

**STATEMENT TO THE HOUSE OF REPRESENTATIVES**  
**BY**  
**DR THE HONOURABLE CHRISTOPHER TUFTON, MINISTER OF**  
**AGRICULTURE ON THE POST TROPICAL STORM GUSTAV BANANA**  
**INDUSTRY SITUATION**

**Introduction**

Mr. Speaker, this Honourable House will recall that following on the passage of Hurricane Dean on 2007 August 19, I met with banana industry stakeholders and developed proposals that took into account both the sustainability of the banana industry and alternate agricultural options for the use of the Eastern Banana estate operated by the Jamaica Producers Group Ltd.

Mr. Speaker, the passage of Tropical Storm Gustav on 2008 August 28 caused 79% damage to Jamaica's banana and plantain industry. The Eastern Banana estate and the St Mary banana estate sustained damage of 95% and 60% respectively. The Jamaica Producers Group Ltd., operators of both estates that contribute approximately 90% to Jamaica's banana export volumes, have now closed the Eastern Banana estate and are engaging in discussions with Fred M. Jones Ltd. for the use of the lands for sugar production. JP will retain the St Mary banana estate for a diversified crop production system that includes bananas and root crops. This production is to ensure supply of raw materials for the snack food operations located at that estate.

**Banana Export & Domestic Industries**

Mr Speaker, it should be noted that despite Government's support to the banana export industry, exports did not resume until 2008 August 31, two days after the passage of Gustav. Banana prices have remained high, even before Gustav and during peak banana production in May and June when there were some complaints of fruit ripening in the field in the absence of exports.

It should be noted from BECO 2006 purchases of bananas for export, Mr. Speaker – 2006 being the last year of full banana exports to the United Kingdom in recent times – that the contribution of small and medium farmers to total BECO 2006 purchases for export of 32,847 tonnes was 9% or 3063 tonnes and 4% or 1219 tonnes respectively. These very low export volumes for medium and small farmers is an indication that the larger percentage of fruit produced on these farms is being sold on the domestic market. When we consider, Mr. Speaker, that the 2007 report of the Economic and Financial Analysis of the Jamaican banana industry<sup>1</sup> found that the proportion of fruit sold on the domestic market by the estates was 15%-20% then it is very clear that the domestic market is the major market for banana production in Jamaica.

---

<sup>1</sup> May 2007 report of the Economic and Financial Analysis of the Banana Industry in Jamaica – ECORYS Research & Consulting

**STATEMENT TO THE HOUSE OF REPRESENTATIVES**  
**BY**  
**DR THE HONOURABLE CHRISTOPHER TUFTON, MINISTER OF**  
**AGRICULTURE ON THE POST TROPICAL STORM GUSTAV BANANA**  
**INDUSTRY SITUATION**

Mr. Speaker, in recent years banana growers have experienced no difficulty in selling bananas on the local market. There is a large unsatisfied local demand, particularly for chips and the high prices of green and ripe banana indicate that banana is in short supply. Both the “rejects” (fruit not suitable for export) and export quality fruit are sold in the domestic market mainly because of the higher prices as compared to those obtained for export.

Mr. Speaker the Economic and Financial Analysis also found that the contribution of Jamaica’s banana to both agricultural exports and overall national exports was insignificant. This means, Mr. Speaker with 21% of banana hectares coming out of production with the closure of the Eastern Banana estate Ltd, there is now an even more urgent need to develop an appropriate strategy for Jamaica’s banana industry.

**Development of Banana Strategy & Policy Framework**

Mr. Speaker, even before Gustav, the Ministry of Agriculture, following on an earlier meeting in May, had been planning to start the development of an appropriate strategy for the banana industry. This strategy, Mr. Speaker would take into account the findings of the 2006 Economic and Financial Analysis of the industry; recent decisions by the WTO that would further impact the export industry adversely, and, most importantly the strong domestic market that will shortly be the subject of a survey and study to properly define its size and identify its full potential. Mr Speaker, the development of an appropriate banana policy framework will start with a key issues and strategy options workshop on Tuesday 2008 October 14, with the participants being drawn from a wide cross section of the industry.

**Immediate Action to be taken by the Ministry of Agriculture**

Mr. Speaker 460 jobs have been lost with the closure of the Eastern banana estate.

The Ministry of Agriculture will immediately initiate the following activities to ensure that appropriate programmes are developed for these now being displaced along with the other primary beneficiaries of the European Union Banana Support Programme – the port workers, displaced banana farmers, displaced banana workers and their communities to benefit from the programmes to be developed using some J\$131.3 million of funds earmarked for Rural diversification for which programmes have not been developed or finalized.

**STATEMENT TO THE HOUSE OF REPRESENTATIVES**  
**BY**  
**DR THE HONOURABLE CHRISTOPHER TUFTON, MINISTER OF**  
**AGRICULTURE ON THE POST TROPICAL STORM GUSTAV BANANA**  
**INDUSTRY SITUATION**

Mr. Speaker, we believe that we can use this event to not only expedite the development of an appropriate strategy for Jamaica's banana industry but also to ensure that the use of the rural diversification funds, in areas where banana production is no longer viable, will indeed achieve the overall objective of sustainable development and replace the economies lost by bananas whilst building the capacity of the communities and people that reside there.

This being the case Mr Speaker, the following action will be taken by the Ministry of Agriculture in the coming weeks:

1. Working closely with the Jamaica Producers Group Ltd to ensure that redundancy payment to displaced workers is expedited.
2. Establishment of a secretariat, using a model similar to the area development committees being developed by the Ministry's Sugar Transformation Unit, that will include representatives of RADA, the European Union Banana Support Programme, the Unions, Credit Unions and other key stakeholders to:
  - a. Assess the needs and develop a profile of the displaced workers
  - b. Organise the workers and establish links with existing growers organizations and NGOs so that they are better positioned to benefit directly from the interventions of the European Union Banana Support Programme
  - c. Develop the most appropriate use of available EUBSP grant funds that can be used to support capacity building and the engagement of those displaced in alternate economic enterprises that are sustainable.
3. A meeting with banana industry stakeholders such as the Banana Export Company Ltd; the unions, Jamaica Producers Group, the All Island Banana Growers Association to discuss the present situation and the way forward
4. Meetings with both the displaced workers and the non-estate export farmers during the next week
5. The staging of a key issues and strategy options workshop on October 14, 2008 as the beginning of the development of a banana policy frame work. This is in response to both the post- Gustav effects and the significant changes taking place in the international banana market at this time

**STATEMENT TO THE HOUSE OF REPRESENTATIVES  
BY  
DR THE HONOURABLE CHRISTOPHER TUFTON, MINISTER OF  
AGRICULTURE ON THE POST TROPICAL STORM GUSTAV BANANA  
INDUSTRY SITUATION**

Thank You  
2008 September 23