

Dominica, Grenada, and the NTAE Imperative

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ABSTRACT

The trend toward increasing production for export of non-traditional agricultural goods has accelerated in each of the major regions of the developing world. In the Caribbean, as has been the case throughout its history, external forces are shaping this transition. The European Union's Single Market and the creation of NAFTA conspire to diminish security offered by traditional export crops while structural adjustment programs promote production for export at a time when the social services safety networks offered by public sectors experience reduced expenditure levels.

This research focuses on the efforts of two small eastern Caribbean island nations, Dominica and Grenada, to diversify their agricultural export profiles in an era of increasing competition among many developing countries producing a similar range of goods. Utilizing interviews, document reviews, secondary sources, data from recent agricultural censuses, and personal observations in the field, the paper considers the challenges facing the two nations. It identifies various aspects of NTAE (non-traditional agricultural exports) processes that must be addressed if successful implementation of diversification programs is to occur. Internal and exogenous factors having impacts upon the programs are reviewed. The paper's conclusion contemplates possible outcomes of these efforts and the appropriateness of the NTAE model for the two countries involved.

INTRODUCTION

The trend toward increased production of NTAEs has accelerated in several major developing world regions. In the insular Caribbean, external forces motivate and shape this transition. This is nothing new there; rather, as Richardson (1992) eloquently informs us, it has been the case throughout the region's history. What differs from that past is the specific nature of those exogenous influences. Today, the European Union's (EU) Single European Market (SEM) and the North American Free Trade Association (NAFTA) diminish the security of traditional exports like sugar or bananas while structural adjustment programs promote production for export during a period when public sector social services networks experience reduced expenditure levels.

Analyzing the latest version of North/South relationships, this paper focuses on the efforts of Dominica and Grenada, two countries in the eastern Caribbean, to diversify export profiles at a time of increasing competition among many lesser-developed countries (LDCs) producing a similar array of tropical goods. Each has fewer than 100,000 residents, qualifying them as mini-states unable to exert influence on world trade or commodity prices. Such tiny populations, though, render their employment creation needs more modest. Utilizing information from interviews, document reviews, and personal observations in the field, the paper first considers the situations facing the two nations' traditional export industries. After a review of issues related to NTAE processes, it identifies challenges inherent in the implementation of successful diversification programs and examines the two countries' agricultural diversification projects. In its conclusion, the paper offers an alternative strategy and evaluates the appropriateness of the NTAE model in such small settings. [end p. 77]

THE PROBLEMATIC TRADITIONALS

Reliance on a narrow range of export commodities characterized most colonial economies, increasing their

vulnerability to cyclical fluctuations and declining terms of trade that undermined development efforts. The landscapes of many Caribbean islands were transformed into sugar or other monocultures during the colonial period, exhibiting a high degree of specialization and creating the cultural assemblages of contemporary Caribbean societies. While Dominica and Grenada were not sugar islands, they otherwise conformed to this model. Both continue neocolonial associations with the United Kingdom (UK), relationships institutionalized in the Lomé IV Convention (see reference ACP-EEC 1989) that offers preferential market access to 70 former colonies of EU members for a variety of tropical agricultural and other primary sector goods.

Bananas

Dominica's agriculture has been dominated by a series of major export crops since the 1700s.¹ During the second decade of the 20th century, the island was the world's leading exporter of limes until declining prices and markets in the late 1920s and 1930s impelled the colonial government to seek a new principal export. The Moyne Commission sent to the eastern Caribbean by the UK in 1938 made several far-sighted recommendations for agrarian reform which, though not implemented at the time, are reflected in more recent development programs. These recommendations emphasized mixed farming over export-oriented monocultures (Brierley 1995). The Commission's more immediate impact was to solidify a trend toward peasant agriculture; since the 1940s, the region has countered the global tendency toward larger landholdings. Many large estates were divided into the smallholdings that form the basis of today's peasant agricultural sector (Brierley 1995).

In the 1950s, bananas became the latest export crop to dominate the Dominican economy. Banana cultivation in Dominica, as elsewhere in the region, differs from the large-scale plantation system found in Latin America. Trouillot (1988) describes at length the small-scale peasant production model that evolved there. Both models, however, shared the characteristic of foreign domination. Thomson (1987) portrays the process through which Geest, Ltd., a British firm with Dutch origins, gained monopoly control over bananas from Dominica and the other Windward Islands. Trouillot (1988) explains how the company established prices under a system that avoided meaningful negotiations. This effectively reduced peasant farmers to what Grossman (1998) calls "contrafarmers", indirect employees of the multinational who bear the bulk of the risk involved in the commodity's production chain.

By the 1990s, bananas represented 60-70% of Dominica's agricultural exports and more than 20% of the country's labor force was involved in their production. The Lomé Convention's Banana Protocol ensured that more than 80% of the crop went to the UK each year. Among the Windward exporters (the others are St. Vincent, St. Lucia, and Grenada), Dominica exhibits the highest degree of banana dependency. This renders it most vulnerable to industry changes occurring at the global level, particularly those involving the EU and the World Trade Organization, hereafter WTO (Wiley 1998). The first of these changes was the creation of the SEM which led to price convergence for bananas in the EU and lower prices in the UK (Dominica Banana Marketing Corporation - hereafter DBMC - 1994). Incomes for Dominica's farmers fell, though the situation began to stabilize in 1995 (DBMC 1996). The second change involves the WTO's opposition to trade preferences, which is expected to bring about the demise of the Lomé Convention upon its expiration in 2000. The United States, acting on behalf of its multinational fruit companies that dominate banana production in Latin America challenged the EU's preferential banana importation system within the WTO. The issue gained worldwide notice when, in 1998, the WTO ruled in favor of the USA but the EU demonstrated great reluctance to disassemble its trade preferences. In early 1999, the USA responded with increased tariffs on selected imports from the EU, as a retaliatory measure for what it considers to be an unfair trade practice. The USA's goal is a completely free market for bananas among EU members as this would allow inexpensive, high quality bananas from Latin America to displace more costly bananas from elsewhere including the eastern Caribbean. Doing so, however, threatens that region's less competitive peasant-oriented production system and, thus possibly undermine its social stability in the process. **[end p.**

Grenada is the least banana dependent of the Windward Island exporters but is still affected by these changes. Bananas rank third there behind nutmeg and cocoa, its other "traditionals," rendering the country less specialized than Dominica though currently no less challenged. In 1997, when the research for this paper was conducted, all three traditionals were experiencing difficult times, for various reasons, with bananas facing the most serious situation. By 1996, Grenada's banana industry had declined to the point where its sustainability was widely questioned (Benoit 1997 and GMoA 1996). Exports fell to just 1.06% of the Windwards' 1995 total (Grenada Banana Cooperative Society 1996) leading to a reduction in the weekly ship call frequency to once every two weeks while poor quality ratings reduced prices paid to farmers to below production costs. The Windward Islands Banana Development Company (WIBDECOP)² suspended exports of Grenadian bananas in 1996 due to their poor quality, causing the number of active banana farmers to drop to 150 among a total of 1500 registered producers (Mark 1997). Of these, one quarter produced fewer than 20 boxes³ per fortnight (GMoA 1996). According to Mark (1997), use of pesticides and fertilizers would enhance quality and allow harvest volumes to reach the biweekly sustainable level of 200 tons, a quantity still falling short of Grenada's modest EU quota of more than 500 tons (EU 1993), but credit problems faced by most farmers preclude their purchase.

In late 1996 discussion centered on removing government support for export banana production which would effectively kill the industry. This politically unpopular move was ultimately not taken. Instead, in January 1997, the Ministry of Agriculture decided to implement a US\$400,000 banana rejuvenation program over an eighteen-month period, financed largely through funds provided by the EU and the Grenadian government (Benoit 1997).

Nutmegs and Cocoa

Nutmegs are Grenada's most important traditional export and together with mace,⁴ contributes to its "Spice Island" reputation. Grenada is second only to Indonesia as a nutmeg producer and, with sufficient rainfall well-distributed throughout the year, offers ideal growing conditions for nutmeg trees. Farmers like nutmegs as they require little care once established and the trees may bear fruit for up to a century (Mayers 1974). More than 7000 farmers are members of the Grenada Cooperative Nutmeg Association (GCNA), which administers collection and processing facilities and handles the marketing and transportation aspects of the commodity chain. The Netherlands and Germany are major customers, with most processing occurring in the former (M. Campbell 1997). The industry suffered, however, following a 1989 collapse of the Grenadian-Indonesian Nutmeg Agreement that maintained high prices by limiting production quantities. Prices declined in the 1990s until stabilizing in 1995-1996, but changes in world markets for nutmegs and mace have increased the level of industry uncertainty (GCNA 1996). Most nutmeg farmers do mixed farming earning income from other agricultural goods. Many Grenadian farmers cultivate nutmeg, cocoa, and bananas, as well as NTAEs (P. Campbell 1997).

Cocoa is Grenada's second largest traditional export crop and the Grenada Cocoa Association counts 5500 active members. Cocoa cultivation in Grenada followed the rise of beet sugar subsidies in 19th century Europe, which led to declining prices for Caribbean cane sugar and induced a shift to cocoa by many Grenadians. Since cocoa, unlike sugar, does not require a highly organized labor structure, this change fostered the growth of peasant agriculture in Grenada (Benoit 1989). By 1909, cocoa represented 86% of export earnings. The colonial government initially resisted this trend but its opposition softened as peasant contributions to export earnings grew along with food supplied from mixed farming on smallholdings.

Grenada is noted for premium cocoa that commands prices 30-40% above world market averages; Europe's discriminating consumers are its principal market (Charles 1997). Cocoa is more challenging to farmers than

nutmegs, however, requiring greater maintenance. They are also more disease prone, and bear fruit for just 30 years after a five year start-up stage. Globalization's reach into the world's cocoa/chocolate industry is causing grave problems for Grenada. According to Charles (1997), industry mergers and takeovers by giants like Nestles cause chocolatiers to target Europe's mass market rather than continuing to serve its upscale markets. This reduces demand for high quality cocoa, favoring [end p. 79] cheaper varieties and leading to lower prices for Grenadian farmers in the 1990s. A mealy bug infestation, introduced from Asia, adds to the crisis, affecting 90% of the country's cocoa fields.

THE NTAE IMPERATIVE AND THE DIVERSIFICATION CHALLENGE

Problems encountered with traditional export crops in many developing countries provide one motivation to diversify export profiles. Other motivations arose from the need to service foreign debts and from structural adjustment pressures applied by lending institutions like the International Monetary Fund (IMF) and the U.S. Agency for International Development (USAID). Additional impetus comes from WTO policies favoring free trade in agricultural goods, changing dietary preferences in market states, greater penetration by vertically integrated food multinationals into LDC economies, new production and post-harvest technologies, and the higher prices commanded by many NTAEs (Thrupp 1995). Agriculture, the subject of this research, is just one sector affected; industry and services also experience such imperatives.⁵

The Non-traditional Agricultural Export Sector

What qualifies an export as an NTAE? This paper employs the following three criteria identified by Thrupp (1995):

1. a crop not traditionally produced in a particular country
2. a crop traditionally produced but not for export
3. a traditional export crop now produced for new markets

All three criteria apply to agricultural production in Dominica and Grenada as both countries attempt to develop new crops, export those historically produced for local consumption, and seek more diverse markets for their exports.

The NTAE portfolio often includes various fresh fruits and vegetables, flowers, horticultural plants, and nuts, as well as processed fruits, juices, and concentrates, where value is added. Several items on the list command typically higher prices than those gained from traditional exports and considerable optimism accompanied initial ventures into the NTAE sector. As experience with NTAEs grew during the 1980s and 1990s, however, concerns emerged about the pursuit of such a strategy. Questions arose about the effects of high levels of pesticide and chemical fertilizer use in the production of NTAEs and other agricultural goods, about the sustainability of systems utilizing such inputs, and about the sources of these inputs. Other issues included food security in the countries involved, the growing competition within the NTAE sector, and the highly unequal distribution of benefits from the strategy. LDC leaders realized that liberalization trends lowering trade barriers for agricultural commodities also required their countries to open their economies. The resulting flood of imports that must be paid for enhances the NTAE imperative.

Development officials in Dominica and Grenada are aware of these issues. Nevertheless, implementation of diversification programs proceeds in both places indicating the seriousness of problems faced by traditional exports and the power of the NTAE imperative. Those involved with the process convey a sense that they have little choice but to do so.

Diversification: A Multifaceted Process

Diversification is a complex process involving far more than decisions as to what to produce, though such choices are important. As explained by officials involved with diversification in both countries, there is an

array of issues that must be considered for every product included in a diversification mix. In agriculture, for example, a country's resources must be analyzed to determine which crops it can cultivate productively. A profile that includes soil types, precipitation levels, slope, labor requirements, land tenure, infrastructure, technical capacity, and potential markets must be developed to address the specific needs of crops under consideration. Both Dominica and Grenada recently concluded agricultural censuses that assist this process but doing so was expensive and required two years from project design to issuance of the final census report. Dominica also prepared Crop Development Plans, feasibility studies for targeted crops (DMoA 1992). Rich volcanic soils and a benign climate are assets to diversification in both countries. Each is capable of cultivating a wide array of crops though irregular topography is a drawback, adding to the labor intensive nature of farming. **[end p. 80]**

A second issue involves identifying the inputs needed for each diversification product and where they can be obtained. Imported inputs constitute leakages that diminish the returns realized from the new industry; conversely, domestically produced inputs generate a multiplier effect. In agriculture, fertilizers, pesticides, farm implements, and cartons are usually necessary but economies of scale work against their efficient manufacture in either country. This increases the likelihood of substantial leakages from diversification products requiring such inputs.

The specific infrastructure needs of each new activity must be assessed and generic infrastructural deficiencies addressed. The former include post-harvest handling facilities like packing sheds, refrigerated storage, or hot water treatment plants for mangoes. With regard to the latter, Dominica lacks an airport capable of receiving jet planes or night landings, important for trade with Europe. This requires intermediate links in the trade chain, often in Antigua, for targeted NTAEs like cut flowers that are shipped by air (Robinson 1995). A plan to construct a jetport exists but funding has not been secured (Harris 1995). Grenada's road system is seriously deficient though it was undergoing repairs in 1997 to permit more efficient delivery of fresh produce for export to the port facility in St. George's or to the airport at Point Salines, located in the southwestern corner of the island. In both countries, the small population limits the tax base, inhibiting the ability of each to fund the infrastructure necessary for diversification. External funds are needed but these have diminished with the end of the Cold War and the decline of the region's strategic importance to Western donor states.

Agricultural diversification also needs the implementation of labour-training programs to provide farmers with the cultivation and post-harvest handling expertise necessary to yield a quality product. Enforcement of high quality standards is a great concern of the ministries and producer organization involved as they seek to minimize rejection rates of poor quality crops. The Ministries of Agriculture of both countries now offer many training programs but the dimension of their task is expanded by the large number of small-scale growers involved and the advanced age of many farmers (in Grenada's case, 58 years on average), which impedes change. They also draw from the growing body of expertise and literature produced by many international organizations that study technical aspects of tropical crop production.⁶ Virtually all documents that discuss new crops or traditional crop revitalization emphasize farmer training (DBMC 1996, GMoA 1996, GBCS 1996, and DMoA 1992).

Arranging transportation to foreign markets often challenges eastern Caribbean states. The small scale of production there inhibits their ability to exercise clout with international shipping firms. Furthermore, as vertical integration of the banana industry indicates, transport of traditional crops has been dominated by large foreign firms. It is unlikely that this organizational structure will be available for the wide array of goods that diversification will yield, requiring creative transportation solutions for each product.

Access to foreign markets is another issue encountered by diversification planners. Market development is a complex process and, from many accounts, an imprecise science (Clarendon, Edwards, Harris, Robinson,

Satney, all 1995). It requires substantial investment while offering few guarantees of success. Dominica and Grenada lack such resources, limiting their activities in this critical realm, though each has a parastatal agency responsible for export market development. Dominica has the Dominica Export Import Agency (DEXIA), while, for agriculture, Grenada has the Grenada Marketing and National Import Board (GMNIB) which has focused on market development for NTAEs since 1989 (Viechweg 1997). Both countries participate in trade fairs in market countries, allowing them to tap into an established process while saving the cost of creating their own trade missions. But this participation often occurs under a regional umbrella, offsetting some of the effectiveness of the effort as it reduces their national profile and submerges the distinctiveness of their products.

Competition is the final diversification issue analyzed here for its impact on determining the choices of new products to be included in the mix. The same NTAE imperative that drives the diversification process in the eastern Caribbean affects LADCs elsewhere, placing many states with tropical agricultural profiles into direct competition with yet another in their new industries. A continual concern for Dominica and Grenada is that there will always be countries whose social relations of [end p. 81] production or greater ability to derive economies of scale will allow them to more efficiently produce any crop they add to their diversification mix. This competitiveness issue affects traditional agricultural exports from the two countries (bananas, cocoa); diversification appears unlikely to diminish this apprehension.

DIVERSIFICATION PROCEEDS

Despite these challenges, Dominica and Grenada are proceeding with the diversification process as part of a broader restructuring of their economies. In Dominica, agriculture is the prioritized sector, emblematic of its employment impact. The 1991 Population and Housing Census there identified nearly 31 % of the active labor force as working in the primary sector, nearly all in agriculture (Commonwealth of Dominica 1991). The government wishes to avoid social problems that would result from serious reductions in agricultural employment. In Grenada, agriculture was the only sector with a coordinated diversification effort, reflecting a lesser sense of urgency despite the problems noted above.

The two countries represent different approaches to similar problems. Dominica, historically more specialized, established the Diversification Implementation Unit (DIU) within the Ministry of Finance, Development, and Planning in 1994. It works with the ministries directly involved with each sector, facilitating negotiations with other organizations, including donor country aid agencies (Harris 1995). The DIU also articulates the broader goals of the effort which, besides the usual focus on increasing foreign exchange earnings, include improving living standards for the country's farmers and supporting democracy by maintaining the social stability upon which it is based. Grenada has no equivalent agency to Dominica's DIU. The Prime Minister's 1996 budget speech outlined general aspirations for the national economy but lacked detailed plans for sectoral growth (Mitchell 1996). It drew criticism from several sources including the private sector which wanted greater specificity about what the government would do to foster improved conditions for new industries (DeRiggs 1997).

Agricultural Diversification in Dominica

Dominica's Ministry of Agriculture (DMoA) coordinates the country's agricultural diversification program and was proceeding with several simultaneous initiatives in 1995, with assistance from many foreign and international agencies. As results from the Dominica Agricultural Census (DAC) became available, they were incorporated into the DMoA's planning process. The DAC provided data on several crops historically grown for local consumption that were considered to have NTAE potential. The DMoA developed a Crop Development Plan (CDP) that identified target acreage, farmer training programs, technical support services, post-harvest handling needs, and anticipated markets for those crops as well as for several that were new to the country. Anthuriums; tree crops such as avocado, mango, cocoa, and orange; passionfruit; hot peppers; plantains; root crops such as tannia and yams; and ginger were among the products for which

CDPs have been developed. Some identified infrastructure requirements, like a hot water plant to combat anthracnose in mangoes (Grell 1995). Overall, the plans were well conceived, accounted for many of the generic diversification issues delineated above, and conformed to the scale of the country's agriculture production systems. They presented modest target acreages and attainable marketing goals; the CDP for ginger even included hucksters as possible marketing agents. The DMOA planned to pursue a niche market strategy that reduces direct competition with large-scale efficient producers as the primary means of developing the new markets necessary for these products.

Other diversification efforts include the New Opportunity Crop Development Programme promoting cultivation of melons, pumpkins, breadfruit, and bay leaves (DMoA 1992); and private initiatives to plant aloe vera, ornamental plants, Irish potatoes, and several vegetables. Non-cultivation endeavors include a prawns and tilapia aquaculture project, funded at different stages by USAID and the Republic of China but now sustained by the DMOA; and a pig production program aimed at reducing pork imports, funded by the French Agricultural Cooperation Project. The latter also supports NTAE projects including pink and red ginger (flowers), heliconia, birds of paradise, anthuriums, vegetables, and fruit for export to intra-regional markets (Ehret [end p. 82] 1995). The DMOA supports several of the NTAE projects by providing plant stocks from seven propagation stations distributed around the island. The Organization of Eastern Caribbean States (OECS), to which Dominica belongs, also offers assistance through its Agricultural Diversification Coordination Unit (ADCU), which attempts to avoid duplication of NTAE crops among member states, thereby reducing the competition aspect of diversification (Satney 1995).

Grenada's Agricultural Diversification Effort

In Grenada, the problems experienced by the three traditional export crops motivated three diversification initiatives by early 1997. One, sponsored by the above-noted ADCU (Grenada is also a member of the OECS) and funded by US\$5 million from USAID, involved promotion of several NTAEs, including mangoes, golden apples, hot peppers, breadfruit, soursop, and avocado. The project focused on export promotion of the NTAEs through market development in the UK, Canada, the USA, the Netherlands, and within the OECS. The ADCU worked with ten full-time exporters, including private firms, the national export board, and a farmers' organization. It organized the exporters into an association based upon cooperation rather than competition (an on-going effort) and equipped their packhouses to improve post-harvest handling of the crops. This project uses an interesting approach in which each exporter has a team that goes into the fields to harvest the targeted crops and transports the produce to a packhouse where they are washed, graded, boxed, and labeled. No processing is involved. Exporters also arrange shipping and pay farmers for their crops. Payments are lower as the farmer does not do the harvesting. Targeted crops are seasonal but the seasons do not coincide, allowing year-round activity and the distribution of income to farmers and exporters alike throughout the year. The ADCU works with exporters on quality control and arranges pre- and post-shipment inspection of exports (Shears 1997).

Another Grenadian agricultural diversification initiative targets NTAE tree fruit crops including avocado, soursop, mango, sapodilla, and breadfruit. Its cost of US\$5.3 million, unfunded as of January 1997, would be used to establish 625 acres of orchards for 165 farmers and includes \$3 million in credit that farmers would begin to repay after a three-year grace period when the trees begin to bear fruit (IICA/GMOA 1994). The high cost and 16-year implementation period has impeded efforts to secure financing as, according to Benoit (1997), donors generally prefer quicker results from the projects they fund. Funding issues aside, the project is conceptually sound as it directly addresses the major factors that constrain diversification within Grenada's fruit sector. These include credit, a common problem in agriculture throughout the developing world; low technology levels; poor dissemination of technological information; insufficient access to production inputs; and inadequate post-harvest handling and transport facilities. Furthermore, the project proposal clearly articulates its goals. These are increased production, productivity, and competitiveness in the fruit sector; enhanced living standards for Grenadian farmers; new employment opportunities in

agriculture; and augmented foreign exchange earnings (IICA/GMoA 1994). These goals are strikingly similar to those of Dominica.

The final component of agricultural diversification in Grenada involves nutmegs, cocoa, and bananas, its three traditional crops. The country aspires to diversify output through some form of processing of each of them to allow it to derive value-added benefits and yield a more varied export profile. Progress along this path has been greatest with nutmegs. Historically, the only processing that occurred in country prior to export was drying and shelling. More lucrative activity occurred in northern countries, particularly the Netherlands, whose former colony of Indonesia is the world's leading nutmeg producer. That country had earlier developed the processing infrastructure allowing it to commandeer most of nutmeg's value-added benefits and re-export profits. Seeking to break this neo-colonial pattern, Grenada in 1997 awaited delivery of equipment to accomplish reconditioning⁷ of nutmeg within the country (M. Campbell 1997). A nutmeg oil distillation plant is already in operation, using non-exportable quality nutmegs. Processing reduces seeds to 12% of their original volume. The valuable oil is exported for use as flavoring in beverages, meats, candy, syrups, and baked goods; as a perfume in cosmetic products; in dental creams and pain relievers; and by the pharmaceutical industry for treatment of illnesses of the nervous and digestive [end p. 83] systems (Daniel 1993, p. 18). The distillation plant also has an experimental project that attempts to separate trimyristin and its by-product, myristic acid, from the nutmeg seeds as new, very valuable exports useful in soaps and cosmetics. Other nutmeg-based products under development include barbecue briquettes using nutmeg shells, nutmeg butter (a fat) for use in soaps and skin creams, and specialized packaging to permit marketing unprocessed nutmeg in North America in a fashion similar to that now used among tourists within Grenada (M. Campbell 1997).

Less progress had been made in the cocoa and banana sectors by early 1997. The Grenada Cocoa Association was awaiting results of a French-assisted study that assessed market diversification, uses of cocoa by-products, and Grenada's potential for cocoa processing into finished goods. Each of these areas, according to Charles (1997), represents new challenges, for the country now neither sells cocoa intra-regionally nor markets goods processed from cocoa. Grenada would need to cultivate such markets and also import such inputs as sugar for use in cocoa processing. The latter represent leakages that offset the earnings potential of the activity and change the historically high retention of earnings (80% in most years) enjoyed by Grenadian cocoa. The cost of imports must be factored into calculations of each activity's viability. Charles (1997) also noted that cocoa used in finished goods often does not require high quality taste and fails to command the premium price realized by Grenadian cocoa in the past. Earnings from processed goods, as a result, must be sufficient to offset this loss if the venture is to succeed.

Grenada's banana crisis precluded any progress with this crop beyond the discussion stage as of January 1997. Nevertheless, several ideas about new goods utilizing banana inputs had surfaced. Mark (1997) listed banana chips, baby foods, paper made from banana leaves and stems, wine, vinegar, and a syrup-like purée, but stated that no one was actively working on any of them, noting that the banana revitalization project mentioned previously must yield some degree of success before progress can be made on other fronts.

THE NTAE IMPERATIVE: SUMMARY AND CONCLUSIONS

The contemporary push toward export diversification in the eastern Caribbean represents the latest stage in the region's pattern of responding to external pressures guiding its development path. While there certainly are positive reasons to diversify the agricultural profile, a desire to avoid the excessive vulnerability inherent in a highly specialized sector prominent among them, the real motivation to do so is externally generated as are the conditions that shape the region's diversification efforts today. Once again, the eastern Caribbean must seek creative solutions to situations beyond its control but this, as Richardson (1992) reminds us, is its history. As the above discussion indicates, Dominican and Grenadian approaches to this challenge differ, though there are some similarities with regard to product mix.

To summarize, Dominica has embarked upon an ambitious, widely cast, niche market strategy that represents a departure from its tradition of one dominant export crop. Dominica's program is appropriately conceptualized, both within the range of available policy options and the framework of its employment generation, foreign exchange earnings, and social stability priorities. Success, however, is not guaranteed even with diligent monitoring. Grenada; historically more diverse in its agricultural profile, proceeds more slowly in response to the NTAE imperative. The situation in Grenada, with all three traditional export crops simultaneously experiencing difficulties, serves as evidence that diversity alone is not sufficient as a response to the present challenge. The niche market strategy is not viewed as very desirable there, characterized instead as "fire fighting" that is unlikely to yield long term results (Benoit 1997). This assessment may prove correct given that the NTAE imperative also operates in countries like South Africa, Mexico, and Brazil whose size, resources, and internal social relations more readily yield the competitiveness sufficient to drive eastern Caribbean states out of the market.

Officials involved with diversification in both countries are cognizant of the challenges they face and of changing conditions driving a world economy in which northern industrialized nations continue to dominate. Their sense of futility comes through quite clearly, generated by a perception that those dominant forces do not understand the negative impact the [end p. 84] current push for competitiveness at any price is having on the region's societies. Dominica's DIU Director Cary Harris conveyed this frustration but Oliver Benoit, who, as head of the GMoA's Planning Unit, was responsible for developing Grenada's agricultural diversification plans, expressed it best. He indicated that competitiveness there could come only at the cost of undermining the peasant system of agriculture that is the rock upon which the country's social stability is built. Should that occur, has anything been gained?

What, then, is the answer for Dominica and Grenada as they try to find their way in today's world economy? The key for these very small, relatively high production cost countries may lie in using utmost care in the selection of crops and other products for their diversification mixes. While much of the generic NTAE model does not apply well to their situations, these countries could provide products whose global or regional markets are too small to attract the interest of large, competitive producers. Those markets may, however, be sufficient in size to yield the modest employment and foreign exchange earnings generation required by mini-states like those in the eastern Caribbean. Bay leaves, passion fruit concentrate, and gourmet coffee from Dominica; trimyristin, reconditioned nutmeg, and nutmeg oil from Grenada; and fresh produce from both countries for export to drier tourism-dependent islands to their north are suitable goods for this strategy.

To conclude, a variation of Dominica's *niche market* theme, carefully applied and continually monitored and adjusted, seems to offer the greatest hope. This will not create true prosperity and economic independence, goals realistically beyond the reach of small peripheral states, but it can yield results that permit these two countries to endure an often vicious neoliberal era. It is a matter of their national survival; the appropriateness of the responses developed will determine the sustainability of Dominica and Grenada into the century now almost upon them.

ENDNOTES

¹ Island historian Lennox Honychurch (1995) describes the island's colonization and the economy that evolved in great detail.

² WIBDECO was created in late 1995 when the governments of the four Windward Islands banana exporting countries and Fyffes, Ltd., an Irish multinational with large operations in the UK, purchased the Geest, Ltd. operations in the Eastern Caribbean, including its banana ships.

³WIBDECO is now the entity that purchases the bananas from the growers' association on each island which, in turn, purchases them from the farmers.

⁴Mace is the red, lacelike cover surrounding the nutshell of the nutmeg. It is separated from the shell and dried, to be used in the food industry, particularly in German meat and sausage processing.

⁵ See Wiley 1997 for a discussion of the overall Dominican diversification effort, and Wiley 1996 for an analysis of its efforts to diversify within tourism.

⁶ These include the Agricultural Diversification Implementation Unit (ADCU) of the Organization of Eastern Caribbean States (OECS), the Interamerican Institute for Cooperation on Agriculture (IICA) of the OAS, and CARICOM's Caribbean Agricultural Research Development Institute (CARDI).

⁷ Reconditioning involves the chopping of the nutmeg nut and blowing out any impurities and insects. This process is essential to Grenada's ability to export to those markets, like the USA, where custom dictates that consumers purchase ground nutmeg rather than whole nuts. The US has primarily been supplied from the Netherlands but the new machinery in Grenada will allow that country to export nutmeg directly to the USA.

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RESUMEN

La tendencia al aumento en producción para la exportación de productos agrícolas no-tradicionales ha acelerado en todas las regiones de países en vías de desarrollo. En la cuenca caribeña, como ha sido el caso en toda de su historia, fuerzas externas están dando forma a estos cambios. Nuevas reglas en la Unión Europea y la creación del Tratado de Libre Comercio en América del Norte conspiran a reducir la seguridad ofrecido por las exportaciones tradicionales mientras programas de ajuste estructural promueven la producción de exportaciones en un ambiente de recortes en los gastos públicos para los servicios sociales. Estas investigaciones tienen como su foco los esfuerzos de dos países insulares del este del Caribe - Dominica y Grenada - diversificar sus perfiles de exportaciones agrícolas durante una época de creciendo competición entre muchos países sub-desarrollados los cuales cultivan muchas cosechas semejantes. Utilizando entrevistas, revistas de documentos, fuentes secundarios, datos de censos agrícolas, y observaciones personales, este trabajo considera los desafíos enfrentando a las dos naciones. Los aspectos

necesarios para alcanzar la ejecución de programas exitosos de diversificación son identificados. Factores internos y externos que pueden tener impactos sobre los programas también son presentados. Su conclusión sugiere unos resultados de estos esfuerzos y analiza si el modelo contemporáneo neoliberal es apropiado para países tan pequeños como Dominica y Grenada. **[end p. 87]**