

**BELAL AHMED**

**Dr. Belal Ahmed is an Agronomist with wide experience in teaching, research and project management in the Caribbean. He has acted as Consultant for both private firms and international organizations including the UNDP. He is the co-author of *The Political Economy of Food and Agriculture in the Caribbean* and has completed a manuscript entitled "Preferential Treatments and Caribbean Agriculture"**

---

*The Society For Caribbean Studies Annual Conference Papers*  
edited by Sandra Courtman  
Vol.2 2001 ISSN 1471-2024  
<http://www.scsonline.freereserve.co.uk/olvol2.html>

---

## **The Impact of Globalization on the Caribbean Sugar and Banana Industries**

**© Belal Ahmed,  
Consultant in Agriculture, UWI, Kingston, Jamaica**

### **ABSTRACT**

The process of globalization has touched every aspect of Caribbean life including the agricultural sector. Sugar and bananas are two most important foreign exchange earners and sources of employment in several Caribbean countries. These crops share a common history and a common future. They also face similar challenges due to similar reasons.

Presently the cost of production of sugar and bananas is three times higher than the world market price. This is compensated by the higher preferential marketing prices of the Sugar and Banana Protocols under the Lomé Convention. The subsequent Cotonou Partnership Agreement signed in June 2000, guarantees both the export amount and prices until 2008, after which the Caribbean sugar and banana industries are expected to face the full impact of globalization. The banana industry is presently under additional threat from World Trade Organization (WTO) ruling due to litigation brought by the USA and its allies.

Currently, the challenges faced by the sugar and banana industries from globalization are a result of lack of increased production and productivity, absence of economies of scale of production, continued labour problems and its high cost, slow pace of crop diversification, few value added products developed, higher cost of inputs resulting from currency liberalization, low levels of technology used in the production systems, and inadequate research and development support. The industries short-term survival strategy should aim at addressing the above concerns at the earliest possible time.

In the long run, the Caribbean governments must take a hard look at these two industries and arrive at a pragmatic decision regarding their fate which may mean closing down some losing concerns and moving on to other profitable ventures including expansion of tourism, information technology and agro-processing industries. Foreign investments may be required to carry out these initiatives. Creation of stable economic, social and political conditions conducive to an investor friendly climate in the region would be a prerequisite in order to attract outside funding. The CARICOM governments need to complement these efforts through lobbying with United Nations for special treatment of the Caribbean islands as "Small States".

## **INTRODUCTION**

During the past decade, a number of significant global political and economic events took place. The signing of the Uruguay Round of Talks under the General Agreement on Tariffs and Trade (GATT) Agreement at Marrakesh in 1994 resulted in the formation of the World Trade Organization (WTO). This ushered in the globalization process of trading practices, particularly in the agricultural sector. Consequently, agriculture has become globalized, resulting in shifting of agricultural production to more competitive sites of the world. The globalization process did not affect every nation in the same way. It presented severe challenges to the developing world, including the Caribbean region.

For sugar, one of the largest earners of foreign exchange in the Caribbean, the impact was not felt immediately as the industry enjoys the protection of preferential marketing arrangements, under the Sugar Protocol of Lomé Convention, and the US Sugar Quota. The successor of Lomé Convention, the Cotonou Accord signed in June 2000, guarantees this access until 2008 after which the Caribbean Sugar Industry will face the full impact of globalization. In the meantime, the cost of production of sugar has also increased.

The banana industry, which is the lifeline of four Windward Islands, is currently under serious threat from WTO ruling. Due to litigation brought before WTO by the USA and its allies, the Banana Protocol under Lomé Convention may not last until 2008. The problems of the banana industry are multifaceted including the economies of scale and the high cost of production.

This paper examines the impact of globalization on the sugar and banana industries, the primary cash crops of ten independent British Commonwealth Caribbean countries.<sup>1</sup> It also discusses the challenges posed to these industries due to the process of globalization and outlines some strategies the region should pursue.

## **GLOBALIZATION AND CARIBBEAN AGRICULTURE**

Trade and foreign exchange liberalization started in the Caribbean in the early 1990s. This process of globalization in the Caribbean economy manifested itself in two ways. Firstly, the subsidies paid to food crop farmers stopped, resulting in higher prices of these products. Secondly, the import regime was liberalized causing an increased level of goods imported from abroad. The farmers were not prepared for the onslaught of globalization. However, globalization has made the farmers aware of the process of liberalization and made them to adopt new innovations to be competitive.

During the past two decades, Caribbean agriculture has been experiencing declining production. This decline has been attributed to various factors including increasing dependence on foreign food, inadequate help to small farmers, use of inappropriate technology, high level of imported inputs, paucity of local technical skills, and the impact of regional and international organizations.<sup>2</sup> The situation has further deteriorated during the last decade due mainly to liberalized trading practices. In Jamaica, the Agricultural Production Index declined in 1997 by 16.6 per cent compared with 1996, the first decline since 1989, due mainly to prolonged drought; increased competition from imports; the depreciation of the Jamaican dollar; and increased cost of some inputs.<sup>3</sup>

Caribbean countries are most vulnerable to the globalization process since their limited physical size does not allow them to enjoy economies of scale. This translates into higher than world prices for production of its principal products such as sugar, banana, citrus, coffee, spices and other fruits. Due to liberalization of the exchange market, the Jamaican, Guyanese and the Trinidad and Tobago dollar depreciated against major world currencies.<sup>4</sup> Consequently, the price of inputs went up, resulting in higher costs of production. The region

still produces primary crops in traditional ways. Small farmers use low levels of technology and often cannot access required amount of credit on time. It is essential that the Caribbean farmers adopt some strategic measures to increase efficiency and productivity of the agricultural sector.

Of the important global trading changes, the most significant one to adversely impact the Caribbean is the possible end of preferential treatment. Currently, sugar and bananas from the Caribbean enjoy preferential pricing arrangement in the European market under the Lomé Convention.

## **LOMÉ CONVENTION/COTONOU AGREEMENT**

The African, Caribbean, Pacific (ACP) countries are the beneficiaries of the Lomé Convention, which is an agreement between the ACP and the European Union (EU). The Lomé Convention, first signed in 1975, gives special prices and privileges to agricultural imports from the ACP countries. The provision benefits the Caribbean countries in particular, since their main agricultural produce sugar, bananas, rum, and rice enjoys this price.<sup>5</sup> The agreement is important in terms of earning foreign exchange, and maintaining employment and socioeconomic development.

In the aftermath of the creation of WTO, these privileges are currently under threat of complete extinction. In April 1996, the United States of America in conjunction with Mexico, Guatemala, Costa Rica and Ecuador filed a complaint to the WTO trading body. They charged that the Lomé Convention's Banana Protocol unfairly acts against the Central and Latin American banana producers, hence the protocol should be discontinued.

In its ruling in September 1997, the WTO's Disputes Settlement Body accepted that the Lomé tariff exemption enjoyed a waiver from WTO rules, but upheld quotas and licenses aspects of the US complainant.<sup>6</sup> The EU amended its banana regime with ACP countries on January 1, 1999, to conform to the WTO ruling. The USA objected to this new regime, protested to the WTO and threatened to impose trade sanctions amounting to US\$520 million on EU exports. The EU referred this threat by the USA to the WTO for arbitration.

In April 1999, the WTO Dispute Panel ruled that the EU banana import regime remained in breach of its rules. It called for the removal of tariff barriers and licensing regimes, which discriminated against bananas exported from Latin America. If these trade barriers were removed, the export of bananas from ACP states would decline, as prices of bananas from Latin America are more competitive. The competitiveness is due to factors including higher yield per acre; lower unit labour cost; availability of much fertile land; a production structure characterized by large farms and lower shipping costs due to fewer port calls.<sup>7</sup>

The WTO also authorized punitive import duties of US\$191.4 million against a list of EU luxury goods. The initial reaction of the Organization of Eastern Caribbean States (OECS) was that Caribbean producers would have to increase their efforts to improve efficiency and quality, while seeking niche markets in Europe.<sup>8</sup> The EU amended their proposal on November 10, 1999 indicating the abolition of import quotas by January 2006.<sup>9</sup>

On June 23, 2000, the 77-member ACP group and the EU signed a partnership accord in Cotonou, Benin, which replaced the Lomé Treaty. The sugar and banana protocols were extended. Lomé trade preferences have been rolled over until 2008.<sup>10</sup> In the meantime the EU's decision to unilaterally implement its Everything But Arms (EBA) initiative from March 5, 2001, has opened its market to imports from the world's 48 poorest nations. The EBA could result in the destruction of much of the sugar and rice industries, cause serious damage to the rum industry's last remaining chance to compete in the EU market and diminish further the prospects for bananas in Europe.<sup>11</sup> This will in effect result in *de facto*

undermining of the Cotonou Agreement and phasing out of preferences before the end of this agreement. The EBA initiative also pre-empted the commitment contained in the Cotonou Partnership Agreement, i.e. to negotiate the protocols.<sup>12</sup>

At an October 1999 meeting of Western Hemisphere agricultural ministers in Brazil, CARICOM representatives refused to sign a declaration calling for liberalization of trade in agricultural products, which is seen as a threat to the Caribbean's privileged market access in Europe. The region remains wary of global trade liberalization.<sup>13</sup>

## IMPACT OF GLOBALIZATION ON SUGAR AND BANANA INDUSTRIES

A detailed examination of the sugar and banana industries will help to understand the impact of globalization.

### 1. SUGAR

The sugar industry is important due to the precious foreign exchange it earns and the employment it provides for unskilled and semi-skilled people. The industry is currently under pressure from inside and outside the European Union. In 1998/99, the Caribbean exported 669,630 tonnes of sugar earning US\$338.0 million.<sup>14</sup> The industry employs approximately 150,000 workers in the sector. Cost of sugar production in the Caribbean is generally high compared to the world price as well as the other efficient producers (Table 1). This is due to the deregulated foreign exchange market resulting in increased prices of imported inputs including fertilizer, pesticides, and irrigation equipment.

Table 1. Cost of producing Raw Cane Sugar, Beet sugar and High Fructose Corn Syrup current US cents/kg.

Products	Production Year					
	89/90	90/91	91/92	92/93	93/94	94/95
Raw cane sugar						
Low cost producers <sup>a</sup>	21.00	20.44	17.69	19.16	19.56	19.65
High cost producers <sup>b</sup>	94.77	97.28	99.46	96.00	107.76	113.92
Major exporters <sup>c</sup>	24.88	24.90	24.53	30.76	32.85	33.37
Cane sugar white value equivalent						
Low cost producers	30.20	28.71	25.72	27.30	27.74	27.85
High cost producers	109.49	112.22	114.56	110.86	123.62	130.30
Major exporters	33.53	33.55	33.15	39.91	42.20	42.77
High fructose corn syrup <sup>d</sup>	27.74	24.88	29.68	27.52	28.82	27.87

#### Notes:

a Average of Brazil, Colombia, Guatemala, Malawi

b Average of Barbados, Congo, Guadeloupe, Japan, Puerto Rico, Russia and Sri Lanka

c Average of Australia, Brazil, Colombia, Cuba, Guatemala, Mauritius, South Africa & Thailand

d Average of Argentina, Belgium, Canada, Finland, France, Germany, Hungary, Italy, Japan, Netherlands, South Korea and the United States.

Source: Establishment of a Sugar Industry Architecture for Trinidad and Tobago (Interim Report of Consultants to the Working Committee for the Establishment of a Sugar Industry Authority), 1998; US Department of Agriculture, Sugar and Sweetener Report, May 1998.

Globalization has impacted negatively on the price of sugar in the world market in recent years (Table 2). The prices declined as producers strived to bring prices in line with the WTO's proposal for the achievement of consistent prices between cane sugar and that for beet sugar by 2003.

Table 2. ACP- and World Prices of Sugar, 1989-1999

Year	ECU/mt	~/mt	US\$/mt	World price
1990/91	439.4	308.0	545.0	199.30
1991/92	439.4	322.9	570.1	200.40
1992/93	439.4	342.7	514.5	221.12
1993/94	433.7	336.3	515.1	267.20
1994/95	433.7	359.3	550.3	296.08
1995/96	523.7	429.4	662.3	273.37
1996/97	523.7	390.7	638.6	255.29
1997/98	523.7	350.9	579.9	222.76
1998/99	523.7			143.65

Source: S. Indalmanie (1999) "A Review of EU-ACP Sugar Protocol, Special Preferential Sugar and the US Tariff-Rate Quotas" Mimeo, Sugar Industry Authorities, Jamaica.

The effect of trade liberalization has been felt in every sugar producing country in the Caribbean. In St. Kitts-Nevis, the 2000 crop season produced 17,639 tonnes of sugar down from 31,374 tonnes in 1997. The industry is plagued by a lack of economies of scale, damage from monkeys, cane flies, hurricanes and cane fires and difficulty with migrant labour from the Dominican Republic and Guyana.<sup>15</sup>

The Jamaican sugar industry is also under pressure due to globalization. The government repurchased the Sugar Company of Jamaica (SCJ) in 1998 to avoid the company's collapse. The high inflation of 1994 –1997, coupled with the revaluation of the Jamaican dollar in 1996 put the company in a loss making position. Some 40,000 workers are employed in the sugar industry, thus making it important from a social as well as an economic standpoint.<sup>16</sup> The industry is shored up largely by the preferential market in the European Union for base 126,000 tonnes annually. Production costs in the sugar industry average 30 US cents per pound for the commodity, while the world market price is between 9 and 11 cents.<sup>17</sup> In the 1960s, output reached half-a-million tonnes but in the decade of the 1990s, it has struggled to reach 200,000 tonnes.<sup>18</sup> In February 1998, the Tropicana Sugar Factory and its estates with debts totalling some J\$400 million (US\$ 11.2m) were placed in receivership by Workers' Bank. In August 1999, the Jamaican sugar industry received a government injection of J\$3.6 billion to keep the industry afloat and save thousands of jobs.<sup>19</sup>

In Barbados, the cost of sugar production in 1997 was 20.6% lower than that in 1991, but these gains were offset by a reduced sugar price under the Lomé IV Convention and the depreciation of the ECU against the dollar. The sugar industry suffers from insufficient economies of scale, and a further cost increase will result from a 2-yr wage agreement.<sup>20</sup> The government has been urged either to close one of the three sugar factories or replace them all with a single new plant, which

will require massive initial capital outlay. Belize also privatized the Sugar Company of Belize in 1995 due to the continued heavy losses it incurred. A summarized data of Caribbean sugar producers is presented in Table 3 indicating the industry's importance and the cost of production.

Table 3. Selected data on CARICOM Sugar Producers (Crop Year 1997/98)

Item	Barbados	Belize	Guyana	Jamaica	St. Kitts	Trinidad
Sugar as % of GDP	1.5	7	16	1	3.6	1
Sugar as % of Agric GDP	31	30	30	22	40	45
As % of domestic export	17	29	24	6	15	1
cane: sugar ratio	9.4	9.5	11.5	12.4	9.8	13.2
Total costs US cents/kg 1997/98	83.6	35.2	46.2	88.0	81.4	123.2
Total costs US cents/kg, 1996/97	72.6	33.0	48.4	74.8	74.8	81.4
Total costs US cents/kg, 1995/96	72.6	37.4	48.4	59.4	105.6	92.4
Field costs, US cents	46.2	15.4	24.2	39.6	35.2	81.4
Factory costs, US cents	15.4	6.6	6.6	22.0	13.2	17.6
Other costs, US cents	22.0	13.2	15.4	26.4	33.0	24.2
Direct & Indirect employment	3,500	10,000	31,500	63,000	2,700	30,000

Source: Sugar Association of the Caribbean 1999 and data from individual countries

Weighted average regional costs = 31 US cents /lb in 1887-98

Combined peak output = 1.5 million tonnes, while combined trough is 0.5 million tonnes.

Major constraints facing the Caribbean Sugar Industry include high labour cost and unrest; weather and diseases; insufficient economies of scale; low world market prices; increasing cost of inputs; lack of high yielding cultivar; low level of mechanization and inherent inefficiency in the system. These problems were already present in the industry, but the recent globalization process has exacerbated some of these factors. Sugar along with bananas and rice, was among the so-called sensitive items on which EU trade commissioner, Pascal Lamy, recently said the EU intended to begin to phase in tariffs in 2001.<sup>21</sup>

## 2. BANANAS

For CARICOM, the most immediate threat of globalization is to the banana industry in the Windward Islands, Belize and Jamaica. Banana export data for 1998 and 1999 shows a decline with worrying implications for dead freight payments (for unused cargo space) and for the future of the industry. There was some concern over falling prices in July 1999, prompted by increased

supply from Central America and a slight weakening of sterling against the US dollar, to which the EC dollar is pegged. As a result of improved quality and direct sales to supermarkets, the free-on-board price was L604/tonne in May 1999, 6.1% above year earlier levels. The price advantage of Windward fruit over "dollar banana" reached 27.2%.<sup>22</sup>

The industry is already in trouble, accelerated by the US and its allies' challenge to the EU's banana policy at the World Trade Organization (WTO). Survival of the Caribbean banana industry is dependent on the Banana Protocol of the Lomé Convention, since the cost of production is US\$ 537.5 per tonne while the average world market price is US\$472.3 per tonne. The EU's average preferential market price is US\$833.4 per tonne. (Table 4).

Table 4. World market and European Union prices of banana (US\$ per metric tonne), 1995-97.

	1995	1996	1997	Average
World Market Price	445.1	469.1	502.7	472.3
European Union Price	873.8	822.7	803.7	833.4
Difference (%)	96.3	75.4	60.0	77.2

Source: World Bank's Commodity Price Index, January 1998, Banana Export Company (BECO) Limited, Kingston, Jamaica, May 1998.

Caribbean banana productions face the same challenges as the sugar industry. Cost of production has gone up steadily during the past 10 years. Physical sizes of banana producing countries limit expansion of banana cultivation, further endangering the industry. Banana exports from the Caribbean countries decreased steadily during 1995-99 due to natural disasters, low market demand and low prices offered (Table 5)

Table 5. Volume of banana exports and export earnings of Caribbean countries, 1995-1999

Country	1995	1996	1997	1998	1999	Average
<b>Belize</b>						
-volume (tonnes)	43 636	57 045	53 773	50 682	56 318	52 290
-earnings (US\$ m)	22.05	28.7	26.1	24.6	27.3	25.7
-as % of total exports	13.6	17.1	14.7	12.9	14.9	14.6
<b>Jamaica</b>						
-volume (tonnes)	85 000	89 000	80 000	62 000	52 000	73 600
-earnings (US\$m)	46.0	45.0	46.0	33.0	30.0	40.0
-as % of total exports	3.2	3.3	3.4	2.6	2.5	3.0
<b>Dominica</b>						
-volume (tonnes)	32 300	39 500	34 900	28 100	27 200	32 400
-earnings (US\$m)	16.4	18.2	17.1	13.7	14.2	15.9
-as % of total exports	32.7	34.5	31.9	22.0	23.5	28.9
<b>Grenada</b>						
-volume (tonnes)	4 500	1 900	100	100	600	1 440
-earnings (US\$m)	1.8	0.6	0.04	0.04	0.11	0.5
-as % of total exports	7.4	2.2	0.1	0.08	0.2	2.0
<b>St Lucia</b>						
-volume (tonnes)	103 700	104 800	71 400	74 600	65 200	83 940
-earnings (US\$m)	56.0	52.7	34.5	34.6	32.2	42.0
-as % of total exports	48.9	61.1	49.2	49.7	47.8	51.3
<b>St. Vincent</b>						
-volume (tonnes)	49 900	44 000	31 000	40 000	37 400	40 460
-earnings (US\$m)	24.5	19.5	14.4	20.6	18.9	19.6
-as % of total exports	39.6	37.1	30.5	37.8	37.4	36.5

Source: *The Economist Intelligence Unit, Country Profile 2000, Jamaica, Belize, Organization of Eastern Caribbean Countries (OECS)*, pp. 44, 72, 87, 90, 98, 101.



All Caribbean bananas enter the EU market under the Lomé Convention, thus competing with more efficient Latin American banana producers. Although the Caribbean's bananas account for only 7.0 per cent of EU's imports, the US and its allies did not hesitate to take advantage in the loophole of globalization procedure in WTO's mandate.<sup>23</sup> The WTO's response in this regard has not pleased either the US or the Caribbean governments and the present status is in limbo.

Eventually the Banana Protocol may be scrapped. This was implicit in the newly concluded Cotonou Accord in Benin in June 2000. The Accord will continue up to 2008 after which free competition will ensue for the banana market. Although the process of globalization is supposed to make production competitive, it does not seem feasible in case of banana production in the Caribbean. In general, cost of production is high in the Caribbean (Table 6). Banana production in the region is constrained by absence of new high yielding varieties, no available extra land space, high cost of labour, incidence of mealybug, higher cost of inputs and lower incidence of mechanization.

Table 6. Cost of banana production in the Caribbean countries, 1998

Country	Price range US\$ per tonne (approximately)
Belize	525 – 550
Jamaica	550 – 575
Windward Islands	500 – 525
Average	537.5

Source: Communication from Windward Islands Banana Development Company, Castries, St. Lucia, June 1998; Banana Export Company (BECO) Limited, Kingston, Jamaica, May 1998.

In the late 2000, with output remaining low and prices unsteady, the long-term future of the industry in the Caribbean remains uncertain.<sup>24</sup>

The discontinuation of the Banana Protocol will result in massive social, economic and political turmoil in the region especially in the Windward Islands where banana is a major source of exports and employment (Table 5). Already there are social disruptions, economic hardships and political repercussions in the Windward Islands in the form of strikes by workers and change of government in St. Lucia. The end of the Protocol will only exacerbate the existing explosive socio-economic-political situation in the affected Caribbean countries.

## **SOME INITIATIVES IN CROP AND PRODUCT DIVERSIFICATION**

Several unsuccessful attempts have been made in the past to replace sugar cane and banana with other economic crops. One such project was winter vegetable productions in Spring Plain, Jamaica. After three years of experimentation, the 600-acre farm went bankrupt with an estimated loss of US\$48.0 million due mainly to mismanagement, bad planning and wrong choice of crops.<sup>25</sup> So far no other serious alternative crops have been considered in Jamaica due to the industry's foreign exchange earning capacity (US\$90 million per year); uncertainty about a replacement and social (& political as it is source of a large voting block) importance of the sector.<sup>26</sup>

As part of the diversification process, livestock production, fruits (papaya, pineapple, mango, naseberry), spices (escallion, pimento, mint), bamboo and silk industries are more suitable for the region and therefore deserve due consideration.

In view of recently reported Mad Cow, and Foot and Mouth diseases in Europe, particularly in the UK, perhaps the sugar industry should take the opportunity to raise beef and dairy cattle organically, based on sugarcane as the main feed. The Sugarcane Feeds Centre in Trinidad and

Tobago has developed several livestock production systems based on feeding sugarcane to ruminants.<sup>27</sup> However, disease and quality control according to International Standards Organization (ISO) 9000/14000 should form an integral part of this type of operation. Trinidad and Tobago's sole sugar company, The Caroni (1975) Ltd., has partially diversified its operations into beef and milk production, aquaculture, rice and fruit production. The overall diversification process of the sugar and banana industries would face the familiar challenges of capital accessibility and competition in the world market.

In terms of value-added products, the Sugar Industries Research Institute (SIRI) in Jamaica has developed a number of items from sugar including cane juice drink, an industrial syrup, amorphous sugar and charcoal. Only cane juice drink is currently available in the market. The Scientific Research Council of Jamaica has developed products from banana including chips, candied, puree, flour and nectar. Some of these are commercially available. Banana is still an underutilized plant.

## **BENEFITS AND CHALLENGES OF GLOBALIZATION**

### **A. Some Benefits of Globalization**

Several benefits have accrued to the Caribbean sugar and banana sub-sector due to the globalization process.

- It has made the Caribbean people aware of the changed world-trading pattern, serving like a wake up call.
- International export/import/pricing system and trading practices are now more transparent, enabling the producers to be aware of the pricing pattern and demand of agricultural produce. One of the long-term benefits of the WTO is likely to be from the greater transparency and predictability it brings to the world sugar trade.
- One of the benefits of globalization is that it is forcing the Caribbean farmers/industry to be competitive. Globalization has forced the issue of using high technology in the industry, including the use of information technology in marketing and trading systems. Some sugar and banana estates now use the Internet to locate better agricultural practices.<sup>28</sup>

### **B. Challenges To The Sugar and Banana industries**

Globalization has also brought challenges to the Caribbean's sugar and banana industries.

- Globalization has demonstrated clearly that the Caribbean sugar and banana industries need to be more competitive. This can be achieved to some degree only through raising efficiency and productivity. For sugarcane, this would involve identifying and establishing higher yields with high cane:sugar varieties; more mechanization of operations; and overall improved operations in the factory. For banana, both the yield and the marketable yield need to be increased. Presently the banana yield is an average of 13 tons per acre compared to Latin America's 18-20 tons per acre.<sup>29</sup> In order to improve this, identifications of high yielding varieties, control of Black Sigatoka disease,<sup>30</sup> minimizing the defects of exportable banana, new product development, increased labour productivity and rationalized expenses would be required.
- In case competitiveness in sugar and banana cannot be achieved, perhaps a niche market can be identified where other economic crops can be exported. These may include livestock products, value-added products and other diversified crops such as fruits and spices. The challenge would be to identify relevant markets for these products and initiate vigorous marketing drives.
- CARICOM governments need to take a hard look and make judicious decisions based on solid facts and figures regarding the future of the sugar and banana industries. Decisions must be taken whether to shut down certain inefficient industries. The governments will have to decide whether to i) close down the industry altogether ii) close down only the unsalvageable ones or iii) to pump public funding to the losing concerns in an attempt to revitalize the industry and save jobs.

## SOME STRATEGIC OPTIONS

Some strategic options are suggested to offset some of the challenges faced by the Caribbean sugar and banana industries.

- Sugar production in the region may be allowed to produce the amount needed to service the Sugar Protocol and US Sugar Quota. If more sugar is required for the domestic sector, this amount may be imported from the world market at a cheaper rate.
- Joint private/public sector efforts will be needed to improve productivity and production of the sugar and banana industries.
- Public sector initiatives with improving infrastructure, implementing irrigation policy, and making credit facilities available to small farmers will be urgently required. More research and development support to the sector will be needed, especially in the field of biotechnology.
- The regional governments should promote and expand domestic markets for sugar and bananas, and attempt to satisfy the needs of the regional market of these products.
- The CARICOM governments need to approach the United Nations for small island economies with monocrop dependency to be given special attention. Jamaica's ambassador to the United States, Dr. Richard Bernal, called for the establishment of a consultative group within the WTO to "ensure that the issues that are important to small economies are given fair and expedient treatment".<sup>31</sup>
- More value-added products from sugar and banana need to be developed and marketed while diversification of some sugar and banana land into other economic crops takes place.

## CONCLUSION

Like globalization of economy, globalization of agriculture is a reality in the Caribbean. The region will have to face this challenge through developing proper policies and their implementation. By 2008, it is most likely that the preferential arrangement under the Cotonou Agreement will end. Hence the region will have to make post-Lomé Convention arrangements for marketing their sugar and banana worldwide. Increasing efficiency and productivity in the sugar and banana sectors should be undertaken with a sense of importance and urgency. This will have to be implemented along with diversification into non-traditional crops and value-added product development.

---

## NOTES

<sup>1</sup> For the purpose of this paper, the Commonwealth countries studied are: Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts-Nevis, St. Lucia, St. Vincent and Trinidad and Tobago.

<sup>2</sup> Belal Ahmed and Sultana Afroz, *The Political Economy of Food and Agriculture in the Caribbean* (London and Kingston: James Currey Publishers and Ian Randle Publishers), June 1996, pp. 48-107.

<sup>3</sup> *Economic and Social Survey Jamaica 1997*, Planning Institute of Jamaica, Kingston, April 1998, p. 7.1.

<sup>4</sup> The status of Guyanese dollar in 1990: US\$1=G\$ 45.0, 1999: US\$1=G\$186.0; Jamaican dollar in 1990: US\$1=J\$8.0, 1999: US\$1=J\$41.4; Trinidad and Tobago dollar in 1990: US\$1=TT\$4.3, 1999: US\$1=TT\$6.2.

<sup>5</sup> *The Courier*, African, Caribbean, Pacific, European Union, LOMÉ CONVENTION, January/February 1996, Brussels, Belgium, p. 2.

<sup>6</sup> *The Economist Intelligence Unit*, Country Profile 2000, Jamaica, Belize, Organization of Eastern Caribbean States, 2000, p. 9.

7 *Economic and Social Survey Jamaica 1999*, Planning Institute of Jamaica, Kingston, April 2000, p. 1.3.

8 *The Economist Intelligence Unit*, Country Report, Jamaica, Belize, Organization of Eastern Caribbean States (OECS), 2nd Quarter 1999, p. 5.

9 *The Economist Intelligence Unit*, Country Report, Jamaica, Belize, Organization of Eastern Caribbean States (OECS), 1st Quarter 2000, p. 7.

10 *Ibid.*, p.8.

11 David Jessop, "Everything Except Arms", *The Sunday Observer*, October 15, 2000, p. 21.

12 *The Daily Observer*, March 5, 2001, p. 3.

13 *The Economist Intelligence Unit*, Country Report, Jamaica, Belize, Organization of Eastern Caribbean States (OECS), 1st Quarter 2000, p. 7.

14 *The Economist Intelligence Unit*, Country Report, Jamaica, Belize, Organization of Eastern Caribbean States (OECS), 4th Quarter 1999, p. 6.

15 *The Economist Intelligence Unit*, Country Report, Jamaica, Belize, Organization of Eastern Caribbean States (OECS), July 2000, p. 55.

16 *The Economist Intelligence Unit*, Country Report, Jamaica, Belize, Organization of Eastern Caribbean States (OECS), 4th Quarter 1998, p. 22.

17 *The Daily Observer*, January 2, 2001, p. 3.

18 *The Economist Intelligence Unit*, Country Report, Jamaica, Barbados, Belize, Bahamas, Bermuda, Cayman Islands, Turks and Caicos Islands, 1st Quarter 1998, p. 27.

19 *The Economist Intelligence Unit*, Country Report, Jamaica, Belize, Organization of Eastern Caribbean States (OECS), 4th Quarter 1999, p. 21.

20 *The Economist Intelligence Unit*, Country Report, Jamaica, Barbados, Belize, Bahamas, Bermuda, Cayman Islands, Turks and Caicos Islands, 1st Quarter 1998, p. 38.

21 *The Daily Observer*, January 2, 2001, p. 3.

22 *The Economist Intelligence Unit*, Country Report, Jamaica, Belize, Organization of Eastern Caribbean States (OECS), 3rd Quarter 1999, p. 39.

23 Dole, Chiquita and Del Monte, the three largest fruit producers in the world, control Latin American banana production. They are headquartered in the USA and evidence suggests that the US action may have been prompted by generous political contributions by Chiquita's chairman. See *NEWSWEEK*, April 28, 1997, pp. 13-14; and *TIME*, February 7, 2000, pp. 20-29.

24 *The Economist Intelligence Unit*, Country Profile 2000, Jamaica, Belize, Organization of Eastern Caribbean States (OECS), p. 9.

25 Belal Ahmed and Sultana Afroz, *Op. Cit.*, p. 65.

26 *The Economist Intelligence Unit*, Country Report, Jamaica, Belize, Organization of Eastern Caribbean States (OECS), 4th Quarter 1999, p. 21.

27 Garcia, G. W., Neckles, F.A. and Benn, A. "Sugarcane as a feed for ruminants", In "Forage Production, Evaluation and Utilization", Proceeding 4th Regional Livestock Development Programme Meeting, Georgetown, Guyana, September 29-October 1, 1982; Neckles, F.A. and Benn, A. (editors) "The Feeding of Cattle, Sheep, and Goats in the dry season", Proceeding of a seminar held in Sugarcane Feeds Centre, Longdenville, Trinidad and Tobago, November 1988.

28 *The Gleaner*, October 1, 1996, p. A4.

29 Belal Ahmed and Lisa Nicely, "What Greener Pastures?" *The Investor's Choice*, May 15, 1997, p. 17.

30 Black Sigatoka is a fungal disease that affects the quality of banana fruit. See, *Banana Improvement: Research Challenges and Opportunities*, edited by Gabrielle J. Persley and Pamela George, The World Bank, Washington, D.C., 1996, p. 17.

31 *The Gleaner*, August 10, 1998, p. C6.

---

This paper was given at The Society For Caribbean Studies Conference held at The University of Nottingham 2nd-4th July 2001.

Copyright remains with the author.

---

PLEASE USE YOUR BROWSER BUTTON TO GO BACK