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¶ PM-Dominica-Life After Bananas,0722
¶ Threat to Bananas Endangers Caribbean Livelihood
¶ AP Photo NY111
¶ By LISA M. HAMM
¶ Associated Press Writer
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¶ ROSEAU, Dominica (AP) _ Leafy banana trees thrive throughout this mountainous Caribbean country, their green fruit encased in blue plastic to keep out insects. The practice reflects the care farmers take to protect their livelihood.
¶ But Caribbean banana exports are coming under increasing attack from something more damaging than bugs: regional blocs and a U.S. push to take away their trading privileges that are threatening Dominica and other small island states with economic devastation.
¶ "We hope that the outside world will realize that the playing fields have to be level," said Edison James, the new prime minister of this lush island sandwiched between Guadeloupe and Martinique.
¶ Saving the region's banana trade tops James' agenda as chairman of the Caribbean Community summit in Guyana. His own country derives three-quarters of its income from selling bananas.
¶ James' predecessor, Belize Prime Minister Manuel Esquivel, said at Caricom's annual meeting last week that the biggest disappointment of his term was his inability "to end the numerous challenges that have been raised against the banana regime and let our people get some peace of mind."
¶ The European Union gives preferential treatment to small former French and British colonies in the Caribbean, Africa and the Pacific _ such as Dominica _ entitling them to a duty-free 10 percent share of its \$3 billion banana market.
¶ But U.S. Trade Representative Mickey Kantor has threatened to impose \$1 billion in trade sanctions if the EU does not eliminate the quotas, which he says are unfair to U.S. banana companies. European critics charge that the special treatment drives up consumer banana prices.
¶ James told Caricom that the United States is violating its own policy of encouraging the region's development by taking action that could destroy fragile Caribbean nations' economic stability.
¶ "In the talk of free trade, we understand their desire for freedom of the market. They also must understand we are small states," he said in an interview after his installation last month as Dominica's leader.
¶ "It will be extremely difficult to us if we lose the small window of preference that we now enjoy," James said.
¶ Blossoming regional trading blocs also are squeezing out small islands.

¶ A recent study sponsored by Caribbean ambassadors to the United States found a collapse of the banana industry would have "catastrophic" effects on such islands as Dominica, Jamaica, St. Lucia and Grenada.

¶ A drop in banana prices would hurt foreign exchange earnings, investment, government revenue and the ability to pay debts, the study said.

¶ In addition to greatly reducing or eliminating Caribbean growers' incomes, it would cut 150,000 jobs, destabilize the region's currency and produce a social and political climate that would damage tourism and investor confidence.

¶ Jamaica, which has 2,500 banana farmers, signed an agreement with Great Britain in June for a project geared at producing higher quality fruit.

¶ James, a former banana marketer, said Dominica, too, will focus on improving quality while diversifying to passion fruit, plantains and other crops. The island is also making forays into products such as bottled water, herb tea, soap and tropical flowers.

¶ But, James emphasized, "We still are saying there is money in the banana business."

¶ The key to survival, he said, is to move into marketing and shipping. He established a Ministry of Trade and Marketing and plans to work with Dominica's British marketing agent, Geest Industries Ltd., to expand the island's role.

¶ James said Dominica wants to generate more tourism, which now draws only 5 percent of the gross national product. Dominica has dramatic natural beauty in its huge variety of trees and flowers, mountain peaks, rainforests, majestic waterfalls and world-class scuba diving.

¶ However, building a tourist infrastructure _ from widening roads to building hotels _ requires a major financial commitment on an island whose economy James acknowledges "is not in the most healthy shape."