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PROBLEMS AND PROGRESS IN MARKETING FRUITS AND VEGETABLES IN THE EASTERN CARIBBEAN REGION

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Within the past ten (10) years the marketing of non-traditional food crops such as fruits and vegetables have taken on new meaning and a renewed sense of urgency. With ever increasing population growth rates in the Eastern Caribbean among the English speaking population and a more than proportionate increase in demand for imported foods, the Eastern Caribbean islands have become an area where per capita consumption of imported foods are among the highest in the world.

Broadly speaking the Eastern Caribbean area can be divided into two groups (1) The affluent and import oriented and (2) The less affluent with a potential to produce and export.

Group I

Trinidad & Tobago
Barbados
Martinique
Guadeloupe
Antigua

Group II

Grenada
St. Vincent
St. Lucia
Dominica
Montserrat
St. Kitts/Nevis

Although this clear division exists, no regional programme has been enunciated or a strategy designed to take advantage of the market opportunities, in Group I and relate these to the natural comparative advantages of agricultural production, producers skills, and land capabilities evident in the countries listed as Group II.

Countries

Grenada

Natural Advantage in Products

Fruit Production - Mangoes

Sour sop, Sapodillas, avocado, golden apples, limes, pineapples, custard apples, sugar apples.

Root Crops & Vegetables - Lettuce, eggplant, beans, plantains, pigeon peas, sweet corn.

St. Vincent

Fruit Production - Mangoes, avocado, citrus

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Table 1.--Evolution of population in selected Eastern Caribbean Islands (000 inhabitants)

	1970	1975	1980 ^{1/}	1985 ^{1/}	1990 ^{2/}	Ac. Annual Growth Rate
A. Major markets						
Trinidad and Tobago	931	989	1,074	1,161	1,255	1.44
Barbados	240	245	285	343	414	1.73
Martinique	350	328	308	290	274	(-1.27)
Guadeloupe	325	324	319	306	295	(-0.19)
Total:	1,846	1,886	1,986	2,100	2,237	0.7
B. Lesser markets						
Grenada	94	96	116	146	184	2.13
St. Vincent	88	97	110	124	139	2.26
St. Lucia	100	108	120	130	140	1.84
Dominica	67	74	81	90	99	1.92
Antigua	66	71	75	80	85	1.29
St. Kitts/Nevis	45	45	44	44	43	(-0.22)
Montserrat	11	13	15	17	19	3.15
Total:	417	504	561	631	709	1.76
Totals A&B:	2,317	2,390	2,547	2,731	2,946	0.95

Source: based on official statistics up to 1980.

^{1/} Preliminary

^{2/} Tendencial extrapolations (prelim.)

<u>St. Vincent</u> (Cont.)	<u>Root Crops & Vegetables</u> - Carrots, sweet potatoes, fresh ginger, dasheen, yams, eschallot, plantains, arrow-root, tannias. <u>Pulses</u> - peanuts, pigeon peas.
<u>St. Lucia</u>	<u>Fruit Production</u> - Mangoes. Avocado. <u>Root Crops & Vegetables</u> - Cabbages carrots, beans, plantains, fresh ginger, dasheen.
<u>Dominica</u>	<u>Fruit Production</u> - Citrus - oranges, grapefruits, avocado, coconuts. <u>Root Crops & Vegetables</u> - hot peppers, plantains, tannias.
<u>Montserrat</u>	<u>Fruit Production</u> - Pineapples, avocado, limes. <u>Root Crops & Vegetables</u> - Tomatoes, carrots, string beans, sweet potatoes.
<u>St. Kitts/Nevis</u>	<u>Fruit Production</u> - Coconuts, <u>Root Crops & Vegetables</u> - Onions. <u>Pulses</u> - Peanuts.

If we were to take the above information and assemble it on a table for a strategic planning exercise, the following would be revealed as at August, 1982.

Market Position	Exotic Fruits	Root Crops	Vegetables	Citrus	Pulses
Dominant	Grenada	St. Vincent	Montserrat		
Strong			St. Vincent	St. Vincent, Dominica	St. Kitts, St. Vincent
Favourable	St. Vincent	Montserrat	Grenada		
Tenable	St. Lucia, Montserrat	St. Lucia	St. Lucia	St. Vincent	
Weak	St. Kitts	Grenada, St. Kitts	Dominica		

Further, that the market opportunities when related to the state of the market for these agricultural produce will show:

Market Position	Production Life Cycle			
	Embryonic	Growth	Mature	Aging
Dominant	Grenada (Exotic Fruits)		St. Vincent (root crops)	
Strong	St. Vincent (Vegetables)	St. Vincent & (2) Dominica, St. Kitts (citrus & pulses)		
Favourable	(1) Grenada (2) St. Vincent (Vegetables) (Exotics)		Montserrat (root crops)	
Tenable	(1) St. Lucia (2) Montserrat (exotic fruits & vegetables)	St. Vincent (citrus)	St. Lucia (root crop)	
Weak	(1) St. Kitts (exotic fruits) (2) Dominica (vegetables)		Grenada (root crops)	

The Life Cycle of fruits and vegetables for which Eastern Caribbean countries have natural advantages seems encouraging. Based on our existing eating habits, consumers' expectations and increasing standards of living, product groups such as (1) Exotic fruits and vegetables are in the Embryonic stage. Their full potential has not yet been tapped and marketing systems not yet designed to take advantage of potential demand.

Citrus and pulses have been identified in the Growth stage of the cycle. In two Caricom member countries, Jamaica and Trinidad and Tobago, the demand for peas and pulses are in excess of 130 million pounds (lbs) per annum. Although Citrus has embraced agri-industrial development, regional production for fresh citrus is below demand and industrial demand is met by importation.

Root crops production and consumption, are at the Mature stage of the cycle since root crops are one of our principal sources of energy. Yet in marketing, terms root crops have not been fully exploited to meet the ever increasing demand for regional sources of carbohydrates. Distribution and presentation strategies could be worked out to push

Table 2.--Imports of perishable crops by major East Caribbean islands (000 Mt)

	Total Imports			Imports From Windward/Leeward			1977/79 Average (B/A)x100
	1977	1978	1979	1977	1978	1979	
<u>Trinidad & Tobago</u>							
Fruits	1,754	2,144	2,208	442	576	1,525	41.6
Vegetables & Root Crops	9,085	16,541	17,038	2,723	5,481	4,188	29.0
Total	10,839	18,685	19,246	3,165	6,057	5,713	30.6
<u>Barbados</u>							
Fruits	4,506 ^{1/}	1,660	7,351	2,151	2,514	2,444	52.6
Vegetables & Root Crops	10,352	10,564	9,139	242	250	108	1.7
Total	14,858	12,224	16,490	2,393	2,764	2,552	17.5
<u>Martinique^{1/}</u>							
Fruits	829	1,048	1,329	13	15	22	1.6
Vegetables & Root Crops	2,323	2,871	3,545	111	1	1	0.03
Total	3,152	3,919	4,874	14	16	23	0.4
<u>Guadeloupe^{1/}</u>							
Fruits	2,640	3,307	3,848	1,144	1,662	2,039	49.5
Vegetables & Root Crops	12,357	14,997	18,165	177	251	313	1.6
Total	14,997	18,304	22,013	1,321	1,913	2,352	10.1
<u>Totals</u>							
Fruits	9,729	8,159	14,736	3,750	4,767	6,039	44.61
Vegetables & Root Crops	34,117	44,955	47,887	3,143	5,983	4,610	10.82
Total	43,846	53,114	62,623	6,893	10,750	10,649	17.73

Source: Based on national import statistics.

^{1/} Preliminary figures.

Markets and Marketing Development

Within both the domestic and regional export markets, developments are taking place which have established and strengthened existing marketing systems. These have ranged from the Agricultural Marketing Protocol (AMP) of the Caribbean Community, the Guaranteed Market Scheme, The Caribbean Agricultural Trading Company, (CATCO), The Caribbean Agricultural Research Development and Training Service (CARDTS), to Farmers Associations, Small Private Traders and Government Marketing Boards. Let us examine their problems and progress.

1. The Agricultural Marketing Protocol

This Protocol was initiated and designed to give regional farmers the opportunity to contribute towards feeding the people and making the region self-sufficient in certain food crops, fruits and livestock. Twenty-two items were selected. Trade was to take place against a background of declared surplus and deficits, while prices were based on cost of production and goods traded Free-on-board (f.o.b.).

For the early years the protocol generated enthusiasm among our small farmers and trade in selected crops grew, reaching a peak in 1976, both in volume and value. Private and public sector involvement grew both in domestic and export trade. Increase production and availability of new crops created a new demand among the native populations for crops such as fresh carrots, sweet peppers, tomatoes, string beans, etc., which were first seen as middle class and tourist foods. Today these crops have become staples and have contributed to regional nutrition.

On the other hand, a number of problems have surfaced. No comprehensive marketing system was designed to deal with Regional trade. Instead new wine was poured into old wine skins. It was stated that the existing Government Marketing Boards should be the vehicle to push trade and development. But Marketing Boards were imported British Institutions which were not designed to meet the needs of the Caribbean environment. Moreover no attempt was made to redesign them to fit into the Caribbean environment. The result is the creation of alien institutions sited in each Caricom member country which are carbon copies of the British Potato Board and the British Egg Marketing Board.

There are some regional experts who feel that the causes for the low levels of performance of trade under the Agricultural Marketing Protocol are due to:

- (a) unscheduled and inadequate shipping;
- (b) low grades and standards;
- (c) lack of market intelligence;
- (d) lack of support at Marketing Board level due to minimum infrastructure;
- (e) the existing price mechanism.

While these are contributory factors, the problems are much deeper. At the heart of the problem is the deep philosophical belief that the

market place and private sector interests cannot adequately serve the needs of small farmers. So the political directors found it convenient to support marketing Boards with irrelevant ordinances because they are thoughts of as good national symbols.

Another major flaw was the AMP list of products. The recommended list, in my view, was an attempt by the Region's technicians to direct Regional Consumers to eat non-traditional foods. When we examine the agreed list of ten fruits and vegetables only onions and pineapples were not exclusive tourist and middle class purchased products. (and pineapple is questionable). It means that the needs and eating habits of the masses were ignored. So Regional Marketing Boards had to promote foods to a small group while the mass market was left to the small private sector operators--higglers and hucksters.

Mass consumed foods such as yams, tannias, dasheen, eddoes, eschallot were all left out. Our fruits--mangoes, soursop, tamarind, were ignored. All these crops were grown by small farmers who have had generations of experience in developing skills. We only have to visit and observe what goes on at the Careenage in Grenada, on Tuesdays, the docks in St. Vincent on Tuesdays and Wednesdays, the Careenage in Barbados on Thursdays and Fridays and the Carifta Wharf in Trinidad on Wednesdays and Thursdays, the C.M.C. wharf in Antigua on Thursdays and Fridays to see what the Regional Traders and Consumers think of the AMP list.

Lastly, the Pricing System - The AMP pricing system is based on a cost plus formula, with no attention being given to the Market Place. This unrealistic system prevents the Marketing Boards from competing with the private hucksters. The result is that farmers sell to the Marketing Boards (the official trader under the AMP) only in times of glut. This pricing mechanism needs to be reorganized, so that farmers and export prices can relate more to market prices.

2. The Guaranteed Market Scheme

Being aware of certain weaknesses in the AMP, the inequalities in economic opportunity and the accompanying unfair competition for industrial development, regional Heads of Government agreed in 1973 to this instrument. It sought to give an added incentive to production in the Lesser Developed Countries in Caricom. It gave the L.D.C.'s priority in having selected products allocated to markets in the More Developed Countries. Under this arrangement the M.D.C.'s were to buy specific quantities of products at pre-arranged prices, which were the same as A.M.P. fixed prices. As an incentive L.D.C.'s were allowed an automatic increase in volume of 10 per cent if the previous years targets were reached.

G.M.S. trade prospered but at the expense of A.M.P. trade. Of four M.D.C.'s Trinidad and Tobago and Barbados increased trade with L.D.C. countries and there was a marked decline in extra-regional imports. Today Trinidad and Tobago accounts for over 50 per cent of all AMP and GMS trade while Barbados takes up about 36 per cent.

To make the G.M.S. more meaningful and relevant to the development of the Lesser developed countries the instrument should be reviewed. The original objective was to aid agricultural development in the L.D.C.'s by allowing these countries access to a percentage of M.D.C. markets for specific products.

Now let us examine this proposition:

Table 4.--G.M.S. allocation to Barbados

Supplying LDC	Product	Month	Allocation Year
Dominica	Plantains	20,000 lbs	240,000 lbs
Dominica	Oranges (No)	250,000 lbs	3,000,000 lbs
St. Lucia	Plantains	10,000 lbs	120,000 lbs
St. Vincent	Plantains	15,000 lbs	180,000 lbs
Grenada	Spices	not specified	

If a member LDC, say Dominica, cannot meet the monthly requirement of plantains on account of some act of God or man, the difference or shortfall should be re-allocated to another LDC with a surplus over and above its allocation. This will, in addition to being an incentive to LDC member countries, help to keep the importing market supplied and afford consumer stable prices.

3. The Caribbean Agricultural Trading Company Ltd.

This could be the most existing development in agricultural marketing in the Caribbean since the Regional integration movement was launched. If allowed to execute its mandate, CATCO could make regional trade meaningful by incorporating the skills and abilities and resources of the Private Sector in agricultural marketing.

The main fear (in my view) stems from a lack of understanding at the state level of the true potential of CATCO. Its success will aid rather than hinder. There needs to be set out a clear strategy to deal with domestic trade, (in each member country), inter-regional trade, and extra regional trade in the Food crop sector. Also the roles and opportunities available to the individual Marketing Boards, the small private operator - Hucksters and CATCO. Care must be taken to establish relationships and determine how regional support systems and services will benefit the various sectors.

4. CARDATS

This is a multidisciplinary task force financed initially by the United Nations Development Program and executed jointly by Caricom

and U.N. Food and Agriculture Organization with special responsibility to service small farmers in the Lesser Development Countries of Caricom.

The Cardats approach is to offer a package of services from farm planning, agronomy and engineering to marketing. Because most of CARDATS energies were directed at vegetable production, assistance was given by its Marketing experts to individual government marketing agencies in fields such as market research and planning, advising on marketing systems to the organizing of domestic and export markets for project farmers crops.

Cardats should broaden its role by designing and proposing specific marketing plans to aid LDC countries especially in their relationships with the M.D.C.'s.

5. Farmers Associations

Farmers Associations are established organizations in the coconut and banana industries but are new to fruit and vegetable growers. Attempts are now being made to organize these farmers into groups favourable to their own environment and extend to them help so that they can become involved not only in production but also in marketing.

In the second phase of the Cardats project, emphasis is being placed on these groups and the hoped is that they will help give new meaning to farmers involvement in production and marketing.

6. Inter Island Private Traders

Traditionally the trade in fresh fruits, vegetables and root crops has been in the hands of small traders, and are the main competitors of the Government owned Marketing Boards. Taking Dominica, St. Vincent and St. Lucia as examples, it has been established that hucksters export about 23 times the quantities of trade landed by those Marketing Boards, during the 1978/80 period.^{2/}

In Grenada over 95 per cent of export of fruits to Trinidad and Tobago is done by hucksters. St. Vincent is the only exception, where a percentage of regional trade is done by the Marketing Board.

It is estimated that total quantities of perishable crops handled by hucksters in the Eastern Caribbean is between 10,000 M.T. and 11,000 M.T. per year, and by Marketing Boards 3,000 M.T. to 4,000 M.T. This shows that hucksters dominate inter-island trade by handling over 70% of it, valued at about US\$4 million, against Marketing Board US\$1.45 million.

^{2/} Cardats, V.B. Mannerelli, Improvement for the huckster trade in Dominica (June 1981).

Hucksters with little or no help from regional governments and institutions are keeping agriculture alive. They suffer heavy losses from pilfering, poor packaging, low grades, bad handling, dehydration, spoilage and the inability of LIAT to transport them on time to the chief markets of Trinidad and Tobago, Barbados, Martinique, Guadeloupe and Antigua.

Yet the personal motivation and profit motive have kept these Caribbean heroes in business. Hucksters losses are high. Decay losses on fruits fluctuate between 25% and 35%, in root crops 33% and 36% and vegetables 25% and 46%. Taking into account volumes handled by hucksters total decay losses are estimated between US\$800,000 and US\$1.2 million annually.

It is time some programme is initiated to help these traders. There is need for governments to instruct Marketing Boards to support private traders' efforts by measures such as bulk purchasing of crates, sacks, etc., and on - sell to traders. Design regulations on export standards such as simple treatment of root crops, (dip in Ben Late) standardization of crates or recommended maximum sizes. Organize training programmes for captains and ship's crew on handling of perishables, etc. Possibly, Caricom Secretariat and the Caribbean Development Bank can examine the feasibility of developing Carracom, where boat building skills exist to become the Region's builder of small boats geared to inter-island trade.

7. Government Marketing Boards

Most Marketing Boards are subsidized or are being run at a loss. They have become the recipients of public funds.

In some case, non-agricultural trading activities have been added as Profit Centres, but these in no way have improved their economic performance. In spite of higher marketing margins Marketing Boards have not been able to prove more efficient than hucksters.

Main Problems of Marketing Boards

It is my feeling that the internal and external environments within which a business will operate must determine the approach, strategy, role, investment portfolio and management, etc., of that enterprise.

Marketing Boards were introduced into the English Speaking Caribbean after the Second World War. Unfortunately no attempt was made to relate their objectives, functions, management, etc., to the specific needs and environment within which they were to operate. If you read the statue of one, you read all, and they are carbon copies of agricultural Boards in England.

Many studies and reviews have been done on Regional Marketing Boards and most of the problems identified in the past remain true today. They can be summarized as follows:

Table 5.--Fruit export margins and costs by a Marketing Board and hucksters - 1981^{1/}

Item	Marketing Board	Hucksters	Marketing Board
	Costs & Margins	Cost & Margins	Difference
	%	%	%
1. F.O.B. export price	<u>100</u>	<u>100</u>	-
2. Producers share	37.3	65.3	-28.0
3. Marketing costs			
3.1 Agents commission	1.1	-	+ 1.1
3.2 Local transport	2.6	3.2	- 0.6
3.3 Packaging material	11.6	1.2	+10.4
3.4 Produce losses (decay)	<u>8.2</u>	<u>13.7</u>	- 5.5
Sum (3.1 - 3.4)	23.5	18.1	+ 5.4
4. Traders margin ^{3/}	<u>39.2</u>	<u>16.6</u>	+22.6

Source: V.B. Mannerelli Final Report Cardats July 1981.

1. low volume of operations, which has not allowed the attainment of a break-even cost income level;
2. inadequate and insufficient installations and equipment to carry out an adequate volume of operations efficiently, which has been worsened by damage of the last hurricane (1980).
3. lack of clear policy directions and orientations regarding role in relation to the development of a competitive and efficient food crop marketing system, which should include the private sector;
4. irregular supplies of produce, on a seasonal basis;
5. lack of purchasing and seeking policies and inadequate marketing strategy;
6. members of the Board of Directors have little or no expertise and qualifications to monitor Food Marketing Boards;
7. unskilled management staff and underqualified personnel in relevant skills such as operational planning, economic evaluation and cost accounting;
8. excessive political interference in the activities and day to day operations of the Boards, which in most cases were not based on sound market intelligence and evaluation;

9. the Boards have often been called to perform or expand many of their already broad duties without provision of the financial, infrastructure and staffing resources required nor of the viability of the same;
10. lack of periodic evaluation of the Boards' performances, particularly regarding marketing operations and management efficiency, according to pre-established objectives and budgets;
11. deficiencies in some of the marketing techniques applied by untrained personnel, particularly regarding produce handling, grading, packaging, labelling and pricing;
12. lack of domestic and foreign market intelligence services and periodic up-dating of the same, in order to adequately phase out produce supplies, and to organize purchasing schedules in different production areas;
13. export losses which are due to poor product preparation, corrupt import practices, inadequate trading and pricing arrangements, shifting freight costs changes and recurrent financial difficulties because of badly projected cash flow requirements; and
14. problems in the production on supply side because of weather conditions, and the lack of adequate technical advice and credit facilities, both for production and associated marketing activities by farmers.

Conclusion

As we examine progress and problems the point is made that the most progressive force in the marketing chain is overlooked. I speak of the small private sector operator, known to us as huckster, higgler or trafficker. If 10% of the resources channelled to Government Marketing Boards by donor agencies regional governments, etc. were to be made available to the private sector, agricultural marketing would have new meaning.

In a recent marketing study undertaken by Cardats in Grenada, these operators listed their four pressing problems as:

1. Pilfering (at the Carenage, on vessels, on docks in Trinidad and Tobago).
2. Poor crates and boxes.
3. Purchasing, grading and packaging done in the sun.
4. Bad roads.

The costs involved to assist these private sector operators and to service small farmers in the export oriented producing countries have been estimated as follows:

Table 6.--Indicative profile of marketing infrastructure required for perishable crops in the LDC's of the East Caribbean (1980/85)

Countries	Packaging Sheds		Cold Storage		Dry Storage		Total Investment
	No.	Invest-ments	No.	Invest-ments	No.	Invest-ment	
	(000 US\$)		(000 US\$)		(000 US\$)		(000 US\$)
Grenada	2	90	2	52	2	39	181
St. Vincent	1	23	1	17	1	13	53
St. Lucia	1	45	1	26	1	20	91
Dominica	2	68	2	44	2	32	144
Antigua	1	23	1	26	1	13	62
St. Kitts/Nevis	2	46	11	34	2	26	106
Montserrat	1	23	1	17	1	13	53
Total	10	318	10	216	10	156	690
Barbados	4	200	1	90	-	-	290
Grand Total	14	518	11	306	10	156	980

When we relate projected total capital expenditure for the whole area at US\$980,000 against annual losses by hucksters of between US\$800,000 and US\$1.2 million, there seems to be little doubt that such investments are necessary.

Before closing I should like to pay tribute to the bold steps being made here in Barbados to grapple with its agricultural marketing problems. Only time will tell how successful the initiative will be. The strategy is centered around reorganizing the Government Marketing Corporation and restructuring its management and functions so that the new role is Regulatory and Service oriented. At the same time the Private Sector has become involved in Food Crop Marketing with the support of government and cooperation of the Marketing Corporation. The success of the Barbados model will be good for the Region since we will have a Caribbean initiated, developed and tested marketing strategy which could with modifications be repeated in the Region.

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