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The Banana Industry, the Agricultural Sector and The Dominican Economy: Impacts of the Banana War

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Abstract

This paper examines the impact of the banana dispute between the European Union (EU) and Latin American banana producers and the US on the supply of bananas from Dominica. It also looks at the future of the banana industry in light of the resolution of the dispute and the possibilities of the Fairtrade market. This examination is done through the analysis of the trends in supply, exports, prices and the contribution of the industry to the economy since the 1980s. The impact was further assessed using regression analysis to determine the factors that may have led to the decline of the banana supply. Based on the analysis, it was found that the fall in price was a key factor responsible for the decline in banana production, as a result of changes in the trading arrangements by which bananas entered the EU. It is expected that the resolution of the banana dispute will further erode banana production by ACP producers. A strategy of diversification for bananas for Dominica is therefore highly endorsed.

Key words: Banana Dispute, Dominica, ACP, European Banana Regime, Fairtrade