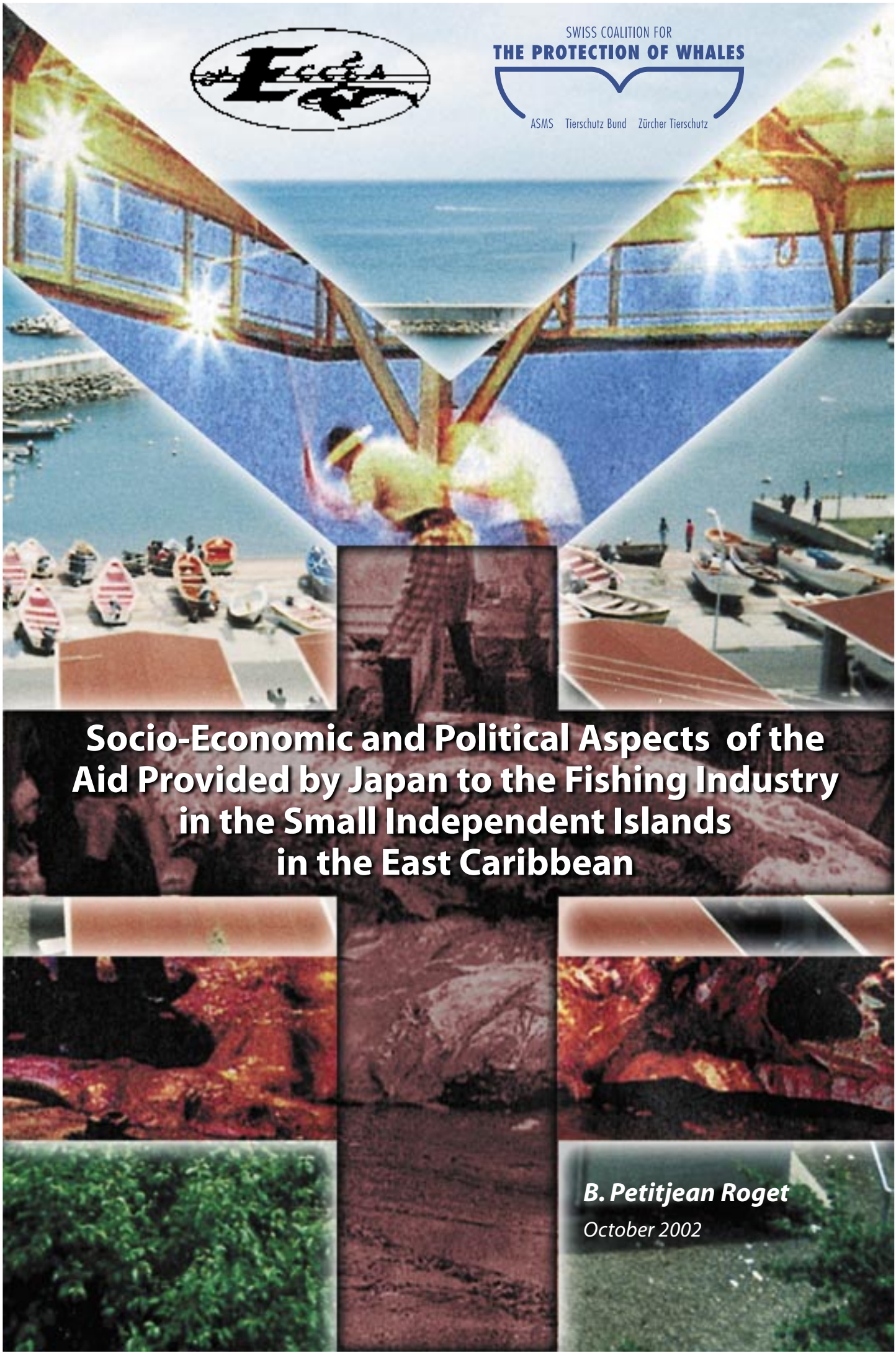
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Socio-Economic and Political Aspects of the Aid Provided by Japan to the Fishing Industry in the Small Independent Islands in the East Caribbean
B. Petitjean Roget
October 2002

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Executive Summary

September 2002

Since 1987 in some cases, and 2000 in others, six small, independent states in the Eastern Caribbean, all members of the United Nations, namely Grenada, St Vincent & the Grenadines, St Lucia, Dominica, Antigua & Barbuda and St Kitts & Nevis, have benefited from bilateral aid, which is essentially concentrated on the fishing sector. According to the statistics of the Ministry of Foreign Affairs of Japan, the amount of this aid totals 18,490 million JPY, which is equivalent to around 160.1 million USD. However, we should remind ourselves that this figure does not even represent a half of the EU aid to these same countries during the same period, namely 367.1 million European units of account, or approximately 330 million USD.

What makes the Japanese aid exceptional is the fact that it has been concentrated on one single sector, with twenty-two (22) fisheries' infrastructure projects being financed in these islands using these funds. The fishing industry in these islands, which are located in the tropical zone that lies between 12° and 17°30 Northern latitude, is one of the most traditional industries of these island societies. It is often more of a safe sector for additional employment rather than a sector for full-time work. According to the islands, this sector represents between 1% and 2% of the GDP. The effects of this massive aid should, therefore, be spectacular in terms of the development achieved.

But is this really "sustainable development", as defined by the World Commission on Environment and Development? In other words, is it development that meets the needs of the present but without compromising the capacity of future generations to attain their own needs? What effects have been observed on the fishing industry of these islands? What have been the effects on the economy of these countries in terms of development, in terms of their balance of payments, and in terms of the public budget? What is it that drives the Japanese co-operation programme to concentrate its efforts solely on this type of investment?

To find answers to these questions, an economist who is well acquainted with the situation in the Caribbean was entrusted with the task of conducting an evaluation visit. This visit took place in July and August 2002 and confirmed what the statistics were already indicating, namely that the results of this aid package on the fishing industry of these islands are far from convincing.

If we first take a look at the effect on the fishing industry, we can see that, as far as the evolution of the tonnages caught is concerned, the rare statistics show contradictory results. In some islands, the size of the catches has regularly decreased, while in others it has increased. Consequently, there is no correlation between the setting up of fishing infrastructures using Japanese aid and the size of the catches. A more detailed analysis showed that, in reality, there is an indirect link. The creation of fisheries' infrastructures has enabled an improvement in the size of the catches in those areas where investments were also made in modern fishing vessels, but this has also had the effect of marginalising the populations of fishermen from the traditional sector. There has, however, been a slight value-added improvement, as a result of the presence of preservation facilities, together with an improvement in terms of sanitation regarding the presentation of the fish for sale on a bed of ice. Furthermore, the analysis showed that it is not possible for these investments to pay for themselves solely on the basis of services from the fishing industry. In other words, they cannot exceed the break-even point unless the total value of production of the fishing sector is multiplied by a coefficient of around 3.7 in the case of Antigua, by around 1.9 in Dominica, or around 1.6 in Grenada – not to mention the other islands. There is, however, no reserve for increasing production capacity by this amount in a sector that is geared to tradition. Additional investment is needed in modern fishing vessels and in the training of manpower. This aspect is not given any support anywhere within the Japanese aid programme. In addition, this supplementary investment increases the multiplying coefficient still further.

In any event, such transformations can only come about as a consequence of the effects of the investments that have been financed and realised through this aid package.

The body responsible for providing the Japanese aid, JICA, must have come to the same realisation. Despite this, the action has been repeated year after year, including in zones that are badly exposed to hurricanes, where the infrastructure has been destroyed on several occasions. This means that even more aid has to be requested to enable repairs to be made. It is clear then that the logic which dictates that such investments are constantly increased does in fact have nothing to do with a wish to effect a real transformation in the fishing industry on these different islands. Moreover, *the risk of seeing these fisheries complexes destroyed or damaged has thus merely been included as part of the decision-making process regarding the allocation of the aid*.

So what is the effect of these aid packages on the economy of these islands and on their public budgets? We should remember first of all that these are very small, island economies, and that the amount devoted to aid for the fishing industry each year represents between 1% and 2% of the islands' annual GDP, i.e. as much as or more than the total added value of the fishing industry. Furthermore, these island economies have enormous problems maintaining equilibrium in their balance of payments, they have great difficult in balancing their public operating budget, and it is virtually impossible for them to finance their public investment on their own. And they depend on international aid for this purpose. Nevertheless, these countries are, in the main, more success-

ful than the vast majority of developing countries if we consider their Human Development Index, probably because the influxes of migrants that were triggered off have been easily absorbed in Great Britain, in the USA and in Canada, and also because the demographic growth has not brought about any disastrous situations.

The enquiry has shown that, even though a specialised company, OAFIC, was entrusted with the task of conducting a global strategic study, no sociological study was ever carried out on the populations concerned from the fishing industry, on their needs, their behaviour and their capacity to adapt to the change. *As a result, the failure of this policy was easily predictable*. So we are then left with the effects of these large investments on the economies of these islands. Given the manner in which these aid packages have been managed, *it is unlikely that the "local added value" financed by the aid exceeds 38 - 40% of the declared amount of that aid*. Indeed, this figure is probably less, as there is, unfortunately, every reason to believe that part of the aid includes a special budget intended to "reward the laudable efforts of those who give their support to the project" and to silence those whose consciences are opposed to such practices.

What is it then that drives the Japanese co-operation to concentrate its efforts solely on this type of investment? *A strategy has been put in place by Japan, the prime instrument of which is the use of aid for the fishing industry*. And what does Japan receive in return for this aid?

It could be access to the exclusive economic zone. But why should Japan invest so much for access to such small zones of between 6,800 and 70,000 km^2 when negotiations with countries that are almost as small in the Pacific concern zones totalling millions of km^2? And, then again, why create infrastructures on land that will be of no use to Japanese deep-sea fishing vessels for transhipment? *So Japan is not gaining access to the EEZ in return, which means that the reason can only be a strategic one*.

Socio-Economic and Political Aspects of the Aid Provided by Japan to the Fishing Industry in the Small Independent Islands in the East Caribbean

***B. Petitjean Roget*[1]**

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A group of islands in the East Caribbean, namely Grenada, St Vincent & the Grenadines, St Lucia, Dominica, Antigua & Barbuda, and St Kitts & Nevis, all microstates and former British colonies that gained their independence and sovereignty between 1974 and 1983, have for the last ten years or so been the subject of bilateral political aid, which has predominantly focused on fishing activities.

We should, of course, welcome such a generous initiative on the part of Japan to benefit these small countries in the Caribbean. However, closer analysis of the economic and political aspects behind this aid, which is specifically targeted at one single sector, namely the infrastructures of the fishing industry, has brought to light various issues that might cause us to call into question the action of these communities, and indeed that of the international community as a whole. (see Table I)

Although this aid has been of undeniable importance, it has been of less significance than the aid granted by the European Union over the same period. (see Table II)

The Japanese aid to the fishing industry shows markedly different characteristics from the aid granted by the EU. Whereas the Japanese aid was negotiated bilaterally on an ad hoc basis between an economic superpower and each one of these small countries, the EU aid is a multilateral package negotiated as part of a general convention linking the EU to all of the African, Caribbean

TABLE I

Japanese Aid to the Fisheries' Sector before 2002		Aid in million JPY	Equivalent in million USD	Aid per year in million USD	Aid per project in million USD	Aid per year as % of 2000 GDP
St. LUCIA	1987-2001 8 cases	5'644	54.3	6.8	6.8	1.0%
St. VINCENT & GRENADINES	1987-2001 5 cases	3'154	30.7	5.1	6.1	1.5%
GRENADA	1989-2001 3 cases & 1 new project	2'439	20.1	3.3	6.7	0.8%
DOMINICA	1993-2001 2 cases & 2 new projects	3.370	29.8	6.0	14.9	2.2%
ANTIGUA & BARBUDA	1997-2001 3 cases & 2 under sonctruction	2'935	25.3	8.4	8.4	1.3%
St. KITTS & NEVIS	2000-2001 1 case under construction	948	9.0	4.5	9.0	1.4%

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Fisheries Infrastructure

and Pacific Group of States (ACP). Consequently, the Japanese aid package is targeted exclusively not merely at the fishing industry as a whole, but more especially at the financing of infrastructures for the fishing ports. The EU aid, on the other hand, concerns both the infrastructures and also – and in particular – assistance with stabilising export markets and providing free access to the European market for products from the ACP group of countries, of which the islands that we are examining here are members.

The declared objective for any form of economic aid is that it should provide immediate or lasting improvement to a particular situation in a given country or in a sector of this country, that it should secure the future, and that it should not create any new forms of dependence that might be triggered off solely by the effect of the aid itself. So what, then, is the situation with this aid to the fishing industry?

This specifically targeted Japanese aid package appears enormous, given that it concerns a fishing industry that accounts for only around 1% to 2% of the total GDP of these islands, and also since the amount of aid allocated annually to one island is sometimes equal to or greater than the total value of its fishing industry. We should therefore be entitled to expect some tangible results on the fishing sector. However, there is no evidence at the present time to suggest that this aid package is bringing any convincing results to bear on this economic sector. Indeed, we can even ask ourselves if it is not triggering off new forms of dependence.

TABLE II

EEC Funding	To ***	Antigua M E	St. Kitts M E	Dominica M E	Grenada M E	St. Lucia M E	St. Vincent M E	Total
7th EDF	1	3.5	2.5	6.5	6.5	5.0	5.4	28.4
8th EDF	1	4.5	3.0	8.5	6.5	6.0	6.0	34.5
9th EDF	1	3.0	4.0	15.7	7.4	19.5	21.0	70.6
Total		**11.0**	**9.5**	**29.7**	**20.4**	**30.5**	**32.4**	**133.5**
STABEX 94	1&2			10.5	2.2	26.2	31.2	70.0
STABEX 95	1&2			14.1	2.0	20.4	15.0	51.9
STABEX 96/97	1&2			10.2	0.9	13.6	16.5	41.1
STABEX 98	1&2			1.6	0.0	4.4	0.0	6.0
STABEX 99	1&2			0.9	0.0	3.1	0.0	4.0
STABEX remaining balance	1&2			3.8	0.3	9.0	3.5	16.6
Total				**41.0**	**5.4**	**76.6**	**66.6**	**189.6**
SFA 99	1			6.5	1.0	8.5	6.1	22.1
SFA 00	1			6.5	0.5	8.9	6.5	22.3
Total				**13.0**	**1.5**	**17.4**	**12.6**	**44.4**
G. TOTAL		**11.0**	**9.5**	**83.7**	**27.3**	**124.5**	**111.6**	**367.6**

*** 1 = Allocation, 1&2 = Allocation & Interest

The Different Islands Studied, and Their Fishing Industries

■ The Background

The six islands under consideration, together with their dependencies, are located in the Antilles Arc in the tropical zone that lies between 12° and 17°30 Northern latitude. These islands thus lie right at the heart of the cyclone path, this being an area that is devastated every year by cyclones.

With the exception of Barbuda, and to some extent Antigua, these are all volcanic islands. There is a marked difference in terms of vegetation, and therefore also as far as potential agricultural exports are concerned, between a group of islands with low-lying terrain that does not keep the clouds and rains in (Union, Mayero, Canouan, Mustique, Bequia and the island of Barbuda) and those islands with more mountainous terrain, which are watered by abundant precipitation (Grenada, Cariacou, St Vincent, Dominica, and, to a lesser extent, St Kitts & Nevis and Antigua).

As far as the fishing industry is concerned, we have to make a distinction between those islands that have a small underwater continental shelf at shallow-depth with coral reefs off at least one of their coastlines (namely Grenada, all of the Grenadines from Cariacou to Bequia, St Lucia, Antigua & Barbuda, Saint Kitts & Nevis in their immediate vicinity) and the other islands (St Vincent and Dominica), which do not have a continental shelf.

Although the annual fish consumption of these islands is estimated at somewhere between 20 and 25 kg per person per annum, the fishing industry in these islands has never played anything more than a completely marginal role in economic terms. It represents only a minute proportion of between 1% and 2% of the total GDP, but continues to play a substantial role in social terms as additional employment for some of the islands' populations.

Fishing in these islands is in fact a pseudo-archaic industry. It was created in the middle of the 19th century, following the bans imposed during the slavery era, as a safe economic sector often associated with subsistence agriculture. The fishermen are rarely solely fishermen, but are often farmers as well. This fishing, based on recreated tradition, seems to be a meeting point of three main influences: a Caribbean influence as far as knowledge of the fish is concerned (these are different from the migratory species), together with the manufacture

Traditional Fishery

and use of dugout canoes or of fish traps (nets); a European influence as far as the fishing boats, use of sails, fishing methods and use of nets are concerned; and finally an African influence, in that the species that are fished are similar to those found on the coast of West Africa, from where a significant number of slaves originated.

On the subject of the Caribbean influence, it should be pointed out here that nothing has come to light in research conducted to this day and no remnants have been found that would enable us to state that the Caribs hunted marine mammals. On the contrary, in fact, the chroniclers have clearly indicated to us that this people refused to eat mammals such as manatees, which they considered as taboo. It is therefore totally unfounded to say that the whale fishing practised around the island of Bequia is originally an American-Indian tradition, when we know full well that this practice was introduced to the island by whale hunters at the end of the 19th century.

This is a sector that has always been strongly influenced by tradition with little influence from scientific knowledge. There is strong differentiation between masculine roles and feminine roles. Individualism generally tends to take precedence over a spirit of co-operation between fishermen. In addition, it is a sector that has created a set of almost magical rules for itself, and these are accepted by the whole of the fishing community. Consequently, even to this day, the fisherman search out what they call "drifting wood". This can be almost anything that is floating and on which flying fish, for example, have come to deposit their eggs. After these come sea bream and then the large predators. The first fisherman who discovers and arrives at the site of this floating object is the only one who is entitled to fish in that spot. He has, as it were, become the "owner" of the space surrounding this piece of driftwood. So what was the effect on this custom when outboard motorboats came onto the scene in the 20th century? The fishermen proceeded to equip themselves with the most powerful outboard motors so that they could reach the driftwood first, and this in turn had a negative effect on the stability of their operating costs. This tradition has now been superseded as a result of the fish aggregating devices.

■ Investments in the traditional fishing industry

Generally, the most common type of fishing boat that is used on the majority of the islands is an outboard motorboat between 6 and 9 metres in length and often undecked. Antigua is the exception; there, they use a boat with a deck and fitted with inboard motors. A traditional type of boat with equipment costs around 12,000 USD new. For some years now, the use of long liners has been observed. This started off in Grenada, where the local fishermen were given instruction in fishing techniques by a Cuban mission, which also introduced long liners there. These long liners are, however, marginal in numerical terms. Some companies do own them, such as Caribbean Seafood in Antigua, which has two in its possession, both 15.5 metres in length[2]. Given that this is a summary analysis of the industry, however, it is difficult to obtain precise figures, as these vary considerably, depending on the sources. We did, however, manage to obtain statistics for some of the islands during our visit in July 2002. (see Table III)

Investment in this traditional sector essentially comprises the following: boats, outboard motors and equipment. (see Table IV)

Until the Japanese fisheries started to spring up, the installations on land were generally fairly basic, although they might sometimes have included co-operative establishments equipped with preserving facilities. The co-operative that buys all the catch in fact plays the role of banker for the various fishermen, who can thus ensure that the fruits of their activity are moved each day. We did observe some co-operatives like this, which seemed to be operating efficiently with limited resources. One such example was in Fond Saint Jean in the south of Dominica. Until recently, the techniques used for preserving fish were extremely inadequate, both at sea and on land. The small boats almost never carry any ice with them when at sea. On land, the fish is often sold fresh by the roadside immediately after it has been brought ashore, unless the co-operatives are equipped with cold storage facilities or ice-making equipment such as that found in hotels. In this case, it is possible to supply the distribution network and the hotel trade, ensuring that basic hygiene rules have been observed.

TABLE III

Country	GDP 2000 in million USD	Fishing as a % of the GDP	at	Variation of T/year	Tonnage at T/an
Antigua & Barbuda	661.7	0.4%	0.5%	500	600
Dominica	268.3	0.8%	2.0%	600	1'500
Grenada	410.6	1.4%	2.0%	1'500	2'100

TABLE IV

Country	Number of boats	Estimated number of long liners	Fisheries Sector Evaluation of investment	
			from million USD	to million USD
Antigua & Barbuda	236	2	2.6	3.0
Dominica	765	1 or 0?	8.4	1'500
Grenada	735	30	8.1	9.2

[2] The monograph entitled „World Swordfish Fisheries", drawn up by the US Department of Commerce, NOAA and NMFS in 2001, contains a substantial amount of information. The website www.caricon.fiserhies.com is not updated.

■ The practice of fishing

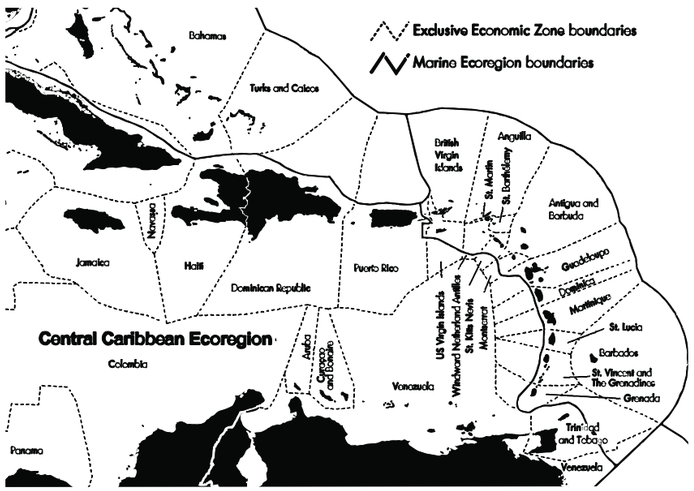
Where do these fishermen generally do their fishing? As a rule, they fish close to the coastline. They depart early in the morning and return early in the afternoon. Nighttime fishing is rare. How do they fish? The fishing methods vary from island to island, depending on whether the island has a continental shelf or not. During our brief visit to the Grenadines in July 2002, we saw fishermen fishing exclusively for conch from those fisheries complexes that have been financed by the Japanese. In Dominica, however, we did see catches of yellow tuna and king fish being sold at Grenada's fish markets, while in St Vincent there were pelagic fish on sale that had been caught on lines, as well as reef fish caught either in fish traps or on lines.

■ The issue of the 200-mile EEZ (Exclusive Economic Zone)

Each of the islands decided to extend its territorial waters to 12 miles and its EEZ to 200 miles in compliance with the provisions of the *United Nations Convention on the Law of the Sea*. As the islands are close to each other, it has been difficult to define the limit of the different zones and this has remained unresolved in some cases, with the result that it is almost not possible to state the precise area of this EEZ.

The largest exclusive economic zone, that of Antigua & Barbuda, is probably approximately 70,000 km^2, while the zone for Saint Kitts & Nevis must be in the region of 6,800 km^2, Grenada's EEZ is around 27,000 km^2. Consequently, there is nothing comparable here to the massive exclusive economic zones found around certain Pacific islands, which sometimes cover more than one million km^2 and which thus constitute an important economic factor.

Long before these different islands gained their independence, deep-sea fishing vessels from Taiwan and Japan were observed just off the coastlines of the islands. Since then, practically no information has been available about these fishing activities. It has not been possible for us to ascertain whether there are any fishing agreements between these small countries and those countries that are specialists in deep-sea fishing, such as Japan, Korea or Russia.



Japanese Aid to the Fishing Industry in the Islands under Study

We can take a closer look here at the investments made in certain islands as part of this aid package from 1987 up to the present day as they appeared to us during our visit in July/August 2002. (see Table VI)

TABLE VI

		JAPANESE AID TO THE FISHERIES SECTOR	Equivalent in	
Year	**Country**	**Project considered**	**(Mn JPY)**	**(Mn USD)**
1987	St LUCIA	Fisheries development project	290	2.9
1988	St LUCIA	Fisheries development project	360	3.6
1992	St LUCIA	Project for construction of fish-landing base in Dennery	738	7.3
1994	St LUCIA	Project for Fisheries Development	388	3.7
1995	St LUCIA	Construction of the Fisheries Development Center	527	5.0
1997	St LUCIA	Construction of Vieux Fort Fishery Complex	1015	9.7
1998	St LUCIA	Construction of Vieux Fort Fishery Complex	1008	9.6
2001	St LUCIA	Improvement of Coastal Fisheries Development	1318	12.6
			5644	**54.3**
1987	St VINCENT & GRENADINES	Kingstown Fisheries Market Construction Project	292	2.9
1988	St VINCENT & GRENADINES	Kingstown Fisheries Market Construction Project	351	3.5
1990	St VINCENT & GRENADINES	Fisheries' development project	273	2.7
1993	St VINCENT & GRENADINES	Coastal Fisheries' Development Project	731	7.2
1995	St VINCENT & GRENADINES	Fishing Complex Construction Project	731	7.0
1998	St VINCENT & GRENADINES	Construction of Fishery Center	776	7.4
			3154	**30.7**
1989	GRENADA	Coastal Fisheries' Development Project	216	2.1
1990	GRENADA	Coastal Fisheries' Development Project	461	4.6
1994	GRENADA	St George's Artisanal Fisheries Complex Project	299	2.1
1995	GRENADA	St George's Artisanal Fisheries Complex Project	502	3.6
1998	GRENADA	Construction of Fish Market in Melville Street	605	4.3
1999	GRENADA	Construction of Fish Market in Melville Street	356	3.4
			2439	**20.1**
1993	DOMINICA	Coastal Fisheries' Development Project	617	6.1
1994	DOMINICA	Coastal Fisheries' Development Project	559	5.7
1995	DOMINICA	Coastal Fisheries' Development Project	570	6.5
1998	DOMINICA	Rehabilitation of Roseau Fishery Facility	510	3.6
2001	DOMINICA	Rehabilitation of Roseau Fishery Facility	1114	7.9
			3370	**29.8**
1997	ANTIGUA & BARBUDA	Construction of Fish-landing & Distribution		
		facilities in St John's	1280	11.2
2000	ANTIGUA & BARBUDA	Promotion of small-scale fisheries	857	7.9
2001	ANTIGUA & BARBUDA	Rehabilitation of Artisanal Fishery	798	6.1
			2935	**25.3**
2000	St KITTS & NEVIS	Construction of Basseterre Fisheries' Complex	381	3.6
2001	St KITTS & NEVIS	Construction of Basseterre Fisheries' Complex	567	5.4
			948	9.0

We should also add two new projects that have come to light in the meantime in the south of St Lucia, one at Choiseul and the other at Soufrière, with an estimated combined value of 16.54 million USD, as well as a project at Marigot in Dominica.

The Japanese aid is always an annual package, with the amounts granted to each island (in the form of annual aid) varying between 3.3 and 8.4 million USD. These amounts correspond to the annual outlay by a given island to carry out projects that have been accepted. These projects appear to have budgets of substantial unit amounts, ranging from 6 to 15 million USD per project. After we had checked on the individual projects on the spot, these amounts did seem to be extremely high to us for certain projects.

The Fisheries Complexes Constructed[3]

We observed two types of these complexes: Type 1 is based around an urban-type fish market, while Type 2 is a non-urban establishment centred on fishing and equipped with simplified points of sale.

Type 1(a) is located in a town/city; it includes a fairly high quay (Q) to allow long liner type vessels to dock; it is about 1.5 to 2.5 metres above the water; its buildings are generally constructed from reinforced concrete with concrete breeze blocks used for the interior walls; it has cold-storage facilities (F), a covered market area (M) equipped with sales points and weighing scales, and sometimes refrigerated vehicles (Vr) on hand.

Type 1(b) is the same as type 1(a), but is also fitted with a gently-sloping platform (P) equipped with elastomer sliding runners, thereby allowing the boats or canoes to be towed up by hand and also providing enclosed boat parking spaces for the fishermen.

Type 2 complexes are generally located away from the towns/cities; they have a fairly high quay (Q) to allow docking for vessels that are higher on the water than the boats most frequently used by the fishermen; they have a gently-sloping platform (P) equipped with elastomer sliding runners, thereby allowing the boats or pirogues to be towed up by hand; they provide enclosed boat parking areas for the fishermen (L); they also have cold-storage facilities (F) usually with water storage towers (T), compressors (Co), and sometimes a plant for desalinating seawater (Ds), a shed for selling fish (Vt), as well as office space for the administration of the whole complex. If the complexes are too exposed to the swell from the sea, they are protected by a breakwater (D).

[3] See detailed presentation in the Appendix, together with photos.

The complexes visited, which can also be seen in the photos in the Appendix, were the following: (see Table VII)

Let us now take a look at the effects of this aid from the point of view of the country receiving the aid and its fishing industry, and then from the point of view of the donor country.

TABLE VII

COUNTRY	St Kitts	Grenada		Dominica	
Name of place	Basse Terre	St George	Grand Mal	Roseau	Marigot
Location	South-West Coast	West Coast	West Coast	West Coast	North-East Coast
	work in progress	in town, exposed	without protection	in town, exposed	exposed
Aid registered in	2000-01	98-01	94-95	93-01	2002 project
Amount	9.0 m USD	7.7 m USD	5.7 m USD	29 m USD	
Type of complex	Type 1 b	Type 1 b	Type 2	Type 1 b	Type 2

COUNTRY	St Lucia				
Name of place	Gros Ilet	Castries	Vieux Fort	Dennery	Soufrière
				Not visited	& Choiseul
Location	Chenal marina	End of the bay	South-West Coast	Côte Est	South-West Coast
			with breakwater		
Aid registered in	94-95	87-88	97-98	92	Project
Amount	8.7 m USD	6.5 m USD	19.3 m USD	7.3 m USD	from 16.4 m USD
Type of complex	Type 2	Type 1 b	Type 1 b		

COUNTRY	St Vincent & Grenadines			
Name of place	Kingstown	Bequia	Canouan	Union
Location	West Coast	South Coast	South Coast	East Coast
	in the town		without protection	protection from reef
Aid registered in	67-88	94	98	95
Amount	6.4 m USD	7.2 m USD	7.4 m USD	6.96 m USD
Type of complex	Type 1 a	Type 2	Type 2	Type 2

COUNTRY	Antigua		
Name of place	St John	Johnson Point	Parham
Location	End of the bay	South Coast	North-East Coast
		Exposed	End of the bay
Aid registered in	97	2000	2001
Amount	11.2 m USD	7.9 m USD	6.1 m USD
Type of complex	Type 1 a	Type 2	Type 2

Consideration of the Aid from the Point of View of the Fishing Industry of the Islands

■ What is the immediate effect on the industry in terms of production and value?

We can give a spontaneous reply to this first question as to what the effect is in terms of value: the fishermen now have facilities available to them for preserving and selling their catch in good conditions, irrespective of the time at which the vessels bring in the catch. In other words, in all those locations where there were previously no cold-storage facilities, the fishermen are now able to improve their income, as they are no longer forced to sell their catch immediately at low prices. It can be estimated that this improvement is worth around 10% of the value of the total catch, because even without these cold-storage facilities, there were already refrigerators in place for the normal daily catches. However, the increase in revenue may be more significant with exceptional catches of pelagic fish, albeit over a short period. Indeed, when there is an abundance of fish on the market, the prices of fresh fish fall. If this fish can be preserved in a cold-storage room until the market situation has improved, the fishermen's overall income increases, although the impact of this remains limited when its is calculated against the takings for the whole year.

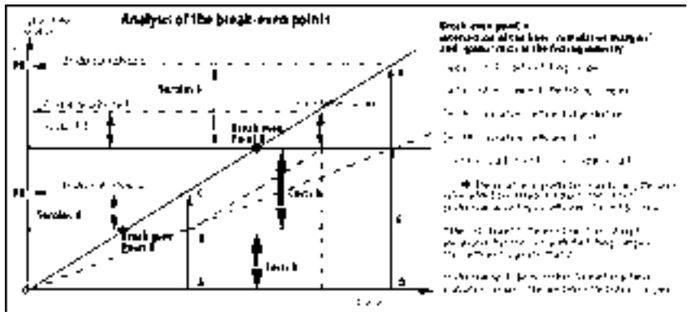
■ Do these complexes lead to an increase in the size of the catches?

It is not easy to answer this question, as there are no direct links between the complexes on land and the traditional method of fishing that is practised. What can happen, however, is that the fishermen, who know that they can hand over their catch at whatever time they return ashore, may be tempted to remain at sea for longer and to go further away from the shore. This can lead to a certain increase in the size of the catches. By contrast, though, the introduction of industrial fishing practices with greater amounts invested could really exploit this type of complex to the full.

■ Can these complexes ultimately pay for themselves – given that they have to be renovated as well?

It is more difficult to give an answer to this question, and we need here to provide a brief demonstration using a technique known as the "break-even point". (see graph below)

For this, we are interested in the effect that the various investments have had on the fishing industry of each island. We are going to look at the situation year by year and use a simple graphic for this. The tonnage of the catches is plotted on the abscissa, while the values are plotted on the ordinate.



- The thick slanting line represents the cumulative margin of the industry in terms of the tonnage of the catches.

- We can calculate a cumulation of the costs associated with the traditional sector "Costs A", represented by a horizontal line.

- The point at which this straight line intersects the line representing the cumulative margins is "Break-Even Point A". The industry has covered its costs, but has not shown a profit.

- As the "product of Fishing A" is greater than "Costs A", the break-even point has been exceeded, and the industry has shown a "profit A".

Let us suppose that, on a given island, fishery complexes have been created. The authorities responsible for managing these complexes know that they have to be maintained, and they provide for repairs to be carried out or even for them to be rebuilt in the long term, either because of wear and tear or as a result of cyclones. They determine the "costs B" associated with these fisheries, which have to be paid by the users. Consequently, the users are now faced with having to pay "costs A" and "costs B" They have to produce more to cover these costs at "Break-Even Point B". There may now be two different attitudes prevalent among the fishermen: either they want to show the same surplus in absolute value terms, and they will then have to achieve the "Product of Fishing A1"; or they will want to show the same surplus as they did before using the fisheries, and they will then have to achieve the "Product of Fishing B".

In this case, the coefficient (P B / P A) indicates by how much the initial production will have to be multiplied to achieve new production giving an identical surplus rate. This coefficient =1+(Cost B / Cost A). If "Cost B" is greater than "Cost A", they will have to more than double production to achieve a similar situation to that which they had before the investment was made.

We shall attempt to determine these coefficients for the situations that we observed in Antigua, Dominica and Grenada. For this purpose, we can use elements of the fishing industry that we have already presented.

In Antigua, the average value of vessels equipped with motors and lines can be estimated at between 11,000 and 12,500 USD. The depreciation value of all of the 250 or so vessels and motors in Antigua can be estimated over five years at between 0.5 and 0.65 million USD. To this, we have to add consumption of fuel and other items, totalling between 0.15 and 0.2 million USD, i.e. a "Cost A" of between 0.7 and 0.80 million USD. In addition, the fisheries complexes constructed in Antigua between 1997 and 2001 represented a value of approximately 25.3 million USD. Consequently, if we consider depreciation over 15 years (the maximum possible in a cyclone area), we arrive at a depreciation value of 1.68 million USD, to which we have to add annual costs of around 0.12 million USD, making a total of 1.8 million USD. The multiplication coefficient for Antigua is calculated from this. It is estimated thus: = 1 + (1.8/0.80) = 3.3 or 1+(1.8/0.7) = 3.7.

In the same way, the multiplication coefficient for Dominica can be estimated at 1.9 and for Grenada at 1.6. The coefficients for Dominica and Grenada are lower, as the present fishing industry is proportionally more important than in Antigua.

To ensure that the fishermen can maintain the same surplus rate if they should choose to make provisions for depreciation and therefore replace their equipment, production in Antigua would have to be multiplied by 3.3 (or 3.7) and production increased from, for example, 600 tonnes/year to 1,975 tonnes/year. In Dominica, we would multiply by 1.9 and therefore increase production from 1,500 tonnes to 2,850 tonnes/year. In Grenada, we would multiply by 1.6 and increase production from 2000 tonnes/year to 3,320 tonnes/year.

It is perhaps possible that the EEZ might allow this increase in tonnage. However, it is clear that the traditional fishing fleets in use do not have the capacity to allow production to be boosted in this way. To increase both productivity and production, *it would be necessary to invest not only in a new fleet but also in training for the men that is adapted to this new activity*; this in turn would increase "Cost B", with the result that the coefficient would also increase again.

In other words, if these new investments are not made, there can never be any gain from exploiting the facilities in which investment has been made on the land. Furthermore, when it comes to renewing the facilities in the long term, or rebuilding them after they have been destroyed by cyclones, a new external source of financing will have to be found again for the sector requiring aid.

■ The logic behind these aid packages

The Japanese investment in fisheries complexes presupposes that there will be a radical transformation of the industry with:

- the acquisition of new, more cost-effective fishing vessels of the long liner type, or other types of vessel which alone are capable of increasing production in the proportions necessary to achieve equilibrium;

- but also a radical transformation in the sociological behaviour of the whole fishing community. However, this does not look as though it is about to happen on any of the islands, since nothing is really being done to help the populations learn to live with the transformation of their society.

In any event, such transformations can only come about as a consequence of the effects of the investments that have been financed and realised through this aid package.

The regulations governing allocation of Japanese aid stipulate that subsequent, related operating costs cannot be taken into account in the aid package. In addition, because it has not been transformed/modernised, the industry is not capable of generating the necessary resources to renew the investment; *these aid packages will therefore ultimately trigger off the need for yet more aid.*

JICA [Japanese International Co-operation Agency] was perfectly well aware when it set up fisheries complexes that were exposed to cyclonic swell that this would result in substantial damage in the long term, and that the islands would not be in a position to finance the repairs. This is precisely what we saw with the damage caused by Hurricane

Lenny in 1999. This hurricane substantially damaged the Roseau complex on Dominica, partially destroyed the first complex constructed at Grand Mal on Grenada, as well as damaging the complex that had only just started operating at St George on Grenada. The only way that these facilities could be repaired was with new, external aid.

Those who have been evaluating the effects of these investment packages for the last ten years have obviously become aware of these aspects. This notwithstanding, investments in these fisheries complexes have continued year by year and from island to island.

➔ It is clear then that the logic which dictates that such investments are constantly increased has nothing to do with a wish to effect a real transformation in the fishing industry on these different islands.

➔ The risk of seeing these fisheries complexes destroyed or damaged is merely part of the decision-making process regarding the allocation of the aid.

The View of the Governments and Politicians of these Islands vis-a-vis the Investment

■ Background to the historical development and the economic situation

We should point out here that these islands, which were colonial plantations from the 17th century in the case of St Kitts, Antigua and St Lucia, and from the end of the 18th century in the case of the other islands, were shaped by their metropolis, with the purpose of serving that metropolis. A population of African origin was introduced here in large numbers through the slave trade. These people gained their freedom following the abolition of slavery that became effective in 1839, and were then able to take up work in safe industry sectors (subsistence agriculture and fishing), or they were forced to take employment on the plantations (which was the case in Antigua).

From the middle of the 19th century onwards, the economy of the plantations started to fall into decline. These islands started to become marginal in importance as British colonial possessions from the middle of the 19th century. This situation became more pronounced between the wars, and deteriorated still further in the period following World War II. By contrast, though, a new industry emerged in the 1960s, namely tourism.

After changing their status on several occasions and also being members of the West Indies Federation from 1958 to 1962, the islands gained their independence as follows: Grenada in 1974; Dominica in 1978; St Lucia in 1979; St Vincent in 1979; Antigua & Barbuda in 1981; and Saint Kitts & Nevis in 1983.

In the 1980s, new and modern industrial sectors started to emerge. These had an important effect on the capital flow and resulted in the adoption of certain laws that turned some of the islands into tax havens and locations for setting up offshore banks and casinos. The appearance of these phenomena is not without consequence or indeed without risk for these islands. Even though these modern sectors may have initially played their part in generating new resources for these microstates, they have also given rise to a parallel, illegal underground economy.

TABLE IX

COUNTRY		POPULATION			CHARACTERISTICS				
Designation	Area (km^2)	Population in 2000	Population per km^2	Annual variation in population	Growth rate of GDP 1998-2000	Growth rate of GDP 2000-2001	Inflation rate 1999-2000	per capita GDP in 2000 in USD	HDI Index 1999
Antigua & Barbuda	442	71'800	162	1.4%	4.2%	1.5%	0.7%	$9'216	0.833
Dominica	750	71'500	95	-0.3%	1.5%	-4.0%	0.9%	$3'753	0.793
Grenada	345	101'400	294	0.6%	7.1%	-0.5%	2.2%	$4'049	0.785
St Kitts & Nevis	269	44'500	165	3.3%	4.0%	1.0%	2.1%	$7'381	0.798
St Lucia	616	155'000	252	1.2%	2.5%	-2.6%	3.6%	$4'562	0.728
St Vincent &	388	112'000	289	0.1%	3.9%	-0.6%	1.4%	$3'009	0.738
Grenadines									

Extract from the CDB Annual Report 2001 et for the HID, ACP-EU AGREEMENT COTONOU 2000

These islands are very small countries. Until 2000, they experienced an economic growth which, despite what has been stated before in this document, was considered to be satisfactory overall, compared with the economic growth of many developing countries. (see Table IX)

The following table shows that these islands are, in the main, in a far superior overall economic situation than the African and Pacific countries that are signatories to the ACP-EU agreements, at least for the years 1999-2000. (see Table X)

The per capita GDP is higher than that of the African or Pacific countries. The level of education has constantly improved since the end of the war. The state of health of the populations has also improved considerably, and the residents of certain islands, such as Dominica, enjoy exceptional longevity. All of these aspects serve to boost the HDI rank, as is apparent from the above table.

A large shadow was cast over the islands with the economic crisis of 2000. This was the result of the globalisation policy pursued by the WTO, which disrupted the agricultural and industrial sectors of these islands. The situation was exacerbated still further in 2001 by the recession in the USA and especially by the effects on tourism of the attacks on 11th September.

These are open-economy countries which place considerable emphasis on managing their balance of payments, and which also have also created a public sector that is proportionally far greater in importance than that of large countries.

Table XI provides us with further information[4]:

TABLE X

HDI and world ranking for different countries in 2000	Country	HDI 2000	Ranking	OECS	HDI 2000	Ranking
HDI is an index calculated by the United Nations	USA	0.999	1	Antigua	0.833	37
by combining three factors:	UK	0.918	10	Dominica	0.793	51
* average life expectancy at birth	France	0.917	12	Grenada	0.785	54
* the level of education	South Africa	0.697	103	St Kitts	0.798	47
* the standard of living by per capita GDP	Ethiopia	0.309	171	St Lucia	0.728	88
				St Vincent	0.738	79

The nearer this index is to 1, the better the situation of the country in Cotonou 2000

[4] Caribbean Development Bank Annual Report 2001

TABLE XI

COUNTRY	Export of goods & services 2000 (m USD)	Import of goods & services 2000 (M USD)	Balance 2000 (m USD)	Balance of payments 2000 (m USD)	Overseas public debt 2000 (m USD)	Servicing of Overseas public debt 2000 (m USD)	Servicing of debt as a% of exports 2000 %	GDP 2000 (m USD)	Crisis and Growth Rate 2000-2001 %	GDP 2001 (m USD)
Antigua & Barbuda	457.1	505.7	-48.6	-79.1	401.1	19.2	4.2%	661.7	1.5%	671.6
Dominica	138.3	180.2	-41.9	-68.9	98.7	7.1	5.1%	268.3	-4.0%	257.6
Grenada	240.4	304.2	-63.8	-76.9	129.2	10.3	4.3%	410.6	-0.5%	408.5
St Kitts & Nevis	155.5	246.9	-91.4	-58.0	138.6	24.9	16.0%	328.4	1.0%	331.7
St Lucia	363.3	426.2	-62.9	-82.4	137.2	17.2	4.7%	707.1	-2.6%	688.7
St Vincent &	178.0	202.7	-24.7	-26.3	159.3	10.0	5.6%	337.0	-0.6%	335.0
Grenadines										

from CDB Annual Report 2001

The crisis has made its effect felt on the budgets of the governments of these islands in 2002, and has resulted in serious difficulties.[5] (see Table XI)

In their 2002 budgets, three islands anticipate difficulties in being able to meet current expenditure with current resources. Nearly all of them may find themselves having to appeal for external aid to finance their investments.

Let us now consider the first economic viewpoint, namely that of aid as a means of financing a policy of large-scale projects aimed at transforming a given economic sector.

■ Managing the priorities

A Japanese aid package financed at 100% is certainly welcomed in such a context. However, was it in fact requested as a priority by each of the countries?

It became apparent to us that, with nearly all of the islands, the initiative at the origin of the initial project had come from the Japanese, and that it had been triggered by a Japanese representative, usually the Ambassador accredited to the region. We are aware as well, having examined the procedure from the Japanese side, that this offer is in reality the final stage in a long decision-making process.[6] Furthermore, certain politicians from these islands who had requested aid from Japan for other projects were met with a flat refusal for any project other than those relating to fishing.

Some of you will say that this is of little importance; given that it is a 100% aid package, there will always be something

[5] Grenada: 2002 Budget Speech Presented to the House of Representatives 3 December 2001 by Hon. A. Boatswain, Minister of Finance of Grenada 2002 Budget Speech presented to the House of Representatives, 3 December 2001, by Hon. A. Boatswain, Minister of Finance of Grenada.
St Kitts & Nevis: 2002 Budget Address Presented to the National Assembly on Monday 17th December 2001 by Hon. D. Douglas, Prime Minister and Minister of Finance 2002 Budget Address presented to the National Assembly on Monday, 17 December 2001 by Hon. D. Douglas, Prime Minister and Minister of Finance.
Antigua: 2002 Budget Statement.2002 Budget Statement. Delivered by Hon. L. Bird, Prime Minister and Minister of Finance on Friday, 22 March 2002. Delivered by Hon. L. Bird, Prime Minister and Minister of Finance on Friday, 22 March 2002.
Dominica: Budget Address 2002 by Hon. Pierre Charles Prime Minister and Minister for Finance and Planning, 24 June 2002. Budget Address 2002 by Hon. Pierre Charles Prime Minister and Minister for Finance and Planning, 24 June 2002.
St Lucia: Budget Address 2002 in www.Stlucia.gov.lc/primeminister/
[6] See Dr Sandra Tarte "Japan's Aid Diplomacy and the Pacific Islands", Asia Pacific Press, National Centre for Development Studies 1998.

TABLE XII

BUDGET 2002	GRENADA	2002	DOMINICA	2002	St Kitts	2002	ANTIGUA	2002	St LUCIA	2002
GDP		GDP 2001		GDP 2001		GDP 2001		GDP 2001		GDP 2001
		408.5		257.6		331.7		671.6		688.7
BUDGET	m USD		m USD		m USD		m USD		m USD	
Current resources	127.7	31%	85.1	33%	83.0	25%	211.7	32%	175.2	25%
Operating expenses	-108.4	-27%	-90.3	-35%	-102.9	-31%	-221.9	-33%	-170.6	-25%
+/- difference	19.3	5%	-5.2	-2%	-19.9	-6%	-10.2	-2%	4.7	1%
Investments	-74.0	-18%	-16.5	-6%	-29.5	-9%	-25.0	-4%	-106.7	-15%
Resources /Investments	74.0	18%	13.7	5%	26.2	8%	13.9	2%	106.7	15%
+/- difference investments	0.0	0%	-2.8	-1%	-3.3	-1%	-11.1	-2%	0.0	0%
Total expenditure	-182.4	-45%	-106.9	-41%	-132.4	-40%	-246.9	-37%	-277.2	-40%
Budget deficit or										
Budget surplus	19.3	5%	-8.1	-3%	-23.2	-7%	-21.3	-3%	4.7	1%
Debt amortisation			-5.4	-2%			-51.5	-8%	-12.0	-2%
Total balance	19.3	5%	-13.5	-5%	-23.2	-7%	-72.9	-11%	-7.3	-1%

REF : BUDGET STATEMENT 2002

left over. However, it is important for several reasons. The first of these concerns the social changes that it brings about in this industry, while the second concerns the financial impact of these investments on the economy of these islands.

■ Supporting studies and social change

We have noticed that detailed technical studies have been conducted by specialised Japanese companies, such as OAFIC, at the request of JICA, prior to certain projects being implemented.

Consequently, OAFIC,[7] a company which was set up in 1977 and which specialises in particular in fishing projects around the world was entrusted by JIC from 1993 onwards with the task of conducting a basic study on the potential of technical co-operation with the fishing industry in the East Caribbean. This study resulted in several projects, necessitating studies on technical feasibility, conception, and implementation with supervision, all of which were entrusted to OAFIC. This was the case in particular with several projects in Dominica, including the one at Roseau; with projects in St Lucia (Pointe Séraphine at Casties); the Grand Mal project on Grenada; the project on Canouan Island; as well as the one on Union Island.

As far as we are concerned, it is perfectly clear that OAFIC would have reached the same conclusions as we did when drawing up its business plan and economic feasibility study for the different projects: it is impossible for the fisheries complexes to achieve break-even point without changes being made to the whole fishing industry. However, JICA was responsible for taking the decision, and in each case it opted to proceed, albeit with full knowledge of the facts.

We can see from OAFIC's own documentation that they employ all manner of specialists: specialists in fishing, architects and engineers, marine architects, specialists in the management of live fish stocks, various technicians, financial analysts and economists – but never any anthropologists or sociologists. This area is not one of those where it is felt that studies need to be conducted.

Consequently, no socio-economic or even anthropological studies were ever conducted prior to these investments being made. Furthermore, there has been no policy, either, of providing support with the programmes; for example with training the men to help them master the technical progress and its consequences on the fishing communities. On only one single occasion did we see for projects in St Vincent and the Grenadines between 1996 and 1998 that OAFIC had been entrusted with a more extensive mission, which also included evaluation of the different projects.[8] It would be astounding to think that an organisation of this nature could ever have imagined that the investments in these minute islands would be viable on their own without any supporting policy. Indeed, few fishermen working in this traditional industry can envisage acquiring the new fishing vessels that would be necessary to ensure the properly balanced operating of the fisheries complexes. The rare attempts made by banks – in Dominica, for example – to finance these vessels have ended in failure.

As purchasing of these large fishing vessels is beyond reach for the self-employed fishermen, they receive a proposal whereby they give up their status of self-employed, owner fishermen to become salaried employees – the opposite path to that taken by their ancestors, who became self-employed. If the governments of these islands do not have studies and other supporting information like these at their disposal, it is obvious that they do not make preparations to manage the social change that these investments entail. It is unlikely that an industry such as the traditional fishing industry can be transformed solely by receiving investment in its infrastructures.

➔ Failure in respect of transforming the fishing industry is, therefore, easy to predict.

What is the real financial effect of these investments on the economy of these islands? We are looking here solely at the effects resulting from the construction of these complexes; we have already seen that, in the long term, it is problematic for the complexes to pay for themselves and for them to be replaced.

■ The financial impact of these investments on the economy of these islands

With every policy of major projects that are financed at 100% by external aid, even with so-called "white elephants", part of the funds necessary to implement these projects will end up in circulation in the country and will provide work for some of the population, at least if the salaried building site workers are nationals of the country concerned. It is, therefore, tempting for the governments and politicians of small islands to accept such projects. This is all the more true if, at the same time, the country's budget does not enable it to guarantee local financing of investments. But what proportion is really generated on the spot?

By way of an example, let us take a 6 million USD programme. Of this sum, probably no more than 2.6 million USD will actually be injected into the economy of these islands, and even less if the administration fees there are higher; in other words, around 38%. (see Table XIII)

Indeed the aspect that has the real immediate effect on the country's GDP is that part which is generated locally. Consequently, we have to deduct from the total project amount the funds that are re-exported abroad to carry out studies, to purchase machinery and to buy all the materials that are imported

[7] OAFIC. Overseas Agro-Fisheries Consultants Co. Ltd, the headquarters of which are at Shuwa Daini Taranomon Bldg, 2F; 21-19 Toranomon 1-Chrome; Minato-Ku Tokyo 105-0001 Japan.

[8] OAFIC presentation brochure, indicating the main projects carried out in 26 countries, as well as the missions conducted.

TABLE XIII

Theoretical analysis	% Tot	% Line	Million USD	Re-exported Share	Local Share
Fisheries complex	100.0%		**6.00**	**3.70**	**2.30**
of which the % shown goes on:				**61.7%**	**38.3%**
1 Studies and supervision	24.0%	100.0%	**1.44**		
Local expatriate expenses	3.5%	14.6%			0.21
Management fees	20.5%	85.4%		1.23	
Total 1			**1.44**	**1.23**	**0.21**
2 Building work & infrastructure	58.0%	100.0%	**3.48**		
Cement + steel + wood + plates		40.0%		1.39	
Aggregates		18.0%			0.63
Local transportation		10.0%			0.35
Salaries		25.0%			0.87
Expenses of the sub-contractor		7.0%			0.24
Total 2			**3.48**	**1.39**	**2.09**
3 Material and equipment	18.0%		**1.08**	**1.08**	0.00

into the country, such as cement, steel, sheet metal, wood, as well as other imports that are necessary for the implementation of the project.

➔ **The local share that can be estimated as described above rarely represents more than 38 – 40% of the overall budget.**

■ In what respect can the manner in which the project is managed also cause problems?

This question does not apply solely to fishing projects; it also applies in a more general way to the management and financing of major undertakings.[9]

First of all, the project has to be defined, in technical and financial terms. This defining of the project takes place away from the island itself. And it is always a major project – never a micro-project (lower than 0.7 million USD), which would be eligible for another source of financing. Then, once the decision has been taken to accept the project, the local officials responsible within the bodies that will have to manage the project have no further role to play in the development of that project. The key persons on the Japanese side, however, find themselves not only representing the group that has financed the project, but also forming part of the team that has selected the sub-contracting company entrusted with building the complex – by mutual consent and with the agreement of the Government – as well as being responsible for the decisions concerning expenditure.

Officially, the reason for choosing Japanese companies to steer the project while using local sub-contractors is to ensure that the money will indeed be used for the project and not for something else. In reality, however, this is an unhealthy situation which can give rise to various forms of prevarication – given that there is never anyone on hand locally who is capable of verifying the efficiency of the costs and the expenditure.

Let us assume for a moment that the overall budget has been deliberately over-calculated by a large extent in relation to the project in hand. This can, of course, mean that the Japanese general contracting company posts an excess profit. But let us assume that this company has been fully notified in advance of the true destination of these funds – not the official destination, but instead they will go to political parties or to local politicians. It is easy for this company, using such a mechanism, to provide for an overall budget that can reward the praiseworthy efforts of those who give their support to the project while also silencing those whose consciences are opposed to such a practice, and without anyone being able to implicate the donor directly in the corruption mechanism.

■ What does Japan demand in return for granting these aid packages?

This part of the protocols is meticulously kept secret. For example, it is practically impossible to find out whether there are fishing agreements between these islands and Japan. We may well ask why. This situation opens the door to various forms of possible speculation.

(A) There is no fishing agreement, and there is no foreign fishing within the EEZ; the statistics give no indication of any catches.

(B) There are fishing agreements, but there is no foreign fishing within the EEZ; the statistics give no indication of any catches.

(C) There are secret fishing agreements and there is foreign fishing within the EEZ; the statistics give no indication of any catches.

With scenario (A), we can ask ourselves what the islands really have to provide in return in political terms in response to this aid for the fishing industry.

[9] A particularly enlightening example was provided for us by the inquiry into the MBS and the financing of the new Medical Complex of Antigua, c.f. Royal Committion of Inquiry into The Medical Denefits Scheme..

Japan's Viewpoint Towards the Aid as the Donating Country

Although the aid granted by Japan might be important from the point of view of the receiving countries, it is merely a fraction of the 11 billion USD which Japan devotes annually to different forms of aid and assistance (ODA). Japanese aid is, generally speaking, of a bilateral nature. There are two forms of bilateral assistance: one in the form of donations (grant aid), and one in the form of technical co-operation. The funds that are earmarked for donations are included in six large Japanese aid programmes: a general programme, a programme aimed at increasing food production, a programme to deal with emergency situations and catastrophes, food aid, cultural aid and, lastly, the fisheries' aid programme.

[10] S. Tarte, op cit, p. 45.

■ Targeted aid

In the case of the aid granted to the different islands that we are looking at here, we can see that, during the 1980s, the only aid given by Japan to these islands was in the form of technical co-operation; this was worth a few million USD annually. There was no aid in the form of monetary donations.

From 1986 onwards, first in Grenada and then in St Lucia, and then from 1993 onwards in nearly all of the islands, aid to the fishing industry started to dominate. Indeed, it represents between 96% and 98% of all forms of aid co-operation granted to these islands by Japan. The annual amounts total several million USD, rather than the few million USD that had been granted previously.

So why exclusively this aid to the fishing industry? The answer to this question can be found in the rules governing allocation of aid from the General Fund, issued by the Japanese Ministry of Foreign Affairs. The Caribbean islands substantially exceed the upper limit in terms of per capita GDP for countries eligible for aid. This upper limit 10 was 1235 USD in 1993 and 1195 USD in 1992. However, the use of the aid fund for fishing-related purposes allows more flexible criteria, where the upper limits can be substantially exceeded. This can be easily seen with the example of an allocation of aid to three complexes in Antigua, where the per capita GDP is way above the stipulated upper limit. So what is the interest of this aid to fishing?

■ The direct or indirect economic interest of the EEZ

The interest is not in the indirect subsidies to Japanese engineering activities; there are plenty of other ways of achieving a more beneficial effect.

So is this the price to be paid to gain access to the ZEE, and, more particularly, to secure fishing rights there? The sums granted as part of the bilateral aid to each country in the zone are not in proportion to the benefit that the Japanese deep-sea fishing industry could gain by exploiting the EEZ for fishing, given that these zones are extremely small in size. We merely have to think back to the difficult negotiations between Japan and the Pacific countries with EEZs totalling millions of km^2, after the USA had introduced a multilateral aid package in 1986 to prevent the Russian fleet from encroaching into the Pacific. We are dealing here with "inert" products from the exclusive economic zone. To date, there has been nothing to suggest that this zone harbours either polymetallic nodule resources or oil and natural gas resources.

➔ **Consequently, the islands are not granting access to the EEZ in return for the aid.**

■ A strategic decision to gain support for Japan's stance on various issues

Bearing in mind that a global evaluation mission was entrusted by JICA, the Japanese International Co-operation Agency, to the specialists OAFIC in 1993, *we can only deduce at this stage of our observation that a strategy was being implemented by Japan, the main ingredient of which was to use aid to help fishing*.

The Fishing Aid Fund was set up by Japan in 1973. At this time, Japan was confronted by what it considered to be threats to its economic interests and to its traditional way of life. The first of these threats stemmed from a United Nations meeting that sought to establish a UN Convention on the Law of the Sea, imposing restrictions on the use by states of resources taken from the high seas without any monitoring process. The second threat concerned environmental issues and the endangering of certain species. This led to the signing of the Convention of Washington (CITES) in March 1973, in which the trading of certain highly prized species on the Japanese market was outlawed.

Between 1973 and 1982, the year in which the Convention on the Law of the Sea was due to be signed, Japan tried hard to use aid to other countries' fishing industries, particularly the Pacific countries, as a means of forming a pressure group to prevent such a law from being adopted. When it became apparent that this Convention was going to be passed after all, Japan then became interested in using this same aid as a means of helping with negotiations over access to the fishing zones in the EEZ, which certain states had already unilaterally declared.

The environmental debate then resurfaced with the demand for a ban on the use of giant dragnets in international zones. This led to a proposal along those lines from the United Nations in 1989, which it subsequently approved in 1992 following a rearguard action. This ban forced Japan to rethink its deep-sea fishing activities, which it had, fortunately, reduced, anyway. A similar debate ensued over tuna fishing and its devastating effect on the dolphin population. Certain countries, such as the USA, introduced unilateral measures in 1992 for the Pacific, but the issue had not yet been resolved at the United Nations. Three further debates were set to cause Japan considerable alarm: the debate on extending the list of endangered species (CITES), in particular to include

certain species of fish; the debate on the protection of whales; and the debate initiated at the Rio Summit in 1992 concerning the management of fish stocks and pelagic species.

Several Japanese officials have unambiguously acknowledged the existence of close links between the policy of giving aid to fishing and the support that Japan receives in return:

> "Japan has no military power ... only diplomatic relations and aid programmes. *Consequently, to obtain support for Japan's stance on different issues ... it is obvious that we will use these two crucial instruments."* [11]

Even clearer still was the confirmation from an official from the Fisheries Agency at a symposium in 1987, who claimed that there are at least two criteria that determine the granting of aid for fishing purposes:

- the receiving country must sign a fishing agreement with Japan;

- the receiving country must support Japan's stance within different international organisations. [12]

We should stress here that these Caribbean microstates are full members of the United Nations. They had already been courted for years by Taiwan in an attempt to protect the latter's seat in the United Nations. Now the procedure is being repeated by Japan, and they are being coerced to cast their votes within various bodies where these votes allow them to form blocking minorities.

➔ **A strategy has therefore been worked out, whereby Japan is able to form blocking minorities within various international organisations as a result of the fisheries aid that it has granted.**

It is easier to explain the sharp changes in attitude of the governments of certain islands which initially supported the environmental projects.

Some ministers of the islands involved in the signature of these assistance agreements have also recognised the close link between this aid and the support that the governments to which they belong give to the Japanese stance on various issues, in particular on international commissions, such as the International Whaling Commission. For example, Lester Bird, the Prime Minister of Antigua lends his support to Japan's stance within the IWC, because this country is providing assistance to Antigua.[13]

Others ministers, such as Atherton Martin, the former Minister of the Environment, Planning, Agriculture and Fisheries, have even gone as far as resigning as a sign of protest. He complained that Japan had threatened to place a question mark against the aid projects for fisheries in Dominica if this country failed to vote in accordance with Japan's stance at the International Whaling Commission meeting in 2000.

The policy of providing aid to the fishing industry, as defined in 1993 within JICA in the light of a feasibility study conducted by OAFIC, was therefore a strategic response on Japan's part. The aim of this was to form a pressure group to act on several international commissions (e.g. IWC and CITES) and, in particular, to prevent the creation of an Antarctic Ocean Whale Sanctuary, as proposed by France in 1992.

[11] Masayuki Komatsu, Director of International Cooperation, Japan Fisheries Agency, interview with Australian Broadcasting Corporation 2001.
[12] Tarte, op cit, p. 140.
[13] interview with Prime Minister of Antigua, Lester Bird, reported in the *St Lucia Star* on 27.07.2002.

We can see the consequences on votes cast by the different islands, all of which were in support of Japan's stance on various issues. This situation started at the same time as they were first offered aid to their fishing industry.

- From 1986 onwards, St Lucia gave its continued support to Japan. Up to 2001, the island had received annual aid for its fishing industry, apart from in 1991, 1999 and 2000.

- From 1986 onwards, St Vincent followed suit, and received aid in 1987, 1988, 1990, 1993, 1995 and 1998.

- Grenada received two years of aid in 1989 and 1990, but, despite this, it did not start to support Japan's stance until 1993. It was rewarded for this by the provision of aid to construct the Grand Mal Fisheries Complex in 1994 and 1995, and then by the provision of aid to build and rebuild the Melville Street Fish Market at St George between 1998 and 2001.

- Dominica was contacted in 1992 and started to give its support from that year onwards. It received aid to construct the Roseau fisheries complex, together with a promise to implement several other projects, including one at Portsmouth. The latter is still unfinished, however, following the unexpected death of the Prime Minister, in whose constituency this complex is located. Nevertheless, a new complex, costing 4.78 million USD, was announced on 7 August 2002. This will be built at Marigot, a small fishing port on Dominica's north coast. A promise has also been made to the effect that a new complex will be built at Fond Saint Jean, where there is already a dynamic fishing community in place. In 2001, a firm reminder was issued - albeit not in an official manner, but in a completely authorised way nonetheless – by Mr Daven Joseph, a citizen of Antigua and unofficial ambassador for Japanese fishing interests to the government of Dominica, to the effect that the island will lose out on an important development opportunity if it votes for a South Pacific Whale Sanctuary, and even if it abstains.[14] It would appear that the warning was heeded if we are to believe the announcement about the launch of the complex at Marigot.

- The island of Antigua received its first promise in 1996. It then voted in Japan's favour and duly received its reward – the creation of the Saint John complex in 1997. Since then, the lobbying efforts undertaken by one of its illustrious representatives have resulted in Antigua being accorded the honour of having two fisheries complexes financed simultaneously, both of which were being completed in 2002, one on the north coast is at the end of a bay not far from Saint John.

- The island of St Kitts & Nevis joined the fray in 1999. It added its weight to that of the other islands by giving its support to Japan. After 2000, an implementation study was carried out for the complex at Basse Terre, which was still under construction in August 2002.

Thus, those governments which are considered to be friendly towards Japan and which defend its stance within international forums are rewarded by the offer to carry out fisheries projects. By contrast, those governments that start

[14] AP Worldsteam, 3 June 2001, "Dominica's leader under pressure to reject whale sanctuary."

to adopt an opposing stance are issued with threats that the projects will be stopped. Sometimes, unofficial representatives are entrusted with the task of reminding the governments of these countries that they cannot adopt a policy of procrastination in such matters.

➔ **By granting fisheries aid to the small countries in the Caribbean, Japan forms a bloc in the international commissions that supports its viewpoints. For Japan, this represents a strategic position, irrespective of the funds that they commit to it; while for the islands it constitutes a financial expedient.**

Another Policy for Sustainable Development

Japan is a great power whose foreign policy is the result of compromises between numerous interactions. The fishing lobby is particularly important in the country for two reasons: first, Japan is the world's leading consumer of fish per capita; second, the fishing industry has, since the 19th century, forged close links with political power in the country.

The first element of putting a new policy in place might consist in seeking out local support at the very heart of Japanese society which condemns the use of institutionalised corruption as a means of implementing international policy, and by keeping these elements informed of the considerable harm that this policy is causing to Japan's image abroad.

The same procedure should be adopted with each of the islands under consideration in this report. The citizens need to be made aware of and to show the necessary vigilance about the real interests behind the aid provided. It is clear that if the policy described consists in buying the votes of a country, we can say with almost total certainty that there is a policy of lobbying and/or corruption of individuals linked to the operation.

Is it impossible to resist such pressure? On this point, we should take a look at the balance of trade, namely the flow of goods of Japanese origin that are imported (cars, electronic items, etc.) and the flow of exports to Japan. And we can see that it is virtually one-way traffic. Consequently, none of these countries should have any complex about exercising their freedom of political choice, bearing in mind that Japan takes far more out of the economies of these islands than the islands gain from the annual aid programmes. This would be the task of Non-Governmental Organisations.

The NGOs should also play their part in implementing the second ingredient of an acceptable policy, namely to replace what is currently happening at international level with a long-term assistance programme for these countries that takes into account the problems that they currently face. These include the threat that their export agriculture industry will totally disappear; the need for an assistance policy to promote their growth with projects and investments; assistance with the rebuilding of the tourist industry; studies on what additional action needs to be taken in the traditional industries, including fishing, to combine them with a sustainable development policy; as well as assistance for micro-projects. Actions along these lines should be undertaken in tandem with the USA in an attempt to bring about a relaxation in the policy on exchanges, but also in tandem with the European Union.

It would appear as well that it is time for the European Union to issue a reminder of the true weight that it enjoys in terms of aid to and exchanges with these countries, even in comparison to the aid provided by Japan.

The EU should offer these countries assistance with re-establishing their full sovereignty in terms of the decisions which they take on the international stage and which concern the whole planet.

To achieve this, every attempt should be made not only to optimise the programmes that are already in existence, but also to introduce new combinations. Although this option has almost never been exploited thus far, various agreements, in particular the EU-ACP Convention, provide for the possibility of inter-regional co-operation between ACP countries, the Caribbean islands and the EU, and in particular Europe's outermost regions – the FDA (French Department of America) and the British and Dutch Overseas Territories.

A working party comprising representatives of each party – the ACP and the EU – could be formed immediately with the aim of making elected politicians from islands such as the French Department of America and the British and Dutch Overseas Territories aware of this possibility. The task of this working group would be to propose concrete action to establish inter-regional co-operation, as provided for by the EU-ACP Convention. These latter bodies could combine the efforts of the EDF and the ERDF.

The necessary operations that are identified would then be adopted and accepted by the European authorities and by the representatives of the receiving countries as part of the procedure provided for by the agreements. To prevent any blockages of funds, a special financial instrument would be responsible for ensuring the pre-financing of the operations in anticipation of the releasing of funds by the EU, the EDF and the ERDF. The costs incurred by this financial instrument would be taken into account in the inter-regional programme.

The "lever effect" of a joint operation such as this should generate a capital flow that is considerably higher than the aid granted annually by Japan, thereby giving back to the islands of the OECS their freedom of choice, their full sovereignty and their dignity. Japan would thus no longer be assured of automatically obtaining votes in support of its stance and would decide to terminate its aid policy, in so doing acknowledging the true purpose of this aid.

Appendix 1

The Fisheries Complex

We have seen two different types of fisheries complexes. Type 1 are those complexes based around an urban-style fish market. Type 2 are the non-urban establishments centred on fishing and equipped with simplified points of sale.

The costs of such facilities are made up of three different elements: the seaside installations (quays, towpaths, harbour walls and esplanades); the buildings on the esplanades; equipment. It is extremely difficult to evaluate the true cost of constructing seaside facilities, given that the costs of construction work at sea depend on numerous factors, such as the nature of the base on which it is built, the depth of the piles or pile-planks, whether the piles have to be driven right in or not, the stress that these elements have to support, and in particular the resistance that they have to provide against storms. It is easier to evaluate the cost of constructing these buildings, by virtue of the materials used in their construction – concrete, wood, etc., and also by their size. But it is not really possible to evaluate the cost of the equipment without an inventory.

■ The fisheries complexes at St Lucia

We looked at three complexes: the one at Castries, the one at Gros îlet in the north, and the one at Vieux Fort in the south. We did not visit the one at Dennery on the east coast, or those under construction at Sofrière and Choiseul, not far from Vieux Fort. (see Table XIV)

It is probably overestimating somewhat to put the cost of the installations at Castries at 6.5 million USD. Although the quay is at the end of a bay, it is supported on a rocky base and there is no major obstacle to be overcome. This site is

TABLE XIV

Locality **Place** **Site**	**St Lucie** **Gros Ilet** Chenal marina	**St Lucie** **Castrie** Fond de baie	**St Lucie** **Vieux Fort** South-West Coast with breakwater	**St Lucie** **Dennery** not visited East Coast
Aid registered **Amount**	**94-95** **8,7 M$ US**	**87-88** **6,5 M $ US**	**97-98** **19,3 M $ US**	**92** **7,3 M $ US**

not in good condition, and we observed sales of fish by the roadside next to the site. There were approximately 15 fishing vessels of between 6 and 9 metres in length, fitted with outboard motors. These vessels were on a platform and in the water when we visited the site at the end of July 2002.

We could not really see anything with the installations at Gros Ilet that might justify a construction cost of as much as 8.7 million USD, given that there is no protective breakwater. The quay and the platform were built on a spit of land protected by a rip-rap revetment constructed at the same time as the marina was built. The piles did not need to be driven in deep, and there were no major obstacles on the quay. When we visited the site at the end of July 2002, there were 10 fishing vessels on the platform, 7-9 metres in length and fitted with outboard motors, as well as eight boats on the quayside. We saw some lambis shells being transported by lorry. These had been collected that day.

As far as the installations at Vieux Fort in the south of St Lucia are concerned, we were not able to estimate the true cost of this complex without having access to plans, bearing in mind the significant work carried out in the sea itself and the construction of more than 15 buildings. When we visited the site at the end of July 2002, there were 28 vessels on the platform and eight moored on the breakwater. We counted five long liners and various other fishing vessels in the reserved enclosure.

■ The fisheries complexes of St Vincent & the Grenadines

Apart from the fish market, also called "Little Tokyo" in Kingstown, there are also the complexes at Bequia, Canouan, et Union.

The fishing market in Kingstown is right in the centre of the town on the seafront. With its four sheds covered in wood shingle and built next to a wooden tower, the design of this complex is far removed from the traditional type of construction found on the island, and it is easy to understand why it has been given the name "Little Tokyo". It was not readily accepted at first. The main reason why it gained in popularity as a venue for a fish market was the availability of a large parking area that is used by minibuses as a bus station. There are about 10 stalls all equipped with weighing scales and trays with crushed ice. This is the public area of the market. The refrigeration facilities are at the back. There is a 50-metre long jetty in deep water. When we visited the site in July 2002, there were three long liners moored there. This facility is an old one.

The other three fishery plants are different from those in Kingstown and are located on the Grenadine Islands. (see Table XV)

TABLE XV

Locality **Place** **Site** **Aid registered** **Amount**	**St Vincent** **Kingstown** West Coast in Town **67-88** **6,4 M$**	**Grenadine** **Bequia** South Coast **94** **7,2 M $**	**Grenadine** **Canouan** South Coast **98** **7,4 M $**	**Grenadine** **Union** East Coast **95** **6,96 M $**
	Type 1(a)	Type 2	Type 2	Type 2
A quay (Q)	about 60 m	about 40 m	about 70 m	No
A platform (P)	No	25 x 15	50 x 15	Yes
(Boat) parking spaces (L)	No	No	about 15	No
Cold-storage facilities (F)	Yes	Yes, 2	Yes	Yes
A fish market (M)	Yes			
A shelter for fish sales (Vt)		No	Yes	Yes
A water storage tower (T)	Yes	Yes	Yes	Yes
Compressors (Co)	Yes	Yes	Yes	Yes
Sea-water desalination plant (Ds)		?	Yes	?
Office space (B)	Yes	Yes	Yes	Yes
A breakwater (D)	No	No	No	No
Parking for taxis and buses	Yes			

The plant at Bequia is different from the others, in that it is the only one with a very high ceiling. The whole structure is built from strong reinforced concrete sections. There are some who feel that, in keeping with its Japanese designers, this fishery might ultimately serve as a place for dissecting whales – if this type of fishery activity is authorised again. We counted around 10 small fishing vessels on this site.

The facility at Canouan is built on the beach itself, rather like a village made wholly of wood. There is no breakwater. During our visit, there were only six vessels on site. The total cost of this facility was 7.3 million USD. To justify such an amount, there would need to be some very special equipment, but we were not able to see this.

The facility on Union Island is made up of three distinct buildings. One of these buildings has been converted for use as a customs office. There were fourteen small vessels at the site during our visit in July 2002. Once again here, we found ourselves wondering about the true value of the facility in return for an investment of around 7 million US$.

■ The fisheries complexes in Grenada

We only managed to see Grand Mal from a distance and from the sea. The site had suffered as a result of Hurricane Lenny. We did, however, visit the fish market site in Merville Street in St George. This site had barely been in operation when it suffered damage from Hurricane Lenny. It has since undergone repairs and is well protected from the swell by a flood barrier. The site was inaugurated just a few days before 11 September 2001. (see Table XVI)

TABLE XVI

Locality **Place** **Site** **Aid registered** **Amount**	**Grenade** **St George** West Coast without protection **98-01** **7,7 M$ US**	**Grenadine** **Grand Mal** WestCoast without protection **94-95** **5,7 M $ US**
	Type 1b	Type 2
A quay (Q)	about 50 m	Très abimé
A platform (P)	about 20 x 10	par tempête
(Boat) parking spaces (L)	No	Lenny
A fish market (M)	Yes	
Cold storage facilities (F)	Yes	Yes
Parking	Yes	No

There were no boats on the platform, which is too high in relation to the water level, but there were three long liners at the quayside. This is a well designed and well equipped market in terms of sales facilities. Its favourable location next to the town bus station also means that it can operate efficiently as a fisheries complex. Furthermore, even if the cost of its future renovation is not guaranteed, its annual operating costs probably will be guaranteed, because of the availability of parking spaces for the shopkeepers and shoppers in St George. The costs of this facility were substantially increased by the construction work in the sea.

■ The fisheries complexes in Dominica

Although there are several projects – including the one at Marigot that has just been approved – there is only one that can be visited, namely the complex at Roseau. This lies right in the centre of the capital, of which the former Prime Minister Eugénia Charles was representative. (see Table XVII)

TABLE XVII

Locality **Place** **Site** **Aid registered** **Amount**	**Dominique** **Roseau** West Coast **93-01** **29 M$ US**
	Type 1b

It is an impressive complex that nevertheless suffered substantial damage during Hurricane Lenny. It would not have been possible under any circumstances for Dominica's budget to cover the cost of its rebuilding. Japanese aid was therefore brought in to finance this.

The really dynamic fishing communities that we saw are in Marigot in the north and at Fond St Jean in the south, where projects for the construction of new complexes are anticipated. However, the planned complex at Portsmouth, not far from the famous Indian River, has been shelved for the time being.

■ The Basse Terre fisheries complex on St Kitts

Work was under way in August 2002. This will be a Type 1b facility. (see Table XVIII)

TABLE XVIII

Locality **Place** **Site** **Aid registered** **Amount**	**St Kitts** **Basse Terre** South-West Coast En chantier **2000-2001** **9,0 M$ US**
	Type 1b
A quay (Q)	Yes
Gently sloping platform (P)	Yes
A fish market (M)	Yes
(Boat) parking spaces for fishermen(L)	Yes
Cold storage facilities (F)	Yes
A water storage tower (T)	Yes
Compressors Co)	Yes
Office space (B)	Yes
Breakwaters (D)	Yes

We did a tour of the island to allow us to take a look at the different types of installation and the fishing vessels, all of which were small.

■ The fishing complexes in Antigua

Apart from the fish market at St John, which was constructed right in the centre of the town at the end of the bay, there are also the two complexes at Johnson Point in the south and at Parham in the north-east, both of which are still under construction.

At the beginning of August 2002, there were six boats of more than 12 metres in length and around 15 small, semi-decked boats or outboard motorboats tied to the quay at the St John complex.

The two complexes that are under construction were designed by the OCOH Corporation of Japan, and not by OAFIC, as was the case in most of the islands in the south. The complex in the south is a more ambitious venture, as it necessitated the construction of a breakwater to protect the entrance of a small bay that is exposed to the swell from the south. The complex at Parham lies at the end of a very protected bay. Consequently, it was not necessary to construct any breakwater, and this made the construction less costly. The soil at this location is limestone, which makes it easier to work, both on land and in the sea. The cost of 6.1 million USD could not be justified unless the equipment to be installed in the future is abnormally costly.

TABLE XIX

Locality **Place** **Site** **Aid registered** **Amount**	**Antigua** **St John** Fond de baie **97** **11,2 M$ US**	**Antigua** **Johnson Point** South Coast exposed **2000** **7,9 M $ US**	**Antigua** **Parham** Nord-East Coast Fond de baie **2001** **6,1 M $ US**
	Type 1a	Type 2	Type 2
A quay (Q)	150 m	100 m	100 m
A platform (P)	No	50 x 15	50 x 15
(Boat) parking spaces for fishermen(L)	No	Yes	Yes
A fish market (M)	Yes		
A shelter for fish sales (Vt)		Yes	Yes
Cold storage facilities (F)	Yes	Yes	Yes
Office space (B)	Yes	Yes	Yes
Reserved quay for long liners	No	Yes	Yes
A breakwater (D)	50 m	100 m in construction	No in construction

Appendix 2

Description of the fishing complexes on the different islands

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