

ABSTRACT**THE EFFICIENCY AND COMPETITIVENESS OF THE COPRA INDUSTRY
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Increasingly, the economies of developing countries are facing the reality of liberalised world trade. These economies desire to fit into this unfolding scenario but many of their industries are uncompetitive and unable to produce goods and services which will find a competitive position in the world market. The basic objective of this study is to analyse the present economic status of the copra industry of Trinidad and Tobago in the presence of 41 years of governmental intervention and support and to determine whether this intervention has succeeded in developing the industry into one that is profitable, competitive and economically viable. It further seeks to determine whether size may be a factor in the performance of various farms with regard to their efficiency and competitiveness. The thesis further seeks to distil the economic factors which are responsible for the level of intervention in the industry.

Copra farms were selected for analysis and classified according to

their size. The measures of efficiency and competitiveness, ie the Nominal Protection Coefficient (NPC), the Effective Protection Coefficient (EPC) and the Domestic Resource Cost coefficient (DRC), were used as bases of comparison of the efficiency and competitiveness of the various farms in the different categories. Regression analysis was used to determine the variables which influence the level of price distortion in the industry and the Policy Analysis Matrix was used as the framework of analysis to examine the performance of a particular large farm in order to illustrate the uses to which information gained from this matrix may be put. It also served to illustrate the budget of a single copra farmer and to afford a microeconomic look at the industry.

It was found that policy variables, economy-wide macroeconomic variables as well as industry-specific variables all influenced the level of price distortion in the domestic copra industry. The large farms were found to be the most socially profitable and competitive and potentially able to survive in a free trade environment. It is recommended that if the government wishes to resuscitate the industry, then it would be an economically superior choice to concentrate on assisting the large farms which are responsible for approximately 80% of the copra produced, rather than the small and medium farms which are inefficient and uncompetitive according to the criteria used in this thesis.