	797	(651)	13.67	(11.16)
Yams	.59	(.50)	694	(820)	15.93	(18.80)
Cassava		(.27)		(1792)		(14.90)
Ripe plantain	.65	(.25)	587	(1528)	4.76	(12.40)
Sweet potato		(.60)		(733)		(8.16)

Source: CFNI, Cost of Energy and Protein, March 1975.

Approach

All the banana producers have had the same experience of having rejected fruit which cannot meet the minimum quality requirements. Consequently, the first stage in marketing is to find outlets for the produce that cannot qualify within the U.K. guaranteed market arrangements. Once this supply is absorbed, there will be need of markets for expanded production. In brief, there are three areas for attention:

1. the traditional guaranteed market in the U.K. for high quality fruit;
2. alternative outlets for fruit that cannot meet the U.K. criterion; and
3. alternative outlet for fruit of high quality in excess of the U.K. quota.

The U.K. market for Caricom bananas is *artificial* and in fact made possible by way of guarantee. If these guarantees are removed, Caricom bananas will become exposed to competition from which more efficient producers such as the Ivory Coast, Costa Rica, etc. Furthermore, the price

system is such in the U.K. market, that high quality fruit fetches a much higher price than lower grade fruit and in fact a flood of lower grade fruit on the market will have the effect of reducing the overall price levels.

These basic factors render the market stable only while the protection arrangements last; that is to say that the good prospect is a short term proposition.

Finding a market for lower grade fruit will go a very long way towards revival of the industry and it is this area that has caused most concern to the banana producers in recent years. Many ideas have been suggested with the hope of finding an outlet for bananas that cannot meet the metropolitan standard. Consideration will now be given to some of the more popular ideas.

Bananas as a Staple Vegetable

Bananas have a relatively high food value in comparison to other starchy vegetables. This is a heartening factor when viewed in the light of the quantity of starchy foods utilised in the Region today.

Bananas as a vegetable, need not be of such high quality as that for ripening and can be used at a wider range of maturity. Furthermore, vegetable fruit can be handled less carefully and as such the transport problem will be eased.

The population of the non-producing areas and the imports of starchy vegetables into both the producing and non-producing areas suggests that a potentially large market awaits exploitation in favour of bananas over such items as flour and white potatoes (see Table 6 and 7).

Table 6. Estimated Population of Selected Countries, 1974.

Countries	Population	Area (sq. miles)	Density (persons/sq. mile)
<i>Banana Producers:</i>			
Jamaica	2,017,191	4,410	457
St. Lucia	106,362	233	456
Dominica	75,302	305	247
St. Vincent	91,796	150	612
Grenada	97,393	133	732
Belize	132,456	8,866	15
<i>Other Caricom:</i>			
St. Kitts/Nevis	44,311	101	439
Antigua	70,000	170	412
Montserrat	12,057	32	377
Trinidad & Tobago	985,828	1,980	498
Guyana	768,242	83,000	9
Barbados	237,193	166	1,429
Total All Countries	4,638,131	99,546	47

Table 7. A. Composition of Foods in Edible Portions of One Pound for Animal Feed.

Item	Energy (k.cal)	Protein (g)	Fat (g)	Carbohydrate (g)	Fibre (g)
Coconut meal	3,003	32.7	294.4	104.3	17.7
Cottonseed meal	1,805	149.2	73.0	166.5	21.8
Breadfruit	250	4.0	1.5	62.0	5.6
Banana flour	1,429	8.2	1.4	385.5	0.5
Banana (green)	319	4.1	0.6	83.3	1.5
Banana (ripe)	282	3.5	0.6	73.7	1.2
Wheat bran	966	72.6	20.9	280.8	41.3
Cassava flour	1,533	6.8	2.7	368.8	8.2
Soyabean meal	1,520	172.4	81.6	142.0	25.9
Rice bran	276	13.3	15.8	50.8	11.5
Corn meal	1,642	40.8	15.4	337.9	4.5

B. Composition of Foods in Edible Portions of One Pound, as Purchased.

Item	Energy (k.cal)	Protein (g)	Fat (g)	Carbohydrate (g)	Fibre (g)
Sweet potato	440	4.9	1.5	103.2	3/4
White potato	316	7.7	0.4	73.3	1.9
Cassava flour	1,533	6.8	2.7	368.8	8.2
Breadfruit	250	4.0	1.5	62.0	5.6
Corn meal	1,642	40.8	15.4	337.9	4.5
Counter flour	1,674	48.1	5.0	348.4	1.4
Parboiled rice	1,674	33.6	1.4	368.8	0.9
Arrowroot flour	1,542	0.9	0	385.6	-
Banana (green)	319	4.1	0.6	83.3	1.5
Banana (ripe)	282	3.5	0.6	73.7	1.2
Banana flour	1,429	8.2	1.4	385.5	0.5

Source: CFNI, Food Composition Tables, 1974.

Bananas as a Fruit for the Region

Bananas are a favourite fruit throughout the world and no doubt has potential as a leading fruit in the Region. Today, much fruit is imported, particularly canned, from extra-regional sources into the Region. This in itself is indicative of a market for ripe bananas.

Bananas as a Processed Food

Green bananas lend themselves well to mechanical chipping and deep-fat frying. Thus they have great prospects for marketing them in the form of chips, fresh or salted. Local cottage experience in the Windward Islands supports this view and in fact, research with regard to standardisation and available markets alone stand in the way of commercial production.

Many starchy vegetables can be made into flour at economic costs. Banana flour has been made on a cottage basis. However, the protein content is lower than that of wheat flour and tastes have not yet grown accustomed to any other than that of wheat in flour. Research has revealed that up to 20 per cent vegetable flour can be incorporated with wheat flour in the making of bread without any discernible difference in taste or appearance. Increasing proportions of vegetable flour and improvement in the quality of the vegetable flour can lead to the replacement of wheat flour by locally produced flour.

The canning of bananas both as a vegetable and as a preserve has been examined and it is also technically possible to can green bananas in solution as a vegetable and ripe bananas in syrup as a dessert.

Other Bye-products of Bananas

Various wines and liqueurs have been produced in small quantities at home in the Caribbean. The prospect of an industry exists particularly as the area is one producing both bananas and sugarcane. However, research is needed to arrive at a standardised product that can be manufactured in commercial quantities and which product will meet the tastes of prospective consumers.

Similarly, the construction of a generating plant to produce vinegar from bananas in one of the Windward Islands is likely to be realised in the not too distant future.

The Tropical Products Institute in the U.K. has come up with a list of waxes that might be extracted from banana skins. These waxes are suitable for use in polish and glue. Whether the cost of extracting the wax and glue is sufficiently low to support a viable industry is yet to be determined.

Bananas for Animal Consumption

The rejected bananas in the producing countries have been used in its raw state for animal feed to supplement other feeds. This has been most successful with pigs. At one plant bananas have been dehydrated and used as a base, along with other dehydrated vegetables, to produce a concentrated feed for pigs and poultry.

Market

The present consumption pattern for Caricom bananas show that they are produced to meet U.K. specifications. In Jamaica, much of the bananas produced are consumed on the local market as a vegetable or fresh fruit and enters into normal commercial trade. In the Windward Islands, on the other hand, what fails to meet with the export requirements are passed onto the public at no cost at the boxing plants and at a nominal figure if rejected at the port after boxing. In either event, the reject is a loss sustained by the farmer. In the Windward Islands, too, there is a small export (hucksters) trade to neighbouring islands mainly in rejects.

If trade is to be directed to the Region, the possibilities should be examined at two levels: the non-producing Caricom countries and the other non-producing Caribbean countries.

The non-producing Caricom countries are: Antigua, Barbados, Guyana, Montserrat, St. Kitts/Nevis/Anguilla and Trinidad and Tobago.

Once the local demand of each producer and the U.K. guaranteed quota are met, the first direction of trade should be towards the above-listed possible markets. These markets could prove more attractive than the U.K. market since the need for care in handling is considerably less while the shipping might be done in much less sophisticated boats as exist in the Region but with built-in air cooling system as opposed to the refrigerated Geest ships.

Furthermore, the consumption possibilities of these six countries raise hope for the banana industry, particularly in the Windward Islands.

Other markets available in the Region are: The Bahamas, Netherland Antilles, Puerto Rico and the U.S. Virgin Islands. These markets are somewhat larger and are able to support a higher retail price than the Caricom markets. However, they are also likely to involve much higher costs in getting the produce to them.

Much of the trading could be geared to tourist consumption so that quality requirements will tend to be high, and perhaps as high as the U.K. standard once the trade is firmly established. In the case of Puerto Rico, it is likely that much of the fruit will be for transshipment to the U.S. metropolitan market for consumption both as a vegetable and as a fresh fruit, a fact which will demand a higher quality fruit.

These factors, along with the consideration of greater distance, will call for shipping specifications improved on that for the Caricom trade. They will also occasion the need for greater care in handling the fruit. The outlook for developing a return trade cannot be termed bright, still serving to increase the cost of transport to three markets. It must not be forgotten that trade in these areas face possible competition from Latin American producers.

Whether these markets prove to be more attractive than Caricom depend upon the relationship between the additional cost of handling and transport of the fruit and the increased price that will obtain.

Grenada

The objective of the paper was to discuss the possibilities for Grenada trading in bananas in the Region. However, it was found that the problems in Grenada were so similar to those of other Windwards Islands and the issue was so much involved with regional development, that it became necessary to consider Grenada's banana trading position in relationship with the other producing territories of the Region.

At present, Grenada has her main outlet in the United Kingdom through the monopoly agency of Geest Industries Ltd. and, in addition, enjoys some small trade with Trinidad and Tobago, and Barbados.

The high cost of producing bananas as well as yields in Grenada is not peculiar among the Windward Islands, added to which are losses on low grade fruits which tend to increase production costs by an additional 20 per cent.

Grenada shares the prospects of a more stable future for her banana industry with the other Windward Islands in the first instance and also Jamaica, in the hope of developing a Caricom trade for green bananas for consumption as a vegetable, bananas for ripening and banana products such as wines, liqueurs, chips, etc.

A long term strategy for the stabilisation and expansion of the industry may rest in the development of trade with other regional, non-Caricom markets aforementioned.

Conclusion

In conclusion, one has to consider the banana industry on a regional basis if a future of the industry is to be secured. The historical prejudice of our people towards local and regional commodities persists and the banana industry is no exception. The industry developed around a metropolitan owned and controlled company, supported by bilateral arrangements to protect the product on the metropolitan market.

Thoughts readily go out to the nearer, less sophisticated market to absorb the surplus and possibly absorb the whole trade. The regional movement, with its numerous services, support such a shift in the direction of trade for bananas produced in the Region. Thoughts also extend to increases in local value added to the industry by introducing processing activities not only to increase value added but to save foreign currency.

It is hoped that the products of this processing, whether it be flour, liqueur, wine or simply chips, will find a market within the Caricom region and thus play a role in the effort towards making the Region self-sufficient.

The possibility of expanding export of bananas into the extra-Caricom Caribbean need to be considered seriously. There is much merit in exploiting the four markets - The Bahamas, Netherland Antilles, Puerto Rico and the U.S. Virgin Islands - since they can provide useful outlets for the industry, particularly as they have shown themselves to be in support of the regional movement.

Whatever the future direction of trade, the Region is committed to the traditional trade and it is from this foundation that the process towards maximising self-sufficiency must begin, as much by economic circumstances as by the existence of a bilateral arrangement establishing that trade. Regional trade will need to expand from this foundation in the process of maximising self-sufficiency.