

**THE CARICOM REGIONAL TRANSFORMATION
PROGRAMME FOR AGRICULTURE**

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*A Review of Agricultural Policies:
CASE STUDY OF ST LUCIA*

Report prepared for the CARICOM Secretariat

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GLOSSARY OF TERMS

ADP	Agricultural Diversification Project Ltd
CARDI	Caribbean Agricultural Research and Development Institute
CARICOM	Caribbean Community
CET	Common External Tariff
CSME	CARICOM Single Market and Economy
EU	European Union
FAO	Food and Agricultural Organization of the United Nations
FTAA	Free Trade Area of the Americas
GCT	General Consumption Tax
GDP	Gross Domestic Product
HACCP	Hazard Analysis and Critical Control Point
ISO	International Standards Organization
IT	Information Technology
MFN	Most Favoured Nation
NAHFSA	National Agricultural Health and Food Safety Agency
NARS	National Agricultural Research Service
NTB	Non-Tariff Barriers
OECS	Organization of Eastern Caribbean States
OIE	Organization Internationale de Epizootics
QA	Quality Assurance
R&D	Research and Development
RTP	Regional Transformation Programme
S&T	Science and Technology
SPS	Sanitary and Phytosanitary
TRIPS	Trade Related Aspects of Intellectual Property
USA	United States of America
UWI	The University of the West Indies
WTO	World Trade Organization

EXECUTIVE SUMMARY

Purpose & Scope of the Review

This Report provides an analytical review of the major policy provisions for the agricultural sector in St Lucia. The focus is on the appropriateness of the policy mix in facilitating transformation of the sector into one characterized by efficiency and competitiveness. The review is conducted within the context of the challenges confronting agriculture as a direct consequence of liberalization and globalization. The review covered the period from the mid 1980s to present.

While the primary interest was on the commodities selected for the competitiveness study (hot pepper, papaya, coconut, and small ruminant), the review was necessarily broadened in scope to include sector-wide policies since these could provide incentives for enhanced efficiency and competitiveness of agriculture in general. The review also examined commodity-specific policies for other important commodities, since it was felt that lessons on policy relevance and effectiveness could be learnt from such cases.

Sector Profile

Banana is the main agricultural export commodity of St Lucia. It not only dominates agricultural land use in the country but also the economic life of the country. Agricultural land area in St Lucia comprises approximately 11,775 hectares of which banana represents 45% (5,666 ha.). From a land resource utilization perspective, coconut is next, accounting for 42% of the cultivated area. Agricultural activities in the country also include vegetable, food crops, livestock (sheep and goat) as well as fisheries.

Overall, the agricultural sector has been on a general decline due to several economic, technical and institutional factors. Agriculture's contribution to GDP

has declined over the past decade from 13.7% in 1993 to 8.0 % in 2000 to 5.3% in 2002.

The sector's performance has been strongly influenced by market conditions in the EU. With the erosion of preferences and increased competition in the EU banana market, Windward Island producers have, in recent years, witnessed declining exports and income. As a consequence, cultivation of banana is being abandoned with many producers exiting the industry. Banana exports have declined by almost 50% since the mid 1990s.

Economy/Sector-Wide Specific Policies

In pursuit of its agricultural diversification goals, the Government of St Lucia in 2002 identified a number of targets and measures including: a 10 % reduction in the food trade deficit by 2005; increasing the consumption of local production, non-banana agricultural exports; expanding agro industry; and a 20% increased utilization of locally-produced agricultural commodities by the tourism sector.

In 2003 the Government of St Lucia refined its agricultural policy within the OECS Agricultural Policy Framework. The result was a comprehensive set of strategies aimed fostering growth and modernization of the sector. These are presented in Table 2.1.

Commodity-Specific Policies

In addition to the above, strategic initiatives were outlined for other components of agriculture. In the case of banana the policies were found to be quite explicit. With respect to banana a special programme to improve productivity and efficiency in the context of increasing competition in the EU market was formulated. Measures included restoration of farmer confidence in the industry, targeting farms with the potential for viability, assisting with improvement in fruit quality and providing technical guidance for control of pest and disease.

In pursuance of the country's agricultural diversification objectives, the policy proposal with respect to livestock is aimed at self-sufficiency in poultry, eggs and pork. With respect to the other crops, the goal is to increase the production of food crops including, cabbage, lettuce, tomatoes, sweet pepper, cucumber, dasheen, sweet potato, yam and plantain. With respect to the non traditional exports, St Lucia plans to introduce new crops including cut flowers for the export and domestic markets and organically grown commodities.

Other policy initiatives that would impact directly on competitiveness such as SPS, removal of agricultural land constraints, technology upgrade and adoption were highlighted in the policy statements.

Science and Technology/Research and Development

St Lucia's stated policy in S&T / R&D objective is to facilitate the generation, adaptation and transfer of appropriate technology. More specifically, the planned implementation of a major project in technology transfer designed to enhance agricultural competitiveness is to be pursued through the establishment of a National Agricultural Research System (NARS). This NARS would undertake technology adoption studies, intensify the conduct of productivity studies and train staff to expedite technology development/transfer.

Conclusion

A review of the policies proposals for the Agricultural Sector in St Lucia reveals a rather comprehensive framework, one that addresses all of the major issues impacting on the performance of the sector. What is unique and commendable is the inclusion of the specific objectives to be pursued in each area as well as the policy instruments that the Government plans to employ to achieve the goals. With respect to the RTP commodities, there is need for detailing of specific measures to complement the broad sector policies. Given the resource limitations of the country, both financial and technical, there is need to prioritize the various

policy areas and instruments into an action plan that was time and resource bound with clear deliverables.

SECTION 1.0 INTRODUCTION

PURPOSE & SCOPE OF THE REVIEW

In this Report we provide an analytical review of the major policy provisions for the agricultural sector in St Lucia. They focus on the development of an efficient and competitive sector in the context of the challenges of liberalization and globalization.

While the primary interest was on the commodities selected for the competitiveness study (hot pepper, papaya, coconut, and small ruminant), the review was necessarily broadened in scope to include sector-wide policies since these could provide incentives for enhanced efficiency and competitiveness of agriculture in general. The review also examined commodity-specific policies for other important commodities, since it was felt that lessons on policy relevance and effectiveness could be learnt from such cases.

1.1 SECTOR PROFILE

Banana is the main agricultural export commodity of St Lucia. It not only dominates agricultural land use in the country but also the economic life of the country. Agricultural land area in St Lucia comprises approximately 11,775 hectares of which banana represents 45% (5,666 ha.). From a land resource utilization perspective, coconut is next, accounting for 42% of the cultivated area. Agricultural activities in the country also include vegetable, food crops, livestock (sheep and goat) as well as fisheries.

Farm sizes in St Lucia are generally categorized as either small or medium. According to the 1996 Agricultural Census Report, farms sizes less than 5 acres (2.02 ha) engaged 26% of the agricultural lands as compared to farm sizes between 5 and 10 acres (2.02 and 4.05 ha) which occupied 21% of agricultural lands. Only 18% of agricultural lands were occupied by farms between 10 and 25

acres (4.05 and 10.12 ha) in size. The census also showed that although land holdings were on the increase, the relative agricultural land acreage was declining. The report indicated that in 1996, there were 13,336 farm holdings which increased by 15.7% from the previous agricultural census in 1986.

1.2 SECTOR PERFORMANCE

Overall, the agricultural sector has been on a general decline due to several economic, technical and institutional factors. Agriculture's contribution to GDP has declined over the past decade from 13.7% in 1993 to 8.0 % in 2000 and a further 5.3% in 2002.

The sector performance has been strongly influenced by market conditions in the EU. With the erosion of preferences and increased competition in the EU banana market, Windward Island producers have suffered declining exports and income over recent years. As a consequence, banana production is being abandoned with many producers exiting the industry. Banana exports have declined by almost 50% since the mid 1990s.

The sector also provided employment to 21.7% of the workforce in 2002.

SECTION 2.0 REVIEW OF RECENT POLICIES

The Agricultural Sector in St. Lucia, like other CARICOM countries was highly protected until the mid-1980s. Today, the sector operates in an economic environment characterized by competition and new challenges in the marketplace due to trade liberalization and globalization. The erosion of preferences, reduction in prices and income for the country's major agricultural export have intensified within the last five years and it is therefore imperative that the sector be transformed into a sustainable and productive entity.

In pursuit of its agricultural diversification goals, the Government of St Lucia in 2002 identified a number of targets and measures including the following:

- (i) Reduction in the food trade deficit by 10% (that is, reducing the food import bill by 15% by the year 2005)
- (ii) Increasing the consumption of locally-produced vegetables, fruits, seafood and livestock products
- (iii) Increasing the volume of non-banana agricultural exports by the year 2005
- (iv) Create productive economic linkages
- (v) Increasing agro-industrial development
- (vi) Increasing the utilization of locally-produced agricultural commodities by the tourism sector by 20%.

Further, in 2003 the Government of St Lucia further refined its agricultural policy within the Agricultural Policy Framework proposed for the OECS. The measures reflected a three-pronged strategy:

- (i) Enhancing resource competitiveness of the banana industry
- (ii) Developing a diversified agricultural sector
- (iii) Catalyzing the socio-economic transformation of the rural communities.

In this regard, a comprehensive list of strategies was formulated to help foster growth and modernization of the agricultural sector. These included:

- (i) The identification and development of alternative sources of income generating activities
- (ii) Removing the dependence on a single crop for foreign exchange earnings
- (iii) Exploring and exploiting niche markets for non-traditional products
- (iv) Optimizing employment opportunities in the sector
- (v) Increasing private-sector investment in agricultural sector activities
- (vi) Development of a sector with a dynamic and proactive agricultural trade system
- (vii) Improving all agriculture-related infrastructure
- (viii) Generation, adaptation and transfer of appropriate agricultural technologies
- (ix) Measures to improve natural resource management.

In support of the strategies outlined above, the policy document identified specific instruments associated with each of the key policy areas. These are presented in Table 2.1.

Table 2.1: Current Policy Areas and Policy Objectives – St Lucia

Policy Area	Policy Objectives	Policy Instruments
1.0 Agricultural trade facilitation	To establish private sector led marketing system, identify and explore domestic and external market opportunities and provide a mechanism for ensuring integrity of agricultural produce.	
1.1 Marketing system development	To facilitate marketing of agricultural commodities. Retail operations of the marketing board to be privatized and a new marketing agency to be established. A new system of grades and standards to be developed. New marketing opportunities will be explored.	Market identification and promotion, marketing information, services and intelligence system, specialized support services, e.g., export packaging, credit, insurance, producer/exporter/importer alliances, post harvest technology assistance, quality assurance and certification and investment promotion in marketing infrastructure.
1.2 Marketing infrastructure development	To facilitate efficiency in the marketing and distribution of high-quality products. Improvements in infrastructure will be made to support agriculture. Farm	Introduction of cold-storage facilities at the ports, on-farm storage facilities where feasible and cost-effective

Policy Area	Policy Objectives	Policy Instruments
	access roads to be rehabilitated. External funding agencies, e.g., CDB. to participate in rehabilitation of farm infrastructure.	
1.3 Grades and standards development	Bureau of Standards will be strengthened to ensure compliance with established standards. National campaign of public information and education to sensitize the public on importance and adherence to grades and standards.	(See section on Quality Assurance)
1.4 Food security	To stimulate domestic production and consumption.	Introduction of a buy-local campaign and a system of routine monitoring of the integrity of agricultural produce
1.5 Agricultural health/food safety	To facilitate trade through strengthening animal and plant protection and quarantine systems. Effective certification and inspection systems will be implemented.	Introduction of agricultural health surveillance system, provision of adequate laboratory support, improve facilities at ports, improve legislation for quarantine, pesticides and veterinary products: establish and adopt protocols for port inspection, product treatment, pest risk analysis, detection methods for pests and diseases, screening of chemical residues, organize and conduct workshops in plant and animal health and disease detection.
1.6 Pest and disease management		Pest and disease management To establish a port-based quarantine service
1.7 Integrated pest management	To implement a comprehensive programme of IPM to reduce use and cost of agro-chemicals.	Integrated pest management
1.8 Agro-industries/ processing	To facilitate development of medium-scale viable agro-industrial enterprises and cottage industries. Support measures include access to credit and required inputs, quality control, product promotion, niche marketing and appropriate technology.	Construct and equip three strategically-located business incubators to support development of 12–15 agro industrial enterprises, training of entrepreneurs in business management, provision of common business and related services.
1.9 Agricultural Investment Facility	To enhance capital inflows, provide services by the private sector, institutional strengthening of rural organizations and lending institutions	Introduction of credit funding, provision of credit support services, provision of fiscal incentives and execution of an agribusiness development plan to attract investment.
1.10 Rural organizational institutional strengthening	To strengthen the administrative capacities of rural organizations to allow them to become effective carriers of projects, loan funds and allied support	Formation of functional market oriented commodity organization and sustainable producer organization, training in financial management, IT and

Policy Area	Policy Objectives	Policy Instruments
	services.	production forecasting as well as corporate relationships.
1.11 Public education and sensitization	To induce demand for domestic foods and stimulate local investments. To induce the demand for services and benefits and to sensitize the general public on the agricultural diversification programme.	Production of radio and television programmes and fliers on ADP, erection of billboards, and introducing programmes to the rural communities.
1.12 Infrastructural developments	To improve and establish appropriate physical structure to support agricultural development. Port facilities will be enhanced. Strategically located reception and distribution centres will be developed. On-farm storage facilities will be established where feasible and cost-effective.	Identification of critical priority feeder roads, road repairs in agricultural areas, farmer training in road maintenance and implementation of a road maintenance programme.
1.13 Irrigation	To enhance productivity through the provision of facilities for on-farm irrigation. Establish drainage and irrigation unit to provide technical assistance. Legislation to be enacted to protect water rights and regulate water abstraction.	
1.14 Technology advancement	To explore feasibility of establishing technology trust fund. To facilitate generation, adoption and transfer of new and appropriate technologies. National research and development capacity to be strengthened. Develop linkages with regional and international technology institutions.	See section on Science and Technology
1.15 Technology transfer service, research and development.	To develop, acquire and disseminate appropriate technologies by establishing a NARS.	See section on Science and Technology
1.16 Land use management policy and land zoning	To ensure optimal utilization and management of scarce agricultural land. To strengthen land use legislation and demarcate productive uses based on land capability.	Strengthening of land use legislation, demarcation of land, sensitization of users to stipulated uses and farmer training in soil conservation
1.17 Market access	To complete the process of commercializing the St Lucia Marketing Board. To seek new markets in other OECS and CARICOM countries. To assist local produce markets and	

Policy Area	Policy Objectives	Policy Instruments
	standardize sale procedures.	
1.18 Post-harvest quality	To establish an inland reception and distribution centre to improve product consolidation, inspection, certification and distribution.	
1.19 Praedial larceny	Enactment of stronger legislation to reduce levels of praedial larceny.	
1.20 Incentives	To create and implement a new sector incentive regime to reward productivity, stimulate entrepreneurship and encourage innovation.	
1.21 Credit	To improve and increase access to agricultural credit. Existing credit facilities to be enhanced to promote investments in irrigation and drainage. The Rural Economic Diversification Incentives Programme (REDIP) to be broadened and strengthened.	
1.22 Extension services	To develop public/private sector partnerships and make extension services more relevant.	
1.23 Public/private sector partnership	To encourage a higher level of cooperation and collaboration amongst stakeholders.	
1.24 Non-traditional crops	To introduce new crops and varieties for all markets.	
1.25 Agricultural insurance	Consideration will be given to facilitating the provision of insurance for agricultural activities.	
1.26 Institutional capacity building	Enhancement of multi-partite relationships within the sector. Institutional reviews of the Ministry of Agriculture, Forestry & Fisheries and allied agencies. Strengthening of farmers' organizations.	

Source: Agricultural Diversification Plan 2002–2005, St. Lucia: Budget Speeches 2002–2003, Review of Economy and other Sector reviews — 2000–2004.

SECTION 3.0

COMMODITY-SPECIFIC POLICIES: BANANA

3.1 BANANA¹

Given the importance of banana to the economy of St Lucia, the country developed a special programme to improve productivity and efficiency in the context increasing competition in the EU market. This programme, managed by the Banana Emergency Recovery Unit has as its main objectives, the following:

- (i) Restoration of farmer confidence in the banana industry
- (ii) Arrest the dramatic decline in production and quickly restore it to the level that would satisfy the requirements of the market place
- (iii) Target farms with the potential to provide high yields necessary for viability and to meet the product certification standards set by the market
- (iv) Assist with improvement of fruit quality and in particular, liaise with the industry and provide technical guidance for control of pest and disease
- (v) Increase revenue at both the farmer and company levels, thereby ensuring financial viability
- (vi) Provide information and guidance to farmers/producers for making strategic business decisions
- (vii) Ensure the long-term survival and international competitiveness of the industry beyond 2008
- (viii) Enhance the competencies of farmers in the production of bananas
- (ix) Produce bananas on a year-round basis.

¹Remarks by Minister of Agriculture Hon Senator Calixte George on the Launching of the Banana Emergency and Recovery Unit. July 28, 2002. http://www.slumaffe.org/Speeches/Launching_of_BERU/launching_of_beru.html

SECTION 4.0 COMMODITY-SPECIFIC POLICIES: NON- TRADITIONALS

4.1 FISHERIES

The mission of the Fisheries Department is:

“To promote self-sufficiency through increased production of Marine and Aquaculture products and to develop the fishing industry and implement measures to ensure its sustainability.”

Further, the stated policy objective in the medium to long-term is to establish a vibrant and viable regional and extra-regional fish trade. Included in this thrust is the expansion of aquaculture and mari-culture to offer supplemental fish products². The stated objectives of the Fisheries Department are presented in Box 4.1.

BOX 4.1

1. Maintain or restore populations of marine species at levels that can produce the optimal sustainable yield qualified by relevant environmental and economic factors, taking into consideration relationships among various species
2. Preserve rare and fragile ecosystems, as well as habitats and other ecologically sensitive areas, especially coral reef ecosystems, estuaries, mangroves, sea grass beds, and other spawning and nursery areas
3. Protect and restore endangered marine and freshwater species.
4. Promote the development and use of selective fishing gears and practices that minimize by-catch of non-target species and the capture of juveniles
5. Prevent the use of destructive fishing gear and methods
6. Take into account traditional knowledge and interests of local communities, small-scale artisanal fisheries and indigenous people in development and management
7. Develop and increase the potential of living marine resources to meet human nutrition needs, as well as social, cultural, economic and development goals in a manner that would ensure sustainable use of the resource
8. Ensure effective monitoring and enforcement with respect to fishing and other aquatic resource uses
9. Promote relevant scientific research with respect to fisheries resources
10. Ensure that the fishing industry is integrated into the policy and decision-making process concerning fisheries and coastal zone management
11. Promote a collaborative approach to freshwater and marine management
12. Co-operate with other nations in the management of shared and highly migratory fish stocks.

*Source: Website. Ministry of Agriculture, Forestry and Fisheries. Fisheries Department.
http://www.slumaffe.org/Fisheries_Department/Fisheries_Objectives/fisheries_objectives.html*

²Agricultural Diversification Strategy. Ministry of Agriculture, Forestry and Fisheries. St Lucia. October 2000. pg 7

4.2 OTHER DOMESTIC COMMODITIES³

4.2.1 Livestock

In pursuance of the country's agricultural diversification objectives, the policy proposal with respect to livestock is to aim at self-sufficiency in poultry, eggs and pork. Among the various interventions, the following two are specifically targeted to the livestock sub-sector:

- (i) Construction of a state-of-the-art meat processing facility, and
- (ii) Develop and implement a mechanism to allow quality local livestock products to compete favourably with imported products.

4.2.2 Crops

With respect to the other crops, the policy goal is to increase the production of food crops including, cabbage, lettuce, tomatoes, sweet pepper, cucumber, dasheen, sweet potato, yam and plantain.

In an attempt to expand non-traditional exports, policy measures aim to introduce new crops including cut flowers for the export and domestic markets. Organically grown commodities will be encouraged.

4.2.3 Agro-Industry

With respect agro-industrialization, the policy strategy includes the development of cottage industries with government support in the areas of quality control, product promotion, niche marketing and the adaptation of appropriate technology.

³Agricultural Policy Review. St Lucia.

SECTION 5.0 TRADE POLICY

The bargaining strategy of St Lucia with respect to trade negotiations focuses on the concept of “the peculiarities of small island developing states”. The country recognizes the shortage of suitably qualified administrative, institutional and human resource personnel which impact on the country’s ability to effectively participate in the WTO negotiations.

5.1 AGREEMENTS AND ARRANGEMENTS

St Lucia is signatory to a number of bilateral trading agreements, through its membership in CARICOM. Almost all agricultural exports are conducted under the preferential conditions of these agreements and arrangements. The bilateral trade agreements between CARICOM and countries of the hemisphere allow non-reciprocal trade between those countries and St Lucia.

5.2 TARIFFS AND OTHER MEASURES

Tariffs continue to be a major source of government revenue in St Lucia, (estimated at 56.8% of total government revenue and 60.9% of tax revenue in 1998)⁴. St Lucia applies CARICOM’s CET to imports from third countries at rates of up to 35% for industrial products and 40% for agricultural goods⁵.

Certain non-price trade measures were in place in 2001, namely non-automatic import licensing, local-content requirements and import quotas. The quantitative restrictions applied on a number of products are reportedly to protect infant industries. It remains to be verified whether these are still in place in 2005.

⁴WTO Website: Trade Policy Reviews: First Press Release, Secretariat and Government Summaries. Press Release. PRESS/TPRB/166. 7 June 2001. WTO Members of the Organization of Eastern Caribbean States—OECS: June 2001. <http://www.wto.org/english/tratop_e/tp_r_e/tp166_e.htm>

⁵ Reference: Trade Policy Reviews: PRESS/TPRB/166. 7 June 2001. WTO Members of the Organization of Eastern Caribbean States — OECS: June 2001

Although tariffs have been lowered within recent years, other duties and charges such as the customs service charge, the consumption tax and environmental taxes have increased.

SECTION 6.0 OTHER SECTOR SPECIFIC POLICIES

6.1 STRATEGIES FOR NON-TRADITIONALS

St Lucia, as the case with other OECS and CARICOM countries, has sought to diversify its agricultural economy into producing a range of commodities targeted for the export market. Our review indicates that efforts are being made to develop the capacity to benefit fully from global trade, including the provision of the necessary infrastructural requirements. However, in order to benefit fully from these initiatives, St Lucia would need to hasten the pace of reform / restructuring especially with regards to legislative and administrative measures proposed in their policy document.

The domestic support required to improve the competitiveness of banana exports are in some aspects similar to those required for non-traditional commodities. These include packaging, grading and standardization as well as research and development. Also included under these measures, are modernization of legislation and protocols for full compliance. Food safety and quality issues in the global market are also important concerns for consumers in the domestic markets. This is particularly true in the case of imports of product substitutes which may increase due to ease of market access.

Non-traditional products that have the potential for improved competitiveness will require refocusing and strengthening of the supporting research and development support effort, and with more specificity. Further, handling facilities at sea and air ports as well as the transport infrastructure may demand conditions that are different from that required for bananas.

6.2 SPS AND OTHER REGULATORY MEASURES

The successful entry of non-traditional commodities in the global marketplace will depend on satisfying pre-determined market entry conditions. In the main, these relate to SPS, HACCP, labeling, grading/standardization and certification and full compliance with other market-entry requirements for products originating from St Lucia. Having satisfied these conditionalities, cost and price considerations become major imperatives.

Given the concerns highlighted earlier with regards to SPS and HACCP compliance and the critical role these play with market entry and access, a facilitative strategy should include clear identification of the lead role for the public sector. The review undertaken noted the availability of a wide body of information on these issues which exist in the public domain. Accordingly, St Lucia should attempt to accelerate the maintenance and enforcement of protocols for both imports and exports. The growing openness of the economy as well as positive developments in the tourism sector further underscores the critical importance of the support measures.

6.3 SCIENCE AND TECHNOLOGY / RESEARCH AND DEVELOPMENT

The policy objective is to facilitate the generation, adaptation and transfer of appropriate technology and aims at implementing a major project in technology transfer. The latter has as its objective, the development, acquisition and dissemination of appropriate technologies to enhance agricultural competitiveness. In pursuance of this objective, the principal policy instrument is the establishment of a *National Agricultural Research System* (NARS) to undertake the following activities⁶:

- (i) Conduct technology adoption studies
- (ii) Intensify the conduct of productivity studies
- (iii) Assess technology development and transfer initiatives being undertaken by various research institutions in the Region
- (iv) Train staff to identify, formulate and manage relevant agricultural technology development/transfer programmes
- (v) Provide equipment, laboratory facilities, and related supplies to upgrade the analytical and diagnostic capabilities of the NARS
- (vi) Facilitate linkages with other countries to promote access to technical and scientific information
- (vii) Provide necessary testing facilities for the maintenance of agricultural health systems
- (viii) Facilitate appropriate cost recovery for the provision of analytical and diagnostic services.

⁶ Agricultural Diversification Strategy. Ministry of Agriculture, Forestry and Fisheries. St Lucia. October 2000. pp. 17-18

The level and intensity of R&D as well as the levels of funding and infrastructure in the banana industry may offer valuable lessons in the new commodity areas which are required to become competitive.

Further, as we have already pointed out for other countries of the study, production technology is widely available in the public domain. Thus, we are in agreement with the policy decision to facilitate linkages with other countries to promote access to additional technical and scientific information. We agree that some research is also needed, but in the case of St Lucia, value-added commodities (those required for a strong agro-tourism and export sector) should be given high priority focus as the future of banana as a primary export commodity is already known – that for the other commodities have to be researched. We also highlight the need for emphasis on demand-oriented research if the country is to benefit from the challenges of competitiveness and globalization.

Given the limitations that exist in terms of human resources and scale opportunities for research, we propose that a clear determination on the S&T requirements be made. Further, for the commodities chosen, we ask ‘what are the S&T requirements to drive competitiveness given the globalization imperatives and the development initiatives planned for the country?’ Immediately, UWI and CARDI, two of the Region’s foremost regional institutions should be given the task to assist with providing the technological transformation that is required. Initiatives should also be pursued to obtain international developmental assistance.

Parallel to this effort, should be one of technological induction by invitation. As indicated, this suggestion is by no means new but should be intensified in terms of counterpart involvement and training to ensure rapid targeted technology transfer and diffusion. Further, we need to recognize the role of labour-replacing technology to improve productivity, efficiency and competitiveness in today’s increasingly globalized trading environment.

6.4 FISCAL MEASURES

According to the Fourth Schedule to the Customs Duties Act No. 23 of 1990, banana exports are subject to a 5% customs duty, however this tax is reportedly not applied. The country applies no other taxes or levies on exports and has not

made any notification to the WTO that it maintains any specific or direct export subsidies.

A GCT is applied on all goods, including imports. It is applied mostly to non-agricultural goods on an *ad valorem* basis. Rates vary between 0% and 45%. In the case of domestic goods, the tax is applied on the wholesale price; the point of application was scheduled for revision in 2001. An Excise Tax was introduced in 1999 to replace the consumption tax previously applied.

Maximum prices are set for a number of products. In most cases, wholesale prices are allowed a 10% or 15% markup on the calculated landed cost; some are allowed a 7.5% markup. Maximum retail prices are set at 10%, 15%, or 18% above the wholesale price. Products subject to price controls include flour, powdered milk, condensed and evaporated milk, packaged rice, baby foods, cereals, dried peas and beans, onions, potatoes, garlic, certain bread loaves, copra (for local consumption), refined sugar and brown sugar (price controls for copra may not be enforced)⁷.

We note that a GCT is applied, but the range of coverage remains ambiguous, especially for the category which includes value added agricultural commodities. To the extent that these are included in the range where GCT is applied, we must indicate that while increasing the border prices can serve to give domestic producers room to develop, it can also deliver the wrong message, leading to a *laissez faire* attitude especially in today's scenario where the imperatives of international competitiveness dominate. We also recognize that while the price control policy instruments seek to allow for a degree of affordability to consumers, they can serve to dampen domestic production initiatives if the margin is set too low.

6.5 AGRICULTURAL LAND ISSUES

The country's *National Land Policy* seeks to enhance the contribution of land resources to food security, employment and revenue generation. Further, responsible and sustainable land use patterns are to be encouraged and rehabilitation, restoration and management of degraded lands are to be pursued. In this regard, institutional strengthening is also proposed.

⁷ Trade Policy Review Body - Trade Policy Review - Saint Lucia - Report by the Secretariat 7/5/2001 http://www.wto.org/english/tratop_e/tp_r_e/tp_rep_e.htm

Specific policy measures are aimed at preservation of land use options, improvement of farming techniques to minimize degradation and preventing further alienation of prime agricultural lands. In this regard, some of the key instruments, measures and actions are listed in Box 6.1.

BOX 6.1

- 1 Promotion of integrated approaches to rural development, including new and creative initiatives in land reform.
- 2 Development of statutory, rural land zoning and coastal zone management plans.
- 3 Continued promotion and adoption of good agricultural practices.
- 4 Promotion of more intensive use of land where appropriate, through extension, market access and fiscal incentives.
- 5 Creation and management of buffer zones along river banks.
- 6 Provision of continued education and training of key groups of resource users, including farmers.
- 7 Rehabilitation of degraded agricultural lands.
- 8 Management of lands on the basis of land capability.
- 9 Facilitate access to credit, especially for low and middle income persons and households willing to establish or expand businesses in areas such as agriculture, tourism or manufacturing.
- 10 Establishment and management of marine reserves and fishing priority areas.
- 11 Provision of security of tenure for all established coastal aquaculture farms through the provisions of the Fisheries Act.

(Source: Policy options and direction. St Lucia National Land Policy. Green Paper. www.stlucia.gov.lc/docs/green_paper_draft_of_12_dec_2003.pdf)

From our review of the database, the approaches to land use listed are commendable since they include integrated approaches towards development, zoning and intensification in the use of existing lands while employing conservation measures. Initiatives are also to be undertaken to restore degraded lands as well as improve access through credit for those who wish to invest in agriculture. Legislation is to also be strengthened and excessive fragmentation discouraged.

The policy documents however, appears not to be explicit with respect to wider access to lands. If competitiveness is to be improved, what is clear is that greater and timely access to good quality land will be required, that is, lands served by basic amenities which include access roads, electricity, and water resources.

6.6 WATER / DRAINAGE AND IRRIGATION

The policy document states that water resource management would be accorded very high priority and rehabilitation works will be undertaken. Investment in drainage and irrigation infrastructure is to be encouraged through the passage of legislation to protect water rights and regulate water abstraction. A water quality-monitoring programme is planned. Water catchments are to be expanded and water conservation methods introduced.

Water remains a necessity towards developing a country's competitive agriculture. Water quality in terms of pollutants (bacterial, heavy metals, etc) can restrict and also lead to loss of market share. Year-round access to irrigable water is a prerequisite for increasing land productivity and retaining or penetrating new markets through guaranteed supplies. While the policies may be subject to multiple interpretations, timely initiation of a comprehensive water policy would surely improve the competitiveness of St Lucian agriculture.

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