

A DRAFT STRATEGIC PLAN (UPDATE)

**FOR THE
FOOD AND BEVERAGE INDUSTRY**

Ministry of Trade and Industry

Government of the Republic of Trinidad and Tobago

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Preface

The conceptual framework for this document is the result of a partnership approach between public sector agencies and the private sector. It attempts, within the context of the 2020 VISION for national development, to outline what must be done – given the current national, regional, and global situation - and seeks to make the most of the strengths and opportunities of the Food and Beverage Processing Industry while minimising the weaknesses and eliminating or reducing the threats.

In presenting the case for energising and sustaining the Food and Beverage Processing Industry, the document first reports on the findings of an **Environmental Scan**. This is presented in **Sections 1 and 2** and makes reference to Global and Regional Trends and the International Best Practices.

Section 3 details the current situation in Trinidad and Tobago focusing on **Structure and Performance**.

The **major challenges** of the Industry are presented in **Section 4**.

To set the context for the **recommendations**, a **SWOT Analysis** of the local Industry was undertaken. These are described in **Section 5**.

The **2020 Vision** for the Industry is set out in **Section 6** with the **Recommendations** themselves itemised at **Section 7** and then summarised in the Matrix at **Appendix One**.

The **Survey of institutions and companies** is presented at **Appendix Two**. Finally information sources are identified in the **Bibliography**.

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Abbreviations/ Acronyms

- ADB : Agricultural Development Bank
- CARDI : Caribbean Agricultural Research and Development Institute
- CARIRI : Caribbean Industrial Research Institute
- CSME : Caribbean Single Market and Economy
- CSO : Central Statistical Office
- EU : European Union
- FAO : Food And Agriculture Organization of the United Nations
- FSAI : Food Safety Authority of Ireland
- FTAA : Free Trade Agreement of The Americas
- FTAs : Free Trade Agreements
- GMPs : Good Manufacturing Practices
- HACCP : Hazard Analysis Critical Control Points
- IICA : Inter-American Institute of Agricultural Sciences
- MALMR : Ministry of Agriculture , Land and Marine Resources
- NAMEDVCO : National Agricultural Marketing and Development Corporation
- NEDCO : National Entrepreneurship Development Company Limited
- SCBD : Standing Committee on Business Development
- SME : Small, Medium Sized Enterprises Development Company
- SPS : Sanitary and Phytosanitary
- TIDCO : Tourism and Industrial Development Company
- UWI : University of the West Indies
- WASA : Water and Sewage Authority
- WHO : World Health Organization

Executive Summary

The Government of the Republic of Trinidad and Tobago (GoRTT) established a Standing Committee on Business Development (SCBD). The goal of the committee is to spearhead the development of targeted industries in the non-petroleum sector. One of the industries targeted for development is the Food and Beverage Industry. An Industry team comprising key stakeholders in the public and private sector was established and given the mandate to prepare a Strategic Plan for the development of the Industry.

The Plan takes cognisance of the need for the country to improve its level of Nutrition and Food Security. The Plan focuses on processed food and beverage products which include processed meat and fish, ice cream, baked products, snack foods, confectionaries, milk products, processed fruits and vegetables, packaged / convenience foods and alcoholic and non alcoholic beverages.

Globally, the Food and Beverage Industry is notable for its dynamism, competitiveness, widely diverse product ranges and the need to maintain the very highest standards of food quality and safety. Over time the international Food and Beverage Industry has come to consider and accept many conventions as Best Practices. These are in the areas of :

- **Continuous Product Development**
- **Food Safety Enforcement**
- **Continuous Process Development and Technology Adaptation,**
- **Effective Market Intelligence**
- **Development and Promotion of Appropriate Human Resource Competencies**
- **Efficient Supply Chain Systems**

In Trinidad and Tobago the structure of the Industry (the largest of the manufacturing sector) is such that developing and maintaining quality standards and a competitive and profitable base present a significant challenge, mainly because of the numerous micro-enterprises and small and medium-size enterprises (SMEs) with limited resources. In 2003, there were 424 companies operating in the Industry employing over 9,000 persons – in addition to those employed in unregistered food processing businesses which comprise hundreds of cottage / micro sized

businesses. The Industry has developed strong linkages with local support industries, generates substantial foreign exchange earnings and contributes significantly to reducing this country's food import bill.

The local market for food and beverage products is open with minimal regulation. There is little enforcement of standards with regard to product description, content and labelling. This has resulted in an increasing level of unfair competition from imported products and a lackadaisical approach by some local producers in upgrading their standards. This trend is impacting adversely on the development of the local Industry.

The ready supply of agricultural produce would be an impetus for the development of the Food and Beverage Industry but local agriculture has many challenges, is broad based and complex. The future development and expansion of local agriculture is therefore seen as a long-term imperative for the continued growth and globalization of the Food and Beverage Industry. This Plan is premised on the generation of a pulling effect on local agriculture through greater demand for primary inputs from increased and sustained development of the Food and Beverage Processing Industry.

The stakeholders (Industry Team) envision the Food and Beverage Processing Industry in Trinidad and Tobago as follows:

“In 2020 the Food and Beverage Processing Industry in Trinidad and Tobago, is a reliable supplier of a wide range of high quality value added products, at internationally competitive prices, that meets the highest international standards of food safety; is based on the application of state of the art knowledge, and is an expanding and sustainable market for local and regional primary and downstream industries.”

The vision is in alignment with this country's Industrial Policy which seeks to create an expanded, diversified and export oriented non-oil business sector and make the economy less vulnerable to the fluctuations of oil and gas prices.

To achieve the foregoing, the Industry urgently requires **Government's interventions and actions in creating an enabling environment** as follows :

1. Improving the **legislative framework and regulatory system** to ensure the highest standards of food safety.
2. Providing for increased access to **business management and technical training and technological support** by entrepreneurs as they seek to improve their quality and efficiency and respond to new opportunities in the industry.
3. **Establishing a Scientific Research and Development Steering Committee** to determine how funds provided by the State for training and research and development including technology intelligence should be allocated to the existing institutions with the requisite capability. This committee would also serve as a policy guiding entity for the Industry.
4. Providing **market intelligence** on foreign markets to identify opportunities and provide information on competition and regulatory requirements.
5. **Improving access to financing** for expansion and improvement projects.
6. **Implementing the CSME** as soon as possible to progress the development of regional markets for both demand and supply.
7. Negotiating **Trade Agreements** (bilateral or multilateral) in such a way as to provide an adequate level of reciprocity as opposed to new competitors with similar product ranges.
8. **Improving the efficiency of Customs and Excise Division and the Ports** is needed in order to reduce costs and improve export delivery.

Section 1

Global and Regional Trends of the Food and Beverage Industry

Globally and regionally certain trends have significantly impacted the Food and Beverage Processing Industry. Among them are the **increasingly competitive nature of the Industry** as suppliers seek to satisfy the demands of the market in a cost-effective, profitable and environmentally sustainable manner; **the growing demand for safe, healthy and nutritious foods; and the intensification of the legal and regulatory framework**, as for example the rules with respect to such standards as HACCP (EU) and Codex Alimentarius (FAO/WHO), traceability, as in the Bio-terrorism Act (USA), and the Sanitary and Phytosanitary Agreement (WTO). Countries are becoming more aware of **the importance of food security** in light of the growing threat of bio-terrorism and food contamination. International courier companies such as Federal Express which are used by local food processing companies to export small orders to various countries are refusing to accept the products unless proper traceability information is provided.

Another important trend relates to **technological advances** which are taking place in every aspect of the Food and Beverage Industry from production to inventory management. In addition, **globalization and economic integration** have increased competition at all levels.

Countries are increasingly adopting HACCP as a basis for new regulation of microbial pathogens in food. In the European Union, HACCP was mandated by EU directive in 1993 for the entire food system. In the USA all companies in the food sector (irrespective of scale or type of activity) are required to comply with HACCP principles that are subject to State and Federal inspections.

The foregoing developments are of far-reaching importance to the local Food and Beverage Industry which must implement internationally accepted Best Practices in order to garner a place for itself – on a sustainable basis.

Section 2

Best Practices of an Internationally Competitive Food & Beverage Industry

Among the Best Practices recognised are strategies, tactics, policies, work processes and services, which are responsible for the success of companies competing in the global market. They encompass **Best Management of Resources, Physical Infrastructure, and Institutional Framework**. The Best Practices for the Food and Beverage Processing Industry have been identified as follows:

2.1 Best Resource Management

2.1.1 Continuous Product Development – i.e. A developed capacity to respond quickly to changes in the taste patterns and new opportunities for competitive products. This evolves into a trend that sees firms continuously adding as much value as possible to products consumed in or exported from countries.

According to the FAO, trade in selected processed non-traditional food products is now worth at least US\$30 billion annually and growing. Developing countries (like Trinidad and Tobago) account for about 50% of the trade in selected processed non-traditional food exports and the potential growth is considerable. Simple processing such as drying, washing and packaging for retail can produce an enormous amount of value added. Dressed or marinated meat fetches far more than the raw product. Graded, washed and trimmed vegetables command a premium price.

Refer to the following case study examples :

Case Study Examples of Value Added Products

- In Grenada, a pain – relieving spray made from Nutmeg, Nut-Med sells on the Internet to more than 500,000 users in the United Kingdom and United States of America
- In Grenada producers were threatened by a sharp drop in the price of nutmeg before the Grenada Cooperative Nutmeg Association GCNA decided to add value to the product by diversifying into value added products. A distillery producing nutmeg oil generated annual sales of US \$ 300,000 (prior to Hurricane Ivan).
- Jamaica’s Scientific Research Council (SRC) has successfully developed a range of products from local crops, including plantain and breadfruit chips and liqueurs, jams and jellies based on sorrel, guava and mango. Key factors in this success have been technical help with processing and marketing help with brand names and packaging. Hope Gardens Sorrel Chutney is just one of the sorrel products now selling like hot cakes in North America.

2.1.2. Human Resources: Human competency is an essential requirement for a successful Food and Beverage Industry. There must be an adequate number of trained personnel in food science and technology for undertaking research and development. At the organisational level, competency is needed in strategic and business planning, marketing including brand development and export marketing, human resource management, financial and cost management, quality management, food safety management and food processing techniques.

2.2 Best Physical Infrastructure

2.2.1 Successful Product Development on a continuous basis requires **strong physical infrastructure support facilities**. This includes research that addresses all aspects of the supply chain including ports and transit points and shipping services; processing facilities; communication technologies; potable water and electricity distribution amenities; health support facilities; and readily accessible roadways.

In Trinidad and Tobago the physical infrastructure support facilities now available must be upgraded to global standards – if the Food and Beverage Processing Industry is to be sufficiently and sustainably developed to contribute to the Food and Nutrition Security needs of the citizens.

2.3 Best Institutional Support

The **Institutional Framework** supporting Food and Beverage Processing in the international arena has attributes that Trinidad and Tobago ought to emulate. These relate to surveillance and monitoring of adherence to laws and regulations; the mechanisms that give effect to processes and procedures and which ensure compliance; support from public and private sector (financially and otherwise) that actively encourages and promotes compliance; innovation and the adoption of environmentally-friendly technologically sound processes.

2.3.1. Food Safety Enforcement: Food safety has become a major feature of international trade and is increasingly developing a “farm to table” approach. One of the most important aspects for the successful development of the Industry includes the creation of an institutional legal framework for its advancement. Already the HACCP and Codex Alimentarius are universally accepted. Moreover failure to implement these not only for exports but locally has the potential to significantly and negatively impact economies.

In Trinidad and Tobago, instead of the multiplicity of agencies now involved in the food supply chain, a single regulatory authority is needed for food safety to ensure proper coordination and effectiveness in the adoption of “farm to table” approach, as well as for traceability, in the investigation of food-borne disease outbreaks. Such an authority must be provided with adequate resources for enforcing laws through close monitoring of both domestic production and imports. Refer to the following case study example - Food Safety Authority of Ireland :

Case Study Example - Food Safety Authority of Ireland

The Food and Drink business is Ireland's largest indigenous sector and accounts for 50% of all exports by Irish-owned companies. The Food Safety Authority of Ireland was established under the Food Safety Authority of Ireland Act, 1998. The principal function of the Food Safety Authority of Ireland (FSAI) is to take all reasonable steps to ensure that food produced, distributed or marketed in the State meets the highest standards of food safety and to ensure that food complies with legal requirements, or where appropriate with recognized codes of good practice. The Authority is a statutory, independent and science-based body that comes under the aegis of the Minister for Health.

Key Functions of the Authority

The authority has the national responsibility for coordinating the enforcement of food safety legislation in Ireland. The FSAI is responsible for:

- Putting consumer interests first and foremost
- Providing advice to regulators, the food industry and consumers on food safety issues
- Ensuring the co-ordinated and seamless delivery of food safety services to an agreed high standard by the various state agencies involved
- Ensuring that food complies with legal requirements, or where appropriate, with recognised codes of good practice
- Working with the food industry to gain their commitment in the production of safe food
- Setting food standards based on sound science and risk assessment
- Communicating risks to consumers, public health professionals and the food industry

2.3.2. Research and Development: In countries which have a thriving Food and Beverage Industry, Industry efforts to respond to market opportunities and develop new products are complemented by the research efforts of technical /academic institutions. This usually results in cutting edge research and development breakthroughs that filter through the value chain of the Industry. The Government of these countries encourage these institutions to proactively contribute to the development of the Industry by the provision of research incentives, research grants and other resource support. Refer to the following case study examples.

Case Study Examples

- The University of Cambridge played a key role boosting the competitive level of the beer industry in the United Kingdom. Research Scientists at the University with the aid of genetic engineering technology successfully innovated and produced a new high yielding barley seed, the primary raw material in the manufacture of beer. The new seed was capable of producing three times the yield of counterparts and was “smaller” in terms of plant size. This development enhanced the competitiveness of the UK’s Industry against rivals in France and Germany.
- In the food and beverage industry of Manitoba considerable Industry interest is being directed toward growing national and export markets for nutraceuticals and functional foods. Industry efforts to respond to market opportunities are complemented by research conducted at the National Centre for Agri-Food Research in Medicine, investigating the linkages between agricultural products and health. Additionally, the University of Manitoba recently built a new \$25 million research facility for research in nutraceuticals and functional foods.
- The Campden and Chorleywood Food Research Association is the UK's largest independent membership based organization carrying out research and development for the food and drinks industry. It is committed to providing Industry with the research, technical and advisory services needed to ensure product safety and quality, process efficiency and product and process innovation. The R&D programme reflects needs identified by industrial members and provides a constantly renewable knowledge base for technology transfer.

2.3.3 Market Intelligence: Information on the nature and culture of specific export markets, trends, competition analysis, regulatory requirements and opportunities is required for successful entry into those markets and also for increased international competitiveness. Most countries with large export markets have at least one major developmental institution dedicated to providing intelligence. Refer to the following case study example:

Case Study Examples of Market Intelligence

Alberta Economic Development of Canada maintains a presence in key international regions through a network of international offices currently located in Asia, Europe and North America. The Agriculture & Food Branch provides the Alberta agriculture and food Industry with information and intelligence on emerging opportunities in key international markets. Emerging issues and trends of significance to Alberta exporters are also identified and shared with industry, to assist businesses in their future planning and decision-making. Alberta's food processing industry has been achieving increasing success on the international market.

2.3.4 Efficient Supply Chain System: Proper development of supply chain management for the timely supply of inputs to manufacturing plants as well as for the efficient dispatch of manufactured goods to export markets is a Best Practice. The efficient operation of the Ports, Customs and Excise Division and the availability of a reliable cold storage facility at the airport are critical elements in an efficient Supply Chain System for the Food and Beverage Industry.

Section 3

Environmental Scan

Current Structure and Performance of the Food and Beverage Industry

3.1 Structure of the Food and Beverage Industry

The companies in the Food and Beverage Industry can be categorised into five (5) groupings as follows:

1. A few multinational companies such as Nestle, Unilever, Coca Cola etc.
2. Large local companies such as Carib Brewery Limited, National Flour Mills Limited, Angostura Limited, Bermudez Biscuit Company Limited, National Cannery Limited, Holiday Snacks Limited and SM Jaleel Limited etc.
3. There are some companies, which are **bigger than SMEs**¹ but substantially smaller than the aforementioned companies. These include Erin Meat Packers Limited, Flavorite Foods Limited, Willie's Ice Cream and a few other companies.
4. SMEs which account for the majority of food processing businesses registered with the Central Statistical Office.
5. **Micro companies**² that constitute the majority of unregistered food processing businesses.

The large companies generally have a production process that is semi-automated with a few fully automated lines. The majority of SMEs still rely on small-scale equipment and manual labour in the production process.

¹ These are enterprises employing 6 to 50 persons with assets between TT \$250,000 and TT \$500,000 excluding land and buildings, and annual sales turnover of TT \$250,000 to TT \$10,000,000.

² These are businesses with assets of less than TT \$250,000 excluding land and building, and annual sales of less than TT \$250,000.

3.2 Performance of the Food and Beverage Industry

During the period 1991 to 1997, the gap between domestic exports and imports in the Food and Beverage Processing Industry was closed substantially. The trade imbalance in 1991 was TT \$810 million and in 1997 it was reduced to TT \$251 million (source : TIDCO's Sector Analysis Report – Year 1999). However, the reverse has occurred in subsequent years and the gap has increased considerably to TT \$745 million in 2003. The Industry is very important to this country from the perspective of being a major user of indigenous inputs, employment generation and its potential for generating foreign exchange earnings and improving this country's food security. The following are other highlights of the Industry's performance in recent years.

1. The food and beverage sub-sector contributes 3% of the Gross Domestic Product of the Trinidad and Tobago economy. More importantly, the sector represents roughly 36.5 % of total value added of the manufacturing sector.
2. The largest driver within the sub-sector is alcoholic beverages contributing an average of 21.4 % of total value added of sub-sector, followed by other food processing activities with an average contribution of 13.4 %.
3. Number of Processors / Factories: The number of food processors / factories in existence for the period 2001 to 2003 on an annual basis is as follows:

Table 1 – Food & Beverage Processing Firms by Product Area : 2001 - 2003

Processors/ Factories	Year 2001 (No. of firms)	Year 2002 (No. of firms)	Year 2003 (No. of firms)
Meat / Fish	54	55	50
Ice Cream	13	13	12
Fruit & Vegetable	29	27	29
Bakeries	169	166	188
Confectionery	18	18	16
Alcoholic Beverages	11	6	5
Non-Alcoholic Beverages	9	12	15
Other	122	112	109
Total	425	409	424

Source: CSO

Unpublished data from CSO revealed that over 80% of the aforementioned companies are SMEs. It is also important to note that the aforementioned figures do not include the unregistered companies (informal sector).

4. Employment in the Food and Beverage Industry:

Table 2 - Labour Statistics in the Food & Beverage Industry : 1999 - 2001

Year 1999	Year 2000	Year 2001
8,029 employees	9,867 employees	9,452 employees

Source: CSO

The aforementioned figure does not include persons employed in unregistered businesses which comprise hundreds of cottage / micro sized businesses.

5. Food and Beverage Imports and Exports: Information from the Central Statistical Office (CSO) revealed that food and beverage imports and exports for the period 1999 to 2003 on an annual basis are as follows:

Table 3 - Imports and Exports of Food and Beverage Products : 1999 - 2003

Item	Year 1999	Year 2000	Year 2001	Year 2002	Year 2003
Imports (\$ million)	1,496.6	1,370.9	1,689.6	1,536.6	1,919.0
Exports (\$million)	912.1	902.7	813.6	808.7	1,174.0
Trade Imbalance (\$ millions)	(584.5)	(468.2)	(876.0)	(727.9)	(745.0)

The trade imbalance is high and needs to be reduced. In the period 1999 to 2003, imports have increased by 28% and exports increased by 27%. Over fifty percent (50%) of this country's food exports are within the CARICOM region

6. The agriculture sector which provides raw materials for many food processors continues to be characterized by low productivity. This can be seen in the following table (Gross Domestic Product):

Table 4 - Agriculture's Contribution to Gross Domestic Product : 1999 - 2003

Category	1999	2000	2001	2002	2003
Agriculture Sector	1.9%	1.4%	1.3%	1.2%	1.1%

Source: CSO

Section 4

Major challenges faced by the Food and Beverage Industry

1. INTERNATIONAL FOOD SAFETY AND HEALTH STANDARDS

Food Safety Standards: Apart from the multinationals, very few local companies meet international food safety requirements. In most cases this is due to a lack of regulatory enforcement and / or financial resources to establish the infrastructure and systems for ensuring food safety. At present, regulatory control related to food safety in this country is administered by several agencies including several departments / divisions of the Ministry of Agriculture and Ministry of Health, Ministry of Trade and Industry, Ministry of Local Government and Ministry of Public Utilities. A single regulatory authority is needed for food safety to ensure greater coordination and effectiveness. There is also a need to update / draft key legislation which regulates food safety. These include the following:

- Food and Drugs Act: This Act needs to be amended to include HACCP and rationalization of inspectorates.
- Animal Health Act: Parliamentary approval is required
- Veterinary Drug Act: Still to be drafted
- Meat and Poultry Act: Still to be drafted
- Pesticide Act: To be updated

Weaknesses also exist among the inspectorates / regulatory agencies to enforce the laws both for domestic production and imported foods. In many instances they are understaffed and do not have the required equipment and facilities to undertake their responsibilities. Complaints are being made by local food processors concerning the dumping and improper labelling of certain foreign manufactured foods being sold on the local market. In addition, **WASA must also be mandated to provide water analysis and assurance certification as part of the requirements for food safety (food inputs have to be verified as being safe)**. Some food processors have been requesting this type of information from WASA but without any success. The suppliers of inputs have to assume the responsibility of certifying that their raw materials are safe especially a monopolistic supplier.

2. PRODUCT DEVELOPMENT

- a. The majority of products from the local Food and Beverage Industry lack innovation both in terms of value added and packaging for enhancing appearance and increasing shelf life.
- b. Inadequate capacity of individual companies to develop new high value-added innovative products because of the following:
 - i. Limited economies of scale
 - ii. Lack of access to affordable technological support

3. RAW MATERIAL SUPPLIES

- a. Varying quality and quantities in raw material supply.
- b. Seasonality of crops results in supply disruptions.
- c. Significant post harvest losses.
- d. Loss of raw material from farm to factory due to inappropriate storage facilities of many farms and refrigerated equipment, and poor infrastructure (roads etc.)
- e. Poor relationship between suppliers and buyers, resulting in conflict and frustration. This is further aggravated by the fact that the majority of suppliers export to foreign markets.

4. MARKETING INTELLIGENCE

Most companies in the Industry do not possess the resources to conduct market research for studying the nature and culture of export markets, undertake competitive analyses and review regulatory requirements, as well as to identify opportunities.

5. MANAGERIAL & TECHNICAL EXPERTISE

- a. Lack of business management expertise among micro, small and medium sized food processors in areas such as costing and pricing, business planning, preparing effective marketing plans, developing brands and record keeping which would contribute to an overall enhancement of their competitiveness.
- b. Lack of technical expertise among food processors in the areas of food safety such as Good Manufacturing Practices and HACCP procedures and outdated production techniques.

6. ECONOMIES OF SCALE

The largest local food processing company is relatively small when compared to international producers. The global Industry is in the process of consolidation, with manufacturers building or acquiring larger and larger plants, resulting in lower costs and greater efficiency levels. This means that on an open market, local manufacturers will not be able to compete on costs, particularly since Trinidad and Tobago manufacturers import the bulk of their raw material.

7. ACCESSING FINANCE

This country has a relatively underdeveloped capital market for financing of SMEs. The two developmental financial institutions which provide loans for food processing are the National Entrepreneurship Development Company Limited (maximum loan size \$50,000) and the Agricultural Developmental Bank (ADB) have a limited product range to address the needs of the Industry. The banks' product lines need to be expanded to provide non traditional loans such as for product development, market research and development and implementation of food safety systems. A general complaint by stakeholders about the ADB is its excessive documentary requirements and bureaucratic loan process.

8. INEFFICIENCY AT CUSTOMS AND EXCISE DIVISION AND THE PORTS

Inordinately long and unnecessary delays in the supply chain are negatively impacting the Industry's competitiveness. Inefficiencies in the operations of these bodies have resulted in companies maintaining excessive inventories at high cost to ensure continuous supply. Inefficiency has also led to missed targets for export with a consequent loss of market, increased shipping costs and reduced shipping capacity to and from Trinidad and Tobago.

Section 5

S.W.O.T. Analysis of the Food and Beverage Industry

A critical analysis of the Food and Beverage processing Industry facilitated the identification of major strengths, inherent weaknesses, advantageous opportunities and visible threats.

5.1 Strengths

1. Established Presence

- The Food and Beverage Industry is well established, integrated and support by other sub-sector to manufacturing, such as printing packaging distribution, transport and communication. The sector contributes over 50 percent of the total non-energy manufacturing sector output.

2. Geographical Location and Availability of Markets

- Key geographical location (proximity to South American, Central American and North American markets).
- Direct trade access to the CARICOM market.

3. Competitive Costs Environment

- Some factor costs are competitive, such as labour, fuel, electricity and water lower than most developing countries and on par with developed countries
- Relative cheap source of fuel from such sources of natural gas.

4. Existence of Institutional to Support the Sector

- Existence of many developmental institutions: ADB, BDC, NEDCO, NAMDEVCO, EXIM Bank.
- Existence of research institutions – CARDI, MALMR, UWI, CARIRI.

5.2 Weaknesses

1. Underdeveloped Food Safety Environment

- Very few local companies meet modern food safety requirements.
- Absence of legislation and enforcement mechanisms to implement food safety requirements.

2. Limited Product Development Capacity

- Limited development in new products and packaging techniques.
- Limited resources for product and package development.

3. Pesticide Residue Testing

- Pesticide residue testing in this country is limited to just a few chemicals.

4. Inadequate Organizational Resources

- Majority of companies in the Industry are SME's which are confronted with issues of economies of scale, competitiveness, maintaining quality standards, lack of information to support product and market development, as well as, insufficient management and leadership skills.

5. Poor and Inadequate Logistical infrastructure

- Poor logistical infrastructure to support trade in perishable commodities and products. For instance inadequate port and airport facilities for cold and chilled storage.

6. Inadequate Institutional Support

- Limited range of affordable technical support for food processing companies at an affordable cost.

7. Research and Development

- Research and development in the Food and Beverage Industry is not well coordinated and results in duplication of research and little sharing of research findings

8. Financing Problems

- Relatively high costs of financing.
- Lengthy loan approval process with respect to developmental funding sources.
- Poor logistical support forces large investment in working capital.

5.3 Opportunities

1. Niche Marketing

- Food of Caribbean origin could have a positive brand appeal build on tourism and cultural products.

2. Product Differentiation

- Our products are associated with the positive image of the Caribbean and can be branded and marketed as such. Products can be differentiated internationally as being authentically Caribbean.

3. New markets

- New market opportunities emerge as new trade agreements are signed. Implementation of FTAA would pose many challenges but there would be enormous opportunities as well
- The continued expansion of the School Feeding programme provides opportunities for many MSME s

4. Product development

- There is significant potential for the development of new products unique to the Caribbean. There is good market potential for scotch bonnet peppers and local herbs and spices when processed into such products as sauces and relishes.
- The increasing trend in the health care industry towards holistic health care and preventative health care is driving the growth of the nutraceutical /herbal /functional foods industry and provides an opportunity for further exploration.

5.4 Threats

1. Local preference for imported products
2. The continued erosion of domestic and export markets by multinational companies which benefit from economies of scale and have the ability to support strong advertising campaigns
3. Lack of food safety safeguards can close export markets
4. As new trade agreements are signed, CARICOM countries are expected to lose much of their preferential agreements in developed markets
5. As markets become more liberalized imported products will become more competitive in local markets
6. This county does not have a proper environmental management system for the disposal of packaging materials from consumed food and beverage products. These materials are a major source of pollution. The international market is increasingly demanding that companies establish systems for processing and disposal of waste that are environmentally friendly.
7. Under the impending FTAA, tariff barriers within the CARICOM would be removed / significantly reduced.
8. Trade agreements on behalf of this country can be signed in such a way with countries which have a stronger Food and Beverage Industry than this country that there is little reciprocity for this country to benefit meaningfully.

Section 6

Strategy for the Development of the Food and Beverage Industry

6.1. Vision 2020 for the Food and Beverage Industry

“In 2020 the Food and Beverage Processing Industry in Trinidad and Tobago, is a reliable supplier of a wide range of high quality value added products, at internationally competitive prices, that meets the highest international standards of food safety; is based on the application of state of the art knowledge, and is an expanding and sustainable market for local and regional primary and downstream industries.”

KEY ELEMENTS OF THE VISION

- Competitive - An Industry that is internationally competitive in terms of prices and quality.
- Compliant – An Industry that is compliant with international food safety and regulatory standards.
- Creative and Innovative – An Industry that continues to innovate in terms of processes, product development and packaging.
- Technology and Knowledge driven – An Industry that maintains a competitive edge
- Linked – An Industry integrated into the economy through its backward and forward linkages thereby providing opportunity for local and regional agricultural inputs.

6.2 Key Developmental Objectives

To achieve the Industry’s vision and strategic intent the following are key objectives that are critical in ensuring Industry growth and development:

1. To increase Food Safety within the Industry, and to protect the population from sub-standard food products and food borne illnesses
2. To increase market access opportunities for the local food and beverage Industry
3. To increase the competitiveness and sustainability of the Industry
4. To maximize local input within the value-chain.

To achieve the foregoing, the Industry urgently requires **Government's interventions and actions in creating an enabling environment.** The recommendations that support the creation of this environment are set out in section 7.

Section 7

Recommendations for the Food and Beverage Industry

The Government of Trinidad and Tobago has a critical role in the implementation of the key recommendations to drive the Industry into 2020 and beyond. The Government must be an active participant in the implementation of this Strategic Plan in the broad scope of creating a conducive environment in order to produce a knowledge based Industry that places product innovation, competitiveness and consumer safety as the focus of its vision. In addition, there is the need for a rapid pace of implementation since recent developments in the Industry suggest that if Trinidad and Tobago manufacturers and producers do not step up to the current global challenge, it is likely that the country can lose the traditional regional markets in less than three years to extra-regional competitors. The following critical intervention strategies need to be executed by the Government:

1. Improving the **legislative framework and regulatory system** to ensure the highest standards of food safety. A single regulatory authority is needed for food safety to ensure greater coordination and effectiveness. This authority must possess the prerequisite competencies in order to function “with teeth”. Resource allocation is a critical success factor of this proposed agency. **This body would also be responsible for developing a national policy on food safety which would accompany the legislative framework and regulatory system.**
2. Providing for increased access to **business management and technical training and technological support** by entrepreneurs as they seek to improve their quality and efficiency and respond to new opportunities in the industry. There needs to be a consistent education campaign with respect to product safety /quality. This campaign can focus on HACCP, Sanitary and Phytosanitary Measures and Good Manufacturing Practices (GMPs), along with quality control measures. It is imperative that business enterprises possess the necessary competencies in all functional areas if they are to be successful in the global market. As such developmental institutions must be allocated the

necessary resources to provide training in business management, marketing including brand development and niche marketing and food safety procedures.

3. **Establishing a Scientific Research and Development Steering Committee** to determine how funds provided by the State for training and research and development should be allocated to the existing institutions with the requisite capability. This committee would also serve as a policy guiding entity for the Industry. At present research in this country's Food & Beverage Processing Industry is funded to a great extent by the Public Sector Investment Programme (PSIP) which generally allocates funds for research projects on a broad basis to ensure some level of equitable distribution among research institutions. This has resulted in much duplication of research and little sharing of research findings. Also, under this system research is supply driven as opposed to market driven resulting in many low priority areas being investigated. The country spends significant funds in research and development and it is suggested that these funds be placed under the management of a committee with institutions bidding for these funds through submission of research and development proposals. Research and development (including technology intelligence especially for SMEs) and training should be market driven and the aforementioned committee should also be mandated to develop an annual list of projects for these activities in order of priority. This Scientific Research and Development Steering Committee should be housed in the Ministry of Trade and Industry. Its composition should include persons with experience in the Food and Beverage Industry from both the public and private sectors with skills in policy formulation and project evaluation.
4. Providing **market intelligence** on foreign markets to identify opportunities and provide information on competition and regulatory requirements. The Industry urgently requires State support for obtaining market intelligence on foreign markets much beyond what is currently provided by TIDCO. TIDCO's role in promoting this country's products in international markets has so far focused mainly on trade missions and trade fairs but

should be expanded to include market intelligence of individual countries. TIDCO should be equipped and mandated to provide market intelligence on the requirements of a particular country's market.

5. **Improving access to financing** for expansion and improvement projects. The developmental financial institutions serving the Industry such as the Agricultural Development Bank must align their core products with the changing needs of the Industry e.g. provide loans for product development, market research, implementation of marketing strategies and implementation of food safety measures such as HACCP.
6. **Implementing the CSME** as soon as possible to progress the development of regional markets for both demand and supply. The **CSME** is critical to the successful development of this country's Food and Beverage Industry from two perspectives, as a market for the outputs of the Industry and as a supplier of inputs for the Industry.
7. **Trade Agreements** (bilateral or multilateral) have to be carefully negotiated (products, timeframes etc.) and designed to ensure a degree of reciprocity as opposed to entering into agreements that bring the same or greater strengths than this country's Food and Beverage Industry. There should be diverse strengths to fulfil what is lacking on opposite sides. Recent Free Trade Agreements (FTAs) signed by this country such as those with Costa Rica and the Dominican Republic should be monitored and assessed before negotiating new FTAs.
8. **Improving the efficiency of Customs and Excise Division and the Ports** is needed in order to reduce costs and improve export delivery. Inefficiencies at these bodies have resulted in increasing shipping costs and growing reluctance among shipping lines to travel to this country.

With the support of Government's implementation of the recommendations outlined, the key outcomes of this strategic plan are envisioned to be a wide range of high quality value added products emanating out of the Industry and an improved level of competitiveness.

APPENDIX 1 - Strategic Objectives

No.	Strategic objectives		Strategic Initiatives
1.	To increase Food Safety within the industry, and to protect the population from sub-standard food products and food borne illnesses	1.1.	Collaborating with relevant stakeholder agencies for a food safety awareness programs.
		1.2	Updating food safety and standards legislation.
		1.3	Improving the mechanism for enforcement of food safety, health and environmental standards.
		1.4	Facilitating by increasing support structures for small and mid-sized operations specifically for upgrading food safety standards.
		1.5	Driving the development of technical competences among participants, through education, training and certification in food safety best practices.
2.	To increase export market access opportunities for the local food and beverage sector	2.1	Creating the appropriate legislation, monitoring and enforcement mechanism to protect against dumping subsidizes and unfair trade practices.
		2.2	Supporting the smooth and timely implementation of C.S.M.E.
		2.3	Encouraging the shift in priority of Extra-regional Free Trade Negotiations to complementary rather than competitive value chains.

		2.4	Increasing market intelligence availability
3.	To increase the competitiveness and sustainability within the industry.	3.1	Increasing market intelligence availability (Same as above)
		3.2	Increasing technical support and institutional capability for product development within the industry.
		3.3	Promoting the human resource development within the industry.
		3.4	Increasing the rate of technology transfer and adaptation.
		3.5	Promoting cooperation among domestic value chain partners.
		3.6	Providing technical support to increase access to financial resources to support the development of the industry, including supporting sectors.
		3.7	Developing regional and international value-chains.
		3.8	Development of the logistical support network.
4.	To maximize local input within the value-chain.	4.1	Introducing appropriate incentives linking primary production to added value process firms.

		1.3	Increasing institutional capability for enforcement.	<p>1.3.1 To create a single regulatory authority for food safety in order to ensure greater coordination and effectiveness.</p> <p>1.3.2 To strengthen CFDD</p> <p>1.3.3 To strengthen TTBS</p>	MTI and MH	2-3 years	\$80 m	<p>Draft a report to examine the possibilities of creating an Food Inspection Authority</p> <p>Establishment of such an agency</p>
		1.4	Facilitating increased access to capital for small and mid-sized operations specifically for upgrading food safety standards.	<p>1.4.1 Continue funding for technical assistance upgrade of food safety for SME and medium size enterprises.</p> <p>1.4.2 Establish grant funding for physical upgrade for food safety standards among food processors.</p>	<p>MTI, BDC, NEDCO</p> <p>Ministry Of Health, MTI, BDC, NEDCO</p>	<p>2-3 years</p> <p>1-2 years</p>	<p>TT\$1 mm (Ask Annelle)</p> <p>(Ask Annelle, Farz Khan)</p>	<p>25 percent increase in application for funding for Food safety.</p> <p>At least 30 companies apply for funding for upgrading infrastructure for Food safety</p>
		1.5	Driving the development of technical competences among participants, through education, training and certification in food safety best practices.	1.5.1 Increase funding for training in QC and QA areas.	MTI, BDC, NEDCO, CFTDI	Ongoing		250 qualified QC and QA graduates

2.	To increase market access (local, regional and foreign markets) opportunities for the local food and beverage sector	2.1	Creating the appropriate legislation, monitoring and enforcement mechanism to protect against dumping subsidizes and unfair trade practices.	2.1.1. Make amendments to the Anti-dumping legislation to lessen the possibility of legal challenges by foreign exporters and local importers and thus ensure the timely completion of the various stages of either an anti-dumping or a subsidies investigation.	(MTI)	Last Quarter 2005		Passage of legislation
				2.1.2. Introduction of a Fair Trading Act to prevent anti-competitive practices by firms.	(MTI)	Second Quarter 2005		Introduction of Fair Trading Act.
				2.1.3. Creation of the Fair Trading Commission to ensure that the new legislation remains effective and provide advice on any changes needed. Moreover, this Commission would examine reports of anti-competitive practices, investigate and pronounce judgments on the said cases.	(MTI)	Last Quarter 2005		Creation of a Fair Trading Commission.
				2.1.4. Introduction of Safeguard Legislation to prevent damage to the local industry when there may be a sudden flow of imported goods on the local market.	(MTI)	Last Quarter 2005		Introduction of Safeguard Legislation
.		2.2	Supporting the smooth and timely implementation of C.S.M.E.	2.1.5. Building awareness of the new regulations	(MTI)	1-3 years		At least 2 workshops to inform the public
				2.2.2 Continuing to lobby for the timely implementation, as well as the harmonization of legislation for C.S.M.E. Must be industry specific.	(TTMA, MTI CSME Secretariat)	Ongoing		1) Letter to minister 2) Meeting 3) Paper

		2.3	Encouraging the shift in priority of Extra-regional Free Trade Negotiations to complementary rather than competitive value chains.	<p>2.3.1 Analyse the impact of current bilateral on the local economy.</p> <p>2.3.2 Analyse which industries or products may be competitive to extra-regional markets, as well as possible markets that may be competitive to Trinidad and Tobago interests.</p> <p>2.3.3 Continue to encourage a forum for public and private sector stakeholders to ensure the choice and elements of trade agreements are consistent with the long-term interests of the industry.</p> <p>2.3.4 Ensure elements and developments in trade agreements are communicated to the sector in a timely and non-technical manner.</p> <p>2.3.5 Develop a study to examine gaps in the institutional capability for</p>	<p>(MTI)</p> <p>(MTI)</p> <p>(TTMA, Chamber and MTI)</p> <p>(MTI, TTMA)</p>	<p>TT\$70 k</p> <p>On going</p>	<p>6 weeks</p> <p>6-8 months</p> <p>2-3 months</p> <p>Feedback provided from stakeholders with regard to the formulation of trade agreements</p>	<p>A report inform policy</p> <p>Development of Study to inform policy</p> <p>Creation of forum to facilitate exchange of views</p> <p>Pulling information on a Ministry of Trade and Industry website</p> <p>Newspaper articles</p>
		2.4	Increasing market intelligence capability.	<p>2.4.1 Develop a market intelligence body within the industry. (For Market information and analysis). Requirements for agreements</p> <p>2.4.2 Develop at least two workshops annually to educate manufacturers of the importance of market intelligence capabilities in the new global environment.</p> <p>2.4.3 Incentives that can be awarded to companies to improve market intelligence capabilities.</p>	<p>MTI, TIDCO</p> <p>MTI, TIDCO and MSTTE, Commonwealth Secretariat</p> <p>Ministry of Trade and Industry</p>	<p>2 years</p> <p>1 year</p> <p>6 months</p>	<p>TT\$30 k</p> <p>TT\$50 m Lower change a fee</p>	<p>Creation of body with Publications and Analysis</p> <p>Hosting two workshops on Market intelligence training</p>

3.	To increase the competitiveness and sustainability within the industry	3.1	Increasing market intelligence capability	(See above)				
		3.2	Increasing technical support and institutional capability for new product development within the industry.	<p>3.2.1 Oversee the creation of a scientific research council geared to meshing market information, domestic capabilities, new product and technological development and human resource development.</p> <ul style="list-style-type: none"> Develop a study to examine gaps on the institution's capability for a New Product Development and mechanism and objectives for establishment of scientific research committee. <p>3.2.2 Place incentives for firms, which invest in research and development departments.</p> <p>3.2.3 Continue to develop of the capacity of research agencies/facilities that support the development of new products, such as UWI and CARIRI.</p> <p>3.2.4 To continue to support technical assistance agencies, such as BDC, and CBSL, among companies operating in the domestic environment.</p>	MTI	2-3 years	\$50 m To be announced	A study to examine the gaps and objectives of scientific research
					MTI	3 months short term		Updating incentives
					Ministry of Trade and Industry	Project funding 1 year 1 year		

				3.2.5	Organize a national annual award for new product development and innovation		1 year		
		3.3	Promoting the human resource development within the industry.	3.3.1	Access the availability and limitation of a needs analysis for the employment in the sector. <ul style="list-style-type: none"> • Liase with Ministry of Science, Technology and Tertiary Education 	Ministry of Trade and Industry, BDC, Ministry of Science, Technology and Tertiary Education and	2-3 months		
				3.3.2	Provide funding for training in areas above is required.	Ministry of Education	1 year		
				3.3.3	Increasing awareness at the secondary and tertiary school level for careers in the food and beverage sector.				
				3.3.4	Development of manufacturing and food based programmes at the secondary and tertiary school level.	Ministry of Science, Technology and Tertiary Education			
				3.3.5	Combine internships as part of the education program.	Ministry of Science, Technology and Tertiary Education, TTMA and Chamber	2-3 months		

		3.4	Increasing the rate of technology transfer and adaptation.	<p>3.4.1 Incentives for the introduction of new technology in the sector.</p> <p>3.4.2 Provide Technical assistance</p> <p>3.4.3 Develop a trade show exhibition for new technologies, which can be applied in the food and beverage-manufacturing sector, including the financing stakeholders.</p>	<p>Ministry of Trade and Industry</p> <p>Ministry of Trade and Industry</p> <p>Ministry of Trade and Industry, TTMA and TIDCO</p>			
		3.5	Promoting cooperation among domestic value chain partners.	3.5.1 Stakeholder meeting between processors and local producers	Ministry of Trade and Industry and Ministry of Agriculture	1 year short term	\$30 k	
		3.6	Providing technical support to increase access to financial resources to support the development of the industry, including supporting sectors.	<p>3.6.1 Lending processors and producers offered by financial institution</p> <p>3.6.2 Increasing the availability of technical assistance in the development of projects and preparation of financial proposals.</p> <p>3.6.3 Developing a programme for investment promotion opportunities for the food and beverage opportunities for sectors.</p>	<p>Ministry of Trade and Industry</p> <p>BDC, commercial lending banks</p> <p>TIDCO</p>		\$50 k	

		3.8	Development of the logistical support network.	<p>3.8.1 Expansion of air and seaport infrastructure to eliminate congestion and provide for expanding trade.</p> <p>3.8.2 Accelerate the implementation of best IT technology among relevant government agencies and private companies to promote efficiency within the logistical support network.</p> <p>3.8.3 Privatisation of key elements of the logistical support networks in order increase the efficiency.</p>	Ministry of Works			
4.	To maximize local inputs into the value-chain.	4.1	Promote and initiate partnerships in strategy implementation	<p>4.1.1 Introducing short-term/scaled back incentives for the use of local inputs in processing.</p> <p>4.1.2 Increasing land leases (with conditionalities) for agriculture production.</p> <p>4.1.3 Directing areas of interest with incentives for agriculture.</p> <p>4.1.4 Creation, development and maintenance of a land bank for agriculture purposes.</p> <p>4.1.5 Increasing funding for research in the use of local products in manufactured goods.</p>				

APPENDIX 3 – Survey Results

Selection of Companies: Twelve businesses and twelve institutions / resource providers serving the food and beverage industry were interviewed for this study. The businesses were selected in such a way as to ensure feedback from a wide cross section of the food and beverage industry. The businesses included multinational companies with manufacturing plants in this country, large local / Caribbean companies and local small / medium sized businesses. It should be noted that the multinationals were attracted to set up manufacturing operations in this country because of the benefits of duty free concessions on the importation of machinery, equipment and raw materials and benefits of the CARICOM Trade Agreement.

Design of Questionnaire: The questionnaire for undertaking the survey was designed to a great extent along the Value Chain Model to capture information in a systematic manner on the problems and challenges being experienced by companies in their various functional activities.

Findings: The main findings from this exercise are as follows:

No.	Issues	<i>Findings</i>
1.	ISO and HACCP Certification	One large local company had ISO certification. None of the other companies had ISO or HACCP certification. The multinationals indicated that they were following guidelines and procedures specified by their parent company, which were equivalent or surpassed the requirements of ISO or HACCP. The large companies have been gradually implementing procedures similar to ISO and HACCP but most of them were still far off in terms of meeting the requirements. The SMEs were generally not too concerned about ISO and HACCP and stated that it would be too costly to implement these standards.
2.	Product Quality	The multinationals and large companies test their products regularly to ensure that they meet required specifications. All the multinationals and two – thirds of the large companies have their own internal laboratory to facilitate this process. The SMEs usually test their products once per year to satisfy regulatory requirements but this does not ensure consistency in product quality.
3.	Strategic Planning	The multinationals and large companies place much emphasis on strategic planning while all the SMEs planned on an ad hoc basis.
4.	Exporting	The multinationals, large companies and some of the bigger SMEs were already exporting.

	Procedures	One of the four SMEs interviewed has an export market while the other SMEs were not too familiar with exporting procedures and concentrated on the local market.
5.	Marketing Strategies	The multinationals and large companies place much emphasis on product differentiation through packaging and labelling and advertising of their products. One entrepreneur of the SMEs interviewed placed emphasis on attractive packaging and display of items in the supermarkets. This entrepreneur previously attended a business management training programme. The other 75% SMEs rely upon the good taste of their products to maintain or increase market share.
6.	Competition	The multinationals and large companies pay close attention to the strengths and weaknesses of their competitors while all of the SMEs place little emphasis on their competitors
7.	Customer Relations	All the multinationals and large companies understand the importance of strengthening customer relations. Their main efforts in this area are reliable supply to customers, sales promotions and Christmas gifts. The SMEs do not have any deliberate policy for strengthening customer relations
8.	Research & Development	All the multinationals and 83% of the large companies are continuously undertaking research and development. All the SMEs undertake research and development on an ad hoc basis or when they observe something new on the market.
9.	Unit Cost of Production	The multinationals and large companies are constantly searching for ways to reduce unit cost. The SMEs are aware of the importance of this factor but do not have any proper monitoring system in place to increase efficiency and keep cost at a minimum.
10.	Raw Materials	The companies which rely upon local raw materials have generally expressed problems with one or more of the following: high price, inconsistent quality and unreliable supply.
11.	Utilities	Companies located in south had complaints about the number of electricity outages and an unreliable supply and quality of water. High telephone cost was a general complaint.
12.	Technology	The level of technology utilised by most of the multinationals and large companies can be rated as B or slightly lower using a rating system of A to D. These companies explained that investing in new technology is very costly and their current scale of operations in most cases cannot justify it. The technology utilised by medium sized companies can be rated as C while the manufacturing processes of the smaller companies were to a large extent manual with one or two items of machinery / equipment
13.	Production Capacity	All the multinationals and one of the large companies operate their plants on a 24-hour basis. The average unused capacity of these plants is still about 30%. Most of the large companies operate their plants over an average period of 10 hours per day (Monday to Friday) while the operating time of most of the SMEs vary depending on orders to be

		satisfied.
14.	Inventory System	Most of the companies utilized the ‘first – in first – out’ inventory system. The major difference between the larger companies and the SMEs is that most large companies have better storage facilities whereas most SMEs had storage facilities that fall far below HACCP requirements.
15.	Human Resource Development	The multinationals offer a very competitive compensation package and have proper systems in place for recruitment, staff training and development. Their rate of staff turnover is low. The local companies have complained of a high rate of staff turnover including professionals who are lost to the oil and gas industry. None of the SMEs had any recruitment, incentive or employee development policy. The SMEs had a high rate of staff turnover.
16.	Familiarization with this country’s trade agreements with other countries	The multinationals, large companies and SMEs which export are generally familiar with the opportunities under this country’s trade agreements whereas most of the SMEs have little or no knowledge of these trade agreements. The one SME which exports began exporting after an importer from Grenada contacted the company.
17.	Shipping	Companies which purchase raw materials or finished food and beverage products outside of CARICOM have complained that there is a scarcity of international shipping space. Availability of shipping lines has become scarce in recent years because of the drastic increase in world trade. Local manufacturers and distributors now have to import raw materials in larger quantities thereby substantially increasing their carrying cost.
18.	Customs & Excise Division and Ports (Point Lisas and Port of Spain)	Almost all the companies which import raw materials have complained of the inefficiency at the two local ports especially Port of Spain. Both ports are often riddled with industrial relations disputes and lack adequate equipment. At Port of Spain, there is also an additional problem with container identification and disputes between the port officials and the hauliers over the use of equipment. The companies have also complained about the inefficiency at Customs & Excise Division in processing documents. This should now be done online as is done in developed countries. These delays affect production schedules and consequently customer relations and profits. Personnel at Customs & Excise said that one of the reasons for the current delay is that brokers representing the companies often submit erroneous entries with respect to classification / value and such entries have to be returned (over 30% of the entries are affected this way). However, the officials also admitted that the drastic increase in trade in recent years require online processing for greater efficiency and work has already commenced on this project. It would take at least another year before the online system is implemented.

19.	Perceptions of Companies Regarding CSME and FTAA	<p>The majority of the SMEs had minimal knowledge and understanding of the CSME and FTAA and especially how these agreements would impact on their businesses. The multinationals and local companies painted a doom and gloom picture of FTAA on this country's food and beverage manufacturing industry because foreign competitors have the following advantages: a more reliable supply of primary agricultural produce, greater consistency in the quality of raw materials, lower cost to upgrade technology, already producing at a lower unit cost because of more advanced technology and higher scale of operations, lower financing cost, easier access to international shipping lines and a more efficient system for clearing supplies at their ports. They are predicting that most manufacturers would have to convert to distribution businesses for foreign manufacturers. In preparation for FTAA, Grace Kennedy and Company Limited has been concentrating its efforts on contract manufacturing / copacking (as opposed to direct manufacturing) in which the company has been identifying world class manufacturing companies in the Americas such as in Brazil which produce the specific product at a low unit cost. These manufacturers do not sell their own brands but they specialize in copacking including custom manufacturing and private labelling. The final products therefore are based on formulas / product specifications of the client (Grace Kennedy). At present because these products are manufactured outside of CARICOM, upon entering CARICOM Grace Kennedy has to pay duties but they are still able to sell the products at a very competitive price. Grace Kennedy believes that this is the best strategy for Caribbean companies to compete under FTAA.</p>
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	Resource Providers	Findings
1.	Chemistry, Food and Drugs Division	Local manufacturers are concerned that the regulatory body (Chemistry, Food and Drugs Division) for ensuring that foreign food and beverage products meet the required standards, is not equipped for this close monitoring process due to inadequate food inspectors and a deteriorating laboratory. The laboratory also has limited capability (example, cannot analyze nutritional contents of a product). Chemistry, Food and Drugs Division confirmed these problems and indicated that a proposal has been submitted for a major overhaul of its operations.
2.	CARIRI	CARIRI's main services are in the areas of: analytical chemistry, microbiology, food technology, calibration, environmental management, industrial materials, technical information, quality systems, hydrocarbon testing, product development, nutritional labelling, label design, pilot plant production, contract processing, specialized machinery design and construction, plant layout, equipment sourcing, plant audit, safety audit and technical training. The institution's competence and updated technology were emphasised by manufacturers but most of the SMEs indicated that they cannot afford the high prices charged by CARIRI for laboratory testing, product development and training in food safety / other areas.
3.	Agricultural Development Bank	The general complaint about the ADB was its excessive documentary requirements and bureaucratic loan process. Established food manufacturers preferred to use the commercial banks for these reasons. ADB's interest rate varies according to risk level of projects. The bank continues to focus on its traditional lending areas and should consider developing new products to improve the competitiveness of the local I industry. The bank is still the main source of funding for primary agriculture and food processing. The ADB is now focusing on developing strategic relationships in an effort to attract new business and achieve financial sustainability.
4.	Eximbank	The main services provided by Eximbank are pre shipment financing, post shipment financing and insuring products exported. In order to qualify for these services, the applicant must have a confirmed buyer whose credit rating would be investigated by Eximbank. The main collateral is an assignment of proceeds of sale. The institution assesses the overall risk and requests additional collateral where necessary. Highly perishable products are usually excluded for export insurance. The institution is not well known in the food and beverage industry and has only recently developed an agricultural policy to pursue this sector.

5.	IICA	The Inter-American Institute of Agricultural Sciences (IICA) works in strategic partnerships with national, regional and international institutions, both public and private. The strategic areas of IICA's cooperation are Trade and Agribusiness Development, Technological Innovation, Agricultural Health and Food Safety and Sustainable Rural Development. IICA is not well known in the private sector and should consider innovative ways of promoting its services. The knowledge base developed by this institution is not publicised and usually cannot be easily accessed.
6.	Ministry of Agriculture	The mission statement of the Ministry of Agriculture is to be the driving force in the sustainable development of agriculture, fisheries and food production in Trinidad and Tobago by ensuring the delivery of a range of agricultural services consistent with state policy and the expectation of all stakeholders through the use of modern technology. One of the responsibilities of the Ministry is to foster agribusiness development, through the provision of technical assistance to the private sector. The findings from research undertaken by the ministry are quite useful but not well disseminated. There is also a lot of duplication of work among the institutions serving the sector and this is due to the lack of sharing of information. There is urgent need for a committee to be formed with representatives from each of the institutions serving the sector for the sharing of information and greater cooperation. This measure would result in greater efficiency in the utilization of resources.
7.	University of the West Indies (UWI)	The Food Production Unit of UWI concentrates on three (3) areas of research : Livestock Science, Crop Science and Soil Science. Post graduate students under the supervision of a professor / lecturer undertakes the research projects. The findings are then filed in the unit's library. The findings nor a listing of the research studies are published. In order to access these studies, permission has to be obtained.
8.	National Agricultural Marketing and Development Corporation (NAMDEVCO)	This institution is the marketing arm of the Ministry of Agriculture and its mission is to provide the country's agro-processors and marketers with the marketing facilities, support services and regulatory framework necessary to take Trinidad and Tobago foods to the world. Its main services are as follows: Link agro-processors and exporters of fresh produce with farmers; Provide certification for qualifying farmers through an inspection and monitoring process (importing countries are increasingly requesting information on farmers in terms of overuse of chemicals, diseases, pests including mealybug and sanitary issues); Provide training in exporting procedures; Provides a packing and storage service at its Piarco's facility for exporters of fresh produce.
9.	Caribbean Agribusiness Association (CABA)	CABA is a private sector initiative which was formed in 1998 to coordinate the efforts of agribusiness throughout the region for the purpose of promoting a common interest through collective action so as to ensure the sustainability of the sector and to assist in the formulation and promotion of regional agricultural policies. The association is still fairly unknown in the sector.

10.	National Entrepreneurship Development Company (NEDCO)	NEDCO is a state owned organization, which was established in August 2002 to provide entrepreneurial support services by way of a loan facility and training. The company funds agro-processing enterprises but not primary agriculture. The company's interest rate is 8%. Their prerequisites are not as stringent as the ADB but their loan processing time and post loan monitoring system need to be improved. The current loan limit is \$ 50,000.00. NEDCO also provides entrepreneurial training at an affordable fee for MSMEs.
11.	Caribbean Business Services Limited	Caribbean Business Services Limited (CBSL) arranges managerial and technical assistance for small and medium sized businesses. The objective is to make these businesses internationally competitive and capable of meeting the challenges of trade liberalization. CBSL is financed in part by grants provided by the European Union to the Republic of Trinidad and Tobago.
12.	Business Development Company Limited (BDC)	The BDC provides a loan guarantee service for entrepreneurs who do not have adequate collateral to obtain a loan from traditional lending agencies. In addition, the company provides a leasing service for machinery and equipment. The BDC also provides management and other organizational support training.
13.	Development Finance Limited	Development Finance Limited (DFL) supports the food and beverage industry and provides the following services : SME financing; private equity or equity capital, SME consulting and training in human resource development, marketing, leadership and other management areas.

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