

Ministry Paper 13/2015

Banana Export Expansion Programme (BEEP)

1.0 Purpose

The overall objective of the programme is to expand production with global standards and develop the industry to preserve its competitiveness on both the domestic and export markets.

2.0 Background

Jamaica's banana industry has been characterized by periods of prosperity interspersed with periods of great economic, social and environmental challenges. In spite of setbacks as a result of hurricanes, disease outbreaks, inequity in grower representation and changes in the international marketplace, the industry has risen consistently to overcome these apparently insurmountable obstacles.

Jamaica is an African, Caribbean and Pacific (ACP) partner of the Economic Partnership Agreement (EPA) with the European Union (EU). This culminated after several legal challenges to the World Trade Organization (WTO) objecting to the preferential marketing arrangements enjoyed by ACP countries in the EU. The US, acting on behalf of their multinational companies, which produced bananas in Latin America, first brought charges in 1993 in the General Agreement on Tariffs and Trade (GATT) and continued legal challenges in the successor World Trade Organization (WTO). In spite of these challenges which impacted prices, the demand for Jamaican banana in the United Kingdom and the Diaspora remains strong. In 2014 at least six major requests for bananas in the amount of approximately 667 tonnes weekly (34,632 tonnes/year) were received. A dedicated area of approximately 1400 hectares will be needed to adequately supply this demand consistently.

The price per tonne of Jamaican bananas had been reduced from more than 600 pound sterling per tonne in 1997 to less than 400 pound sterling per tonne in 2008 when export ceased. Currently price of export Jamaica bananas to Canada and Cayman fetch farm gate prices as high as US \$14.60 per box or 473.15 pounds per tonne for cooking bananas. Current minimum price

in the UK for Fair-trade bananas for the Eastern Caribbean is US\$ 12.20 per 18 Kg box tonne. However, in 2008, the FLO approved cost of production for Jamaican bananas was US \$17.60 per box or US\$ 570.37 per tonne.

The Ministry of Agriculture and Fisheries (MOAF) and the Banana Board, recognized that the industry had evolved to a point where the strong demand on the export market for Jamaican bananas is also mirrored in the domestic market. This was recognized by stakeholders of the Banana Industry and detailed in the “The National Banana Policy” which was developed in 2009.

The current objective is to expand production with global standards and develop the industry to preserve its competitiveness on both the domestic and export markets. The National Banana Policy 2009 seeks to ensure that the strong local demand for bananas, with significant potential for growth, will be satisfied by the output of local producers and that a standardized and certified industry will avail access to viable export markets.

The MOAF recognizes the critical role that the industry has played in the past and will continue to play in the future in the critical areas of national development such as:

- Food security;
- Sustainable rural development;

Direct employment in rural banana producing districts as well as related employment in the transportation and agro-processing sectors in both rural and urban areas; and
Stemming or reversing rural to urban migration.

Banana production, despite all the challenges faced, continue to be a major activity in the generation of employment and the maintenance of social stability in the banana producing districts mainly in the parishes of St James, Portland and St Mary.

3.0 Banana Export Expansion Programme (BEEP)

The aim of stimulating the expansion of banana production is to facilitate greater production to meet the demands of the export markets. The programme will consist of the following components:

- a. Upgrade of tissue culture laboratory facility and the accommodation and consultancy for one Cuban commercial bio-factory expert.
- b. Facilitating ongoing exports of a single small container of banana consistently to the UK to maintain market presence until the major programme gets on the way.
- c. Banana Expansion Export Programme to provide a revolving loan to supply 50% of the materials inputs required for production for the first crop.
- d. To provide Global G.A.P. infrastructure for strategic groupings of farmers.
- e. To facilitate Global G.A.P. and FLO Certifications to ensure market access and premium prices.

The proposed programme will be creating proper market linkages by engaging all stakeholders. The majority of production will be dedicated to the export market. However, provision for not more than 20% of production will be channeled to other market segments.

It is expected that the programme will see the creation of approximately 115 jobs affecting over 575 persons (based on a family size of 5) in Portland, St. Mary and St. James.

The new plantations of 115 hectares¹ (284 acres) of bananas will result in increased revenue of approximately US\$ 26,381,799 (JA\$3B) flowing into the economies of St Mary, Portland and St. James in the first instance. There will be stimulation of rural activities in the banana growing communities in these three parishes.

The banana industry and specifically the banana farmers have shown great resilience in light of environmental shocks over the years. The most recent impact being Hurricane Sandy in October 2012 which resulted in 66% damage, with up to 100% losses in some areas of St. Mary, Portland and St. Thomas. There was an overall estimate of 1.1 billion dollars in damages to production areas. Further the hurricane impacted production in 2012 which was 45,980 tonnes and reduced

¹ 1 hectare = 2.471 acres

overall banana production in 2013 to 33,295 tonnes. However the farmers rallied to increase production in 2014 by 59.3% to produce 53,035 tonnes (Table 1).

Table 1: National Banana and Plantain Production 2011 – 2014 (unit tonnes)

| Period | 2011 | | 2012 (Affected by Hurricane Sandy Oct 2014) | | 2013 | | 2014 | |
|--------------------|----------|----------|--|----------|----------|----------|-----------|-----------|
| | Banana | Plantain | Banana | Plantain | Banana | Plantain | Banana | Plantain |
| 1st quarter | 10,440.0 | 6,374.0 | 11,015.1 | 6,374.0 | 4,085.5 | 3,726.1 | 13,548.5 | 11,128.0 |
| 2nd quarter | 10,815.0 | 8,116.0 | 13,561.0 | 9,610.0 | 5,825.9 | 6,035.9 | 13,422.0 | 10,295.3 |
| 3rd quarter | 12,301.1 | 10,755.6 | 12,371.6 | 10,755.6 | 9,063.4 | 10,064.6 | 12,094.0 | 9,709.6 |
| 4th quarter | 13,104.0 | 10,095.0 | 9,032.6 | 7,833.6 | 14,320.0 | 11,111.0 | TBD | TBD |
| Year Total | 46,660.1 | 35,340.6 | 45,980.3 | 34,573.2 | 33,294.8 | 30,937.6 | 39,064.5* | 31,132.9* |
| | 82,000.7 | | 80,553.5 | | 64,232.4 | | 70,197.4* | |
| % of 2011 baseline | | | 1.8 | | 21.7 | | | |

Source: Ministry of Agriculture and Fisheries

This underscores the commitment by farmers in 2010 to increase their production, which was reported in the Banana Survey and Market Study conducted by the University of Technology. The study indicated that more than 50% of both banana and plantain farmers were committed to increasing their production and supplies to the market.

It is therefore absolutely important that a production expansion programme be implemented immediately to satisfy the demand for both local and export markets. Once the expansion programme is implemented with appropriate and efficient husbandry practices, farms can achieve optimum production in 7- 9 months.

Export of Jamaican bananas had significantly increased over the past two years. In 2013, the Banana Board facilitated exportation of 4494 boxes or 72.372 tonnes to Cayman. In 2014 volumes and markets increased. Overall exports increased by 189% to 210.585 tonnes, with markets in Cayman, Canada and the UK.

The expected results of the programme include:

- Increased overall production of bananas by 50 tonnes (3 containers) per week or 2500 tonnes per year;
- Increased banana exports and foreign exchange earnings;
- Improved quality of bananas with Global GAP /Fair Trade certification;
- Increased profitability of export farms with access;
- Reduced import of chips
- Increased growth in the agricultural sector and the provision of at least 115 jobs



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