

**THE CARICOM REGIONAL TRANSFORMATION
PROGRAMME FOR AGRICULTURE**

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A Review of Agricultural Policies:
**CASE STUDY OF ST. VINCENT AND THE
GRENADINES**

Report prepared for the CARICOM Secretariat

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GLOSSARY OF TERMS

CARDI	Caribbean Agricultural Research and Development Institute
CARICOM	Caribbean Community
CSME	CARICOM Single Market and Economy
EC	Eastern Caribbean
EU	European Union
FTAA	Free Trade Area of the Americas
GDP	Gross Domestic Product
MFN	Most Favoured Nation
NTB	Non-Tariff Barriers
OECS	Organization of Eastern Caribbean States
R&D	Research and Development
RTP	Regional Transformation Programme
S&T	Science and Technology
SPS	Sanitary and Phytosanitary
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 Vincent and the Grenadines. The focus of the study was on the appropriateness of the policy mix in facilitating transformation of the sector into one characterized by efficiency and competitiveness. The review was conducted within the context of the challenges confronting agriculture as a direct consequence of liberalization and globalization.

While the primary interest was on the commodities selected for the competitiveness study (hot pepper, sweet potato, coconut and small ruminant), the review was necessarily broader 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 could be learnt from such cases in terms of their relevance and effectiveness.

Sector Profile and Performance

St Vincent and the Grenadines is primarily an agricultural economy with the agricultural sector being the largest productive sector. Banana dominates the agricultural economy of the island, being a major agricultural GDP, employment, food security and rural livelihoods. The performance of the agricultural sector is directly linked to the economic fortunes of the banana industry. 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, banana production is being abandoned with many producers exiting the industry.

Structural changes in the economy during the 1990s sought to reduce the excessive dependence on agriculture by focusing developmental efforts on tourism and services. Notwithstanding, Agriculture today remains an area of prime economic activity. Employment in this sector accounted for 26.4% of total employment in 2003.

With respect to other industries, arrowroot, root crops, small ruminant and marine fishery all make significant contributions to economy, food security and employment. Root crop production includes sweet potatoes, yams, eddoes and dasheen. Other crops include plantain, vegetables and fruits.

In 2001, agriculture contributed approximately ECD 77.4 mn or 8.5% of the country's total GDP (ECD 912 mn). During that year, banana accounted for 2.3% of total GDP; *Other crops* and *livestock* contributed 3.8% and 0.6%, respectively.

Economy/Sector-Wide Policies

The various policy interventions over the past eight years include the *Agricultural Policy Framework: 1997 -2006*; The *OECS Medium Term Framework (2002)*; and the *National Economic Transformation Programme (2002)*. We now provide the key elements of these initiatives.

St Vincent's Agricultural Policy Framework for the period 1997–2006 was informed by the desire to promote diversification around bananas and at the same time facilitate modernization and transformation through technical innovations and improved services. The major components of the Framework were as follows:

- (i) Export development based on selected commodities including fisheries to generate higher levels of foreign exchange earnings
- (ii) Food and nutrition security through the production of selected commodities including fish and fish products

- (iii) Import substitution which involves production of special commodities for import replacement, saving foreign exchange, increasing linkages particularly the tourism sector, and development of export-based agro-industries
- (iv) Employment creation for the rural population with particular emphasis on the fisheries sub-sector.

In 2002, the OECS states formulated a strategy to strengthen economic cooperation and to achieve macro-economic stabilization while stimulating greater private sector activities and strengthening the human capital base. Within this context, St Vincent and the Grenadines developed its own policy framework. The major issues identified in the Framework were foreign exchange earnings, food and nutrition security, import replacement, rural employment creation and preservation of the environment. The policy framework also focused on the issue of land resource, improved marketing, development of agro-industry, physical infrastructure and modernization of legislation to address the problem of praedial larceny, squatting, and destruction of forested areas.

Commodity-Specific Policies

The policy framework identified specific commodities for attention. Bananas and arrowroot have remained the major focus under the traditional crops, with a development strategy aimed at increased production and enhanced value from new products, especially in the case of arrowroot. With respect to non traditional the emphasis is on plantains, peanuts, sorrel, ginger, breadfruit, hot peppers, cinnamon, mauby, chive and clove. Annual targets have been set in each case (see Table 4.1).

In addition to Papaya, a number of fruits have been targeted for expansion, viz, Julie Mangoes to 100 ha, avocados to 120 ha, passion fruit to 60 ha and Carambola to 40 ha. Strategies include the establishment of fruit crops as orchards

on medium to large holdings, border plantings on smaller holdings, agro-forestry, and the setting up of germplasm banks.

The policies for the RTP commodities, viz., sweet potato, hot pepper, papaya, and small ruminants were included within those for the non-trationals. Production targets were set for this group which includes about 60 ha of sweet potato, 200 ha of hot pepper and 200 ha of papaya. In the case of small ruminants, the plan calls for the distribution of improved genetic material, improved housing, pasture development, improved marketing strategies and upgrade of infrastructure. We note, however, that the policy document was silent with respect to coconut.

Sanitary and Phytosanitary Measures

An important component of trade policy is the SPS regulation and infrastructure. Although recognizing the importance of SPS and other regulations, St Vincent seems to be lacking in the provision of these as our research did not show any explicit initiatives.

Trade Policy

Currently, an agricultural tariff of 22% is imposed on imports from third countries. In addition, there is also a consumption duty and service charge applied on imports into the country. Further, import licenses are required for a number of agricultural products. While we recognize the need for revenue generation from these trade policy measures, we also wish to point out that undue levels of protection can run counter at preparing the country's agricultural sector in becoming competitive.

Conclusion

Our review of the Sectoral policies for agriculture in St Vincent and the Grenadines suggests the potential for provision of an enabling environment that could foster development of the relevant industries. Not only does the policy document identify the

policy areas but it also lists the specific mechanisms to be applied in each area. This level of focus and specificity is commendable. We note, however, that inadequate focus has been given to two key areas, S&T/R&D and physical infrastructure. Both areas of support for the sector are considered critical for enhancing competitiveness since they could facilitate a quantum shift in productivity and efficiency. We therefore recommend a well designed set of strategies to ensure access to high quality S&T/R&D and the development of the necessary physical infrastructure.

The identification of specific production targets that were time bound is commendable. However, the specific mechanisms for successfully achieving these must be articulated. We note that the policy document is generally short on commodity-specific policies except in the case of Banana. Such policies are necessary to complement the sector level policies in ensuring that factors unique to a specific industry are addressed. While we do not advocate this in all cases, it is certainly desirable for those industries that have been prioritized for transformation. In the present context this includes the RTP industries

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 Vincent and the Grenadines with a 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, sweet potato, coconut, and small ruminant), the review was necessarily broader 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 could be learnt from such cases in terms of their relevance and effectiveness

1.1 SECTOR PROFILE AND PERFORMANCE HIGHLIGHTS

St Vincent and the Grenadines is primarily an agricultural economy with the agricultural sector being the largest productive sector. Banana dominates the agricultural economy of the island, being a major agricultural GDP, employment, food security and rural livelihoods. The performance of the agricultural sector is directly linked to the economic fortunes of the banana industry. 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, banana production is being abandoned with many producers exiting the industry.

Structural changes in the economy during the 1990s sought to reduce the excessive dependence on agriculture by focusing developmental efforts on tourism and services. Notwithstanding, Agriculture today remains an area of prime economic activity. Employment in this sector accounted for 26.4% of total employment in 2003.

With respect to other industries, arrowroot, root crops, small ruminant and marine fishery all make significant contributions to economy, food security and employment. Root crop production includes sweet potatoes, yams, eddoes and dasheen. Other crops include plantain, vegetables and fruits.

In 2001, agriculture contributed approximately ECD 77.4 mn or 8.5% of the country's total GDP (ECD 912 mn). During that year, banana accounted for 2.3% of total GDP; *Other crops* and *livestock* contributed 3.8% and 0.6%, respectively. The contributions of the various sub-sectors to total GDP and other selected data for the period 1997 to 2001 are presented in Table 1.1.

Table 1.1: GDP and other Selected Statistical Data – St Vincent and the Grenadines

Sector / sub sector	1997	1998	1999	2000	2001
Primary sector (ECD mn)	69.6	80.5	80.8	84.2	79.2
<i>% of Total GDP</i>	8.4	9.1	8.8	8.1	8.5
Banana (ECD mn)	11.3	20.4	23.8	26.9	21.0
<i>% of Total GDP</i>	1.4	2.4	2.7	3.0	2.3
Other Crops (ECD mn)	32.9	34.0	34.8	34.2	34.5
<i>% of Total GDP</i>	4.1	4.0	3.9	3.8	3.8
Livestock (ECD mn)	5.3	5.5	5.6	5.7	5.8
<i>% of Total GDP</i>	0.7	0.6	0.6	0.6	0.6
Fishing (ECD mn)	13.1	13.5	9.5	10.4	10.8
<i>% of Total GDP</i>	1.6	1.6	1.1	1.1	1.2
Secondary Sector (ECD mn)	175	193	188	177	182
<i>% of Total GDP</i>	29.1	22.5	21.1	19.4	20.0
Tertiary Sector (ECD mn)	422	447	480	502	492
<i>% of Total GDP</i>	59.2	52.2	53.9	55.1	53.9
Tourism Expenditure (USD mn)	69	73	76	75	71
Other Indicators					
Banana Growers Association Price (ECD / lb)	0.58	0.65	0.63	0.55	0.55
<i>Annual Percentage Change in price (%)</i>	7.4	12.2	-3.5	-11.3	0.0

Data Source: IMF Country Report No. 02/25. Feb. 2002 <www.imf.org/external/pubs/ft/scr/2002/cr00225.pdf>

1.2 AGRICULTURAL TRADE

Agricultural exports in 2001 amounted to USD 21.5 mn, the main commodities being bananas accounting for USD 13.3 mn, eddoes USD 0.7 mn, dasheen USD 1.3 mn and plantains USD 0.5 mn (Table 1.2).

Banana export performance has been mixed, showing significant declines from 2001. Volumes increased from 31 thousand tonnes in 1997 to 42 thousand tonnes in 2000 but declined after to 33 thousand tonnes in 2001. Earnings over the 1997-2000 period peaked in 1998 at USD 20.6 mn but declined to USD 13.0 mn by 2001. On the contrary, the export performance of 'Other Agricultural Crops' almost double over the period from USD 2.3 mn in 1997 to USD 4.9 mn in 2001.

Table 1.2: Major Commodity Traded in St Vincent (2002)

Sector / sub sector	1997	1998	1999	2000	2001
Banana Volume Exported (Tonnes)	31,020	39,890	37,380	42,340	33,000
Banana Export Earnings (ECD 1,000)	37,100	55,530	51,430	51,690	36,000
Banana Export Earnings (USD 1,000)	13,741	20,567	19,048	19,144	13,333
Export ECD Earnings Annual Percentage Change (%)	-30.0	49.7	-7.4	0.5	-30.4
Other Selected Agricultural Exports					
Sweet Potatoes Value (USD mn)	0.5	0.7	0.7	0.6	0.7
(Volume (Tonnes))	1.0	1.5	1.6	1.8	1.4
Eddoes Value (USD mn)	0.9	1.0	0.9	1.1	0.8
(Volume (Tonnes))	1.5	1.6	1.4	1.6	1.3
Dasheen Value (USD mn)	0.7	0.9	1.0	1.3	1.3
(Volume (Tonnes))	1.2	1.5	1.6	2.6	2.0
Plantains Value (USD mn)	0.2	0.3	0.4	0.6	0.5
(Volume (Tonnes))	0.6	0.7	1.0	1.4	1.1
Other Agricultural crops Value (USD mn)	2.3	2.2	3.0	3.9	4.9

Data Source: IMF Country Report No. 02/25. Feb. 2002 <www.imf.org/external/pubs/ft/scr/2002/cr00225.pdf>

SECTION 2.0

REVIEW OF SECTORAL POLICIES

St Vincent and the Grenadines articulated various policy initiatives for agriculture in the 1990's in an attempt to reposition the sector with a more diversified structure. The objective was to reduce the excessive dependence on bananas as the country's major agricultural industry. However, the expected outcomes from diversification have not yet materialized. In this regard, it must be stressed that agricultural transformation is both a slow and challenging process.

The various policy interventions over the past eight years include the *Agricultural Policy Framework: 1997 -2006*; The *OECS Medium Term Framework (2002)*; and the *National Economic Transformation Programme (2002)*. We now provide the key elements of these initiatives.

2.1 AGRICULTURAL POLICY FRAMEWORK (1997–2006)

St Vincent's Agricultural Policy Framework for the period 1997–2006 was developed on the basis of the identified risks and uncertainties and excessive dependence on a single export commodity, that is, bananas. Accordingly, the policy framework was informed by the desire to promote agricultural diversification activities around bananas and at the same time facilitate modernization and transformation through technical innovations and improved services.

The major components of the Agricultural Policy Framework were articulated in the Strategic Plan for Agricultural Diversification and Development, 1997–2006. These were as follows:

- (i) Export development based on selected commodities including fisheries to generate higher levels of foreign exchange earnings
- (ii) Food and nutrition security through the production of selected commodities including fish and fish products. Affordable food prices, self-sufficiency and environmental sustainability

- (iii) Import substitution which involves production of special commodities for import replacement, saving foreign exchange, increasing linkages particularly the tourism sector, and development of export-based agro-industries
- (iv) Employment creation for the rural population with particular emphasis on the fisheries sub-sector. Protection and preservation of the environment

Within the above framework, some of the specific instruments identified to enhance efficiency, productivity and competitiveness are listed in the Table 2.1.

Table 2.1: Specific Agricultural Sector Policies Identified to Enhance Efficiency, Productivity and Competitiveness – St Vincent and the Grenadines

Policy Area	Policy Details
1. Land Reform	<ul style="list-style-type: none"> i. Distribution of 8000 acres ii. Farmer training and organization of farmers' groups iii. Promotion of new technologies
2. Land Use	<ul style="list-style-type: none"> i. Development of GIS database ii. Introduction of a system of land zoning iii. Programme to maintain feeder roads iv. Legislation to prevent lands from becoming idle lands v. Encourage the development of physical infrastructure
3. Marketing	<ul style="list-style-type: none"> i. Establishment of a one stop shop ii. Investments in export marketing infrastructure iii. Establishment of a system of packaging, grading, and standardization iv. Conduct market research

Table 2.1 (Continued)

Policy Area	Policy Details
4. Agro-Processing	Training of agro-processors to enhance quality and competitiveness
5. Food Security and Nutrition	i. Provision of rural infrastructure for the establishment of cottage industries ii. Conduct nutritional surveys iii. Promotion of local food consumption
6. Research and Development	Strengthen relationship with regional and international research institutions, e.g., FAO, CARDI, IICA, UWI. Special emphasis to support R&D programmes for diversification activities.
7. Legislation	Modernization of legislation (Special attention on squatting, praedial larceny, land use, destruction of forests, watershed management, commodity procurement procedures, national parks and beaches and fisheries)
8. Credit/Finance	Establishment of export insurance scheme Development of new lending schemes

Source: Strategic Plan for Agricultural Diversification and Development 1997-2006

2.2 THE OECS FRAMEWORK (2002)

In response to the challenges generally faced by the agricultural sector in the OECS territories, the OECS Secretariat formulated a Medium-Term Framework for the Sub Region in 2002. The key elements of the strategy included:

- (i) Enhancing economic cooperation and macro-economic stability
- (ii) Increasing private sector-led growth and diversification
- (iii) Developing human capital and reducing vulnerability

2.3 THE NATIONAL ECONOMIC TRANSFORMATION PROGRAMME (2002)

Within the context of the OECS Medium-Term Framework, the Government of St Vincent and the Grenadines developed its *National Economic Transformation Programme*, the key components of which were:

- (i) Improving access to export markets including strengthening of regional trade links
- (ii) Pursuing an aggressive export-oriented, private-sector-led development strategy

- (iii) Strengthening institutional capacity related to trade and development issues

Additionally, the need for capacity building, especially in the area of trade policy, was identified.

SECTION 3.0

COMMODITY SPECIFIC POLICIES: TRADITIONAL EXPORTS

We examine here the specific provisions for the traditional exports of St Vincent and the Grenadines, namely, banana and arrowroot.

3.1 BANANA

The banana industry has been and continues to be the leading sector in the agricultural economy of St. Vincent and the Grenadines. It is a major source of income and employment for the rural population and thus plays a vital role in food security, livelihoods and the social stability of rural communities.

Despite the declining earning capacity of the industry in recent years coupled the challenges and uncertainties in the market place, the Government of St Vincent and the Grenadines has indicated its commitment to ensuring the survival of the banana industry over the planned period (Strategic Plan for Agricultural Diversification and Development, May 1997–2006, p. 30). Technical and financial support from the European Commission were to be provided to reorganize and restructure all aspects of the industry in an attempt to make it more efficient and competitive (Ibid, p. 30). The principal elements of the restructuring initiatives were as follows:

- (i) Re-registration of all banana farmers and an effective reduction of acreage from 12,000 acres (4858 ha) to 8,500 acres (3441 ha) through the discontinuation of production on marginal lands
- (ii) The St Vincent Banana Growers' Association (SVBGA) to work with farmers to increase yields from 8 tonnes to 12 tonnes per hectare through the introduction of higher yielding tissue culture plantlets
- (iii) Procurement of high yielding tissue culture plantlets and major irrigation infrastructure works for 4000 acres (1667 hectares)

During the planned period (up to 2006), the Government also indicated its intent to support the banana industry through additional initiatives. These included the

development of farm programmes and farm models, strengthening the soils testing laboratory capability and the implementation of a farmers' training programme (ibid 31).

Declining banana production over the last eight years is reflected in lower export earnings and contribution to agricultural GDP. Although there is a decision to continue in banana production, the future of the industry still remains uncertain.

The diversification initiatives currently in place as part of the thrust have not yet generated significant benefits to reduce dependence on bananas. There have been calls however for new value added banana based activities which offer some potential benefits.

3.2 ARROWROOT

Arrowroot remains a significant economic interest to St Vincent and the Grenadines given its multiple uses and potential for value added. The country plans to continue with the programme of industry rehabilitation and the expansion of acreage from 419 acres (170 ha) to 1200 acres (486 ha). The Government also aims to increase productivity from 15,000 to 20,000 lbs per acre (16.8 tonnes per ha to 22.5 tonnes per ha) (ibid 31).

Specific measures for improving production and productivity of this industry include:

- (i) Research on multiplication of planting material for distribution to farmers
- (ii) Development of new varieties for testing and selection
- (iii) Mechanization of operations with respect to land preparation and harvesting
- (iv) Modernization of factories
- (v) Product development
- (vi) Restructuring and strengthening of the arrowroot industry association

Arrowroot and other major commodities with export potential have also performed reasonably well. However, we recommend re-evaluation and repositioning of new arrowroot-based value-added products based on market potential.

SECTION 4.0

COMMODITY SPECIFIC POLICIES: NON-TRADITIONAL AGRICULTURE

We consider here policy measure for those non-traditional commodities are of importance to the agricultural economy of St Vincent and the Grenadines, namely, root crops, vegetables and legumes, condiments, fruits, livestock and fisheries.

4.1 ROOT CROPS

Previous studies have shown that St Vincent has a comparative advantage in the production of root crops (Strategic Plan for Agricultural Diversification and Development, May 1997–2006, p. 32). In this regard, the plan targets the production of the following commodities with major cultivations of yams and eddoes (Ibid, p. 33):

- 500 acres of yams
- 500 acres of eddoes
- 200 acres of tannia
- 150 acres of sweet potatoes
- 60 acres of cassava

4.2 VEGETABLES/LEGUMES

The Strategic Plan outlined a programme to encourage domestic vegetable production with a focus on carrots, asparagus and broccoli for regional exports. The number of shade houses is to be increased from 7 to 50 to expand production of tomatoes, eggplant, sweet peppers, cucumbers, cantaloupe and lettuce. The total annual target for this cluster was projected at 620 acres (251 ha) with the largest acreages planned for carrots and asparagus. The planned support strategies include:

- Technical assistance from the Taiwanese Mission to transfer vegetable production technology.

- Training programmes for extension officers and farmers in the areas of business management, varietal selection, crop husbandry, postharvest technology, grading, packaging and product presentation.

4.3 OTHER FOOD CROPS AND CONDIMENTS

The Strategic Plan places emphasis on plantains, peanuts, sorrel, ginger, breadfruit, hot peppers, cinnamon, mauby, chive and clove. The annual targets are presented in Table 4.1.

Table 4.1: Planned Acreages to be Cultivated – Food Crops and Condiments

Crop	Acreage
Plantains	150
Peanuts	200
Sorrel	150
Ginger	80
Breadfruit	50
Hot peppers	500
Cinnamon	15
Onion	60
Nutmeg	10
Clove	10
Cocoa	20

Source: (Strategic Plan for Agricultural Diversification and Development, May 1997–2006., p.34)

4.4 FRUITS

A number of fruit crops have been targeted for expansion over the planned period. These include 250 acres of Julie Mangoes, 300 acres of avocados, 150 acres of passion fruit, 100 acres of Carambola and 500 acres of papaya.

Strategies include the establishment of fruit crops as orchards on medium to large holdings, border plantings on smaller holdings, agro-forestry, and the setting up of germplasm banks.

4.5 SMALL RUMINANTS

The strategic plan recognizes the potential of the livestock sub sector including its contribution to food security, self-sufficiency, rural employment, and poverty reduction (Strategic Plan for Agricultural Diversification and Development, May 1997–2006. p36). Accordingly, initiatives include the organization of the livestock sub-sector to provide linkages with tourism through the supply of good quality meats and meat products. Small ruminant production is an important economic activity in the country. Interventions for this industry include:

- (i) Continuation of the existing sire revolving programme with the aim of increasing carcass weight from 25 lbs to over 60 lbs. (11.36 kg to 27.27 kg)
- (ii) Low cost housing
- (iii) Fencing to secure animals
- (iv) Pasture development – 300 acres have been targeted for establishment with improved grasses and legumes

Given the growing market for blended fruit juices, this area represents another commercial diversification opportunity for St Vincent.

St Vincent has historically been a major trading partner with Trinidad and Tobago and it is likely that new market opportunities will be created under the CSME. Within this agreement, it is also likely that other market opportunities will be created in the rest of CARICOM which can provide further impetus to agricultural commodities originating from St Vincent. In the wider market, we do not foresee at this time any relaxation of SPS and other NTB's so that quality assurance and food safety requirements will remain in effect.

4.6 FISHERIES

The policy goals for the fisheries sub-sector are to increase its contribution to GDP from 2% to 10%. The measures proposed include (Ibid, pp 38-39):

- (i) Conservation and management of inshore species (conch and lobsters)
- (ii) Programmes of education, legislation and surveillance
- (iii) Establishment of fishing centres in rural communities
- (iv) Modernization of the industry through improved boat design, equipment and use of improved techniques

- (v) Establishment of a management plan for the seafood resources
- (vi) Full exploitation of fishing resources making use of external investments, joint ventures, licensing of fishing fleet, and fishing agreements with OECS and CARICOM
- (vii) Linking commercial fishing with marine recreational activities

With regard to fishery activities, St Vincent is a major fishing centre in the Eastern Caribbean and its boundaries adjoin other CARICOM countries. Should the Regional initiative in CARICOM fisheries become a reality, this could help to promote further development of the industry.

SECTION 5.0 MARKETING & TRADE POLICIES

5.1 MARKETING AND TRADE FACILITATION

A number of marketing and trade facilitation initiatives are planned for implementation to support the agricultural sector. These include development of new marketing models, collaboration with regional marketing organizations, development of a market information and intelligence system, export promotion activities and market facilitation services.

The policies outlined above, once implemented will serve to improve competitiveness in the non-traditional sector and are likely to stimulate new investments in agriculture. It is important to note however that should activity increase, a commensurate increase in freight space will be required. In this regard, storage conditions at ports as well as on freighters must be optimum for the type of fresh produce. Timeliness of shipment is foremost and cost-effective freight rates would have to be negotiated in order to compete effectively with countries such as Brazil, Dominican Republic and Costa Rica. It is important to note that while many Caribbean exporters use air freight for timely shipment, countries such as Brazil use sea freight for cost effectiveness.

5.2 TARIFFS

Average tariff and tariff range: The simple average MFN tariff was 10.9% in 2000. When the custom service charge is applied, this rate increases to 14.9%. For agricultural products, the average tariff is 22% for agricultural goods and 13.6% for non-agricultural products.

Duty-free treatment is accorded to less than 10% of the tariff lines for MFN imports and is still subject to the customs service charge, that is, the minimum import duty practically applied is 4%. Almost one third of the tariff lines on agricultural products are subject to a rate of 40%.

Tariff preferences: Duty-free access is granted to imports from other CARICOM countries provided they meet the CARICOM rules of origin criteria.

Other levies and charges: A consumption duty is levied on a wide range of domestically produced goods as well as imports.

5.3 IMPORT RESTRICTIONS AND LICENSING

Some restrictions apply to the export of a number of products. Temporary bans apply for the exportation of lobster and certain other fishery products during closed seasons. Import licenses are required for the importation of a number of agricultural products.

The St. Vincent Banana Growers Association is the only authorized exporter of banana. The Association approves and grants licenses for all banana boxing operations. It requires all exportable fruits are to be grown, harvested and handled in an approved manner. The Association is exempted from the 4% custom service charge on imports.

SECTION 6.0 OTHER SECTOR-SPECIFIC POLICIES

6.1 SPS AND OTHER REGULATORY MECHANISMS

Commodity standards and SPS measures are important preconditions for market entry under the current WTO regime and these are expected to intensify in both the next round as well as the FTAA negotiations as countries seek to protect their borders, including the health and welfare of consumers. The policies do not include any specific measures to enhance SPS and food safety. The supporting infrastructure (laboratory facilities and trained personnel) to ensure quality assurance must be in place to guarantee access to extra-regional markets and/or the maintenance of market share as well as for border control with respect to disease and invasive species.

6.2 SCIENCE & TECHNOLOGY/RESEARCH & DEVELOPMENT

The Science and Technology policy and plans outlined in the Strategic Plan (1997–2006) include:

- (i) The establishment of a task force to deal with issues related to R&D capability
- (ii) Setting of research priorities
- (iii) Upgrading of research facilities
- (iv) Provision of high quality planting material and the enhancement of animal breeding stock
- (v) The establishment of a tissue culture facility

6.3 FISCAL MEASURES AND PRICE CONTROLS

The St Vincent Marketing Corporation provides support to farmers; other support services are also provided by the Ministry of Agriculture. Income from farming is exempt from income tax and a 75% import duty relief is granted on Pick-Up Trucks.

There exists a list of about 100 items under price control. These include certain basic food items such as milk, flour, rice and sugar. The prices are controlled through the establishment of a fixed mark-up scheme for wholesalers and/or retailers. In the case of rice and flour however, maximum wholesale and retail prices are set.

6.4 EXTENSION AND TRAINING/TECHNOLOGY TRANSFER

The plan proposes a number of interventions to enhance the quality of extension services. It includes support on a commodity basis, the training of farmers on new technological packages, post harvest practices and marketing.

6.5 AGRICULTURAL LAND ISSUES

A land reform programme has already commenced in the country with the distribution of 8000 acres of state land (3239 ha). The programme also seeks to focus on farmer training and new farm models and appropriate technologies are to be developed. Legislation is also to be developed to prevent parcelization while at the same time encouraging consolidation of holdings.

A system of land zoning is planned, targeting certain crops for specific areas. An estimated 11,500 acres (4656 ha) of former banana lands will be earmarked for diversification. Specific mechanisms being initiated include access to land and land tenure system, expansion of the available agricultural lands and land zoning.

6.6 PHYSICAL INFRASTRUCTURE

The policy seeks to develop and improve access roads to farms, upgrade market infrastructure, develop drainage and irrigation systems and encourage private sector investment in developing packing houses. Further initiatives include increased investment in sea and air transport and development of port infrastructural facilities.

6.7 INSTITUTIONS

Institutional support is an important component in the policy mix to improve competitiveness of the sector. The policy measures identified for St Vincent include institutional strengthening of finance, credit and farmer support organizations including cooperatives and other forms of partnerships. In addition, they include the establishment of a One Stop Shop facility accommodating Export Credit Insurance, Custom and Excise and other institutions.

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