



The T & T Foresight Project

NIHERST

Sector Foresight
Project:

FOOD & BEVERAGE

Chapter 2:

**T&T Capability &
'Best Bets'**

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INTRODUCTION

These sector foresight projects are proceeding through a 5 Chapter Process. Chapter 1 focused on using global foresight to identify potential niche growth opportunities in each sector.

In Chapter 2, we examine the capabilities T&T has available to match selected global niche opportunities and any gaps that need to be addressed to be able to convert these opportunities into a commercial business investment proposition that will provide longer term economic benefits for T&T and help advance the country towards the Vision 2020 goal of achieving developed nation status.

As part of this Chapter 2 work, a number of 'Best Bet' areas were selected by specialist Trinidad and Tobago consultants who researched the capabilities and gaps associated with them.

In late July, these Best Bet areas were discussed and refined into more specific first draft 'Best Bet' business cases by a number of key stakeholders from both the public and private sectors at sector foresighting workshops.

In Chapter 3 of the sector projects, the first draft 'Best Bet' business cases from all the five sectors being researched will be short-listed down to 8 – 10 more defined propositions. In Chapter 4 these propositions will be developed into detailed business cases that can be put in front of investors. The final Chapter involves a process which endeavours to convert at least some of these detailed business cases into commercial ventures.

SECTION A

This section contains edited content from report material compiled by Mr Larry Placide of Ideas 2 Business in Trinidad & Tobago.

1 Sector Capability in T&T

1.1 Overview

The key challenge for the food and beverage sector is to develop products which can be easily exported (low volume – high value) or licensed to supply the growth niches in global markets. There appear to be opportunities in a number of areas of the food and beverage sector. The main objective is to find products and services that flow from the uniqueness of the Trinidad and Tobago society and which have the capability to develop into significant earners for the country. At the same time, it is recognized that there are significant obstacles in the local environment to overcome if any of the sub-sector niches identified below for further consideration are to be successful in the global environment. That latter point is worth stressing. The objective is to develop ideas which are attractive to prospective investors and which aim to make an impression on the ***globally not locally***.

1.2 Capability analysis of each relevant sub-sector niche

We identified a number of sub-niche areas that could offer T&T potential for growth and subjected these to a simple SWOT analysis to gain some idea of the balance between the strengths, weaknesses, opportunities and threats for each possibility

1.2.1 Roti/East Indian Delicacies

Trinidad and Tobago's roti has strong ethnic origins within the country's citizens of East Indian origin but has really become the national dish. The Diaspora of all races would be a strong market and it could have wider appeal. Currently just the bread is exported but without a strong identification to Trinidad and Tobago and sometimes a diminished one due to the use of the term "pita bread. There is opportunity for exporting wrapped rotis as a meal, frozen, as well as 'bussupshut' meals. In addition, the whole range of Indian delicacies can be packaged and sold worldwide.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Minimal resource use. • Distinct 'Trini' curry taste. • Simple to produce. • Wide acceptance in the Caribbean and in Diaspora. • Indian based but wider ethnic appeal. 	<ul style="list-style-type: none"> • Small-scale of production. • Quality assurance. • Production techniques need to be enhanced. • Spreading the word. • Differentiation from Pita and similar breads.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Using the Diaspora. • Similarity with other breads but enhanced as it is an entire meal. • Growing acceptance of new tastes in metropole. • Alliances and collaboration. 	<ul style="list-style-type: none"> • Social problems in T&T. • Wellness – Diminished use of bread. • High acceptance of foreign processed foods.

1.2.2 Diet Foods

There is a growing trend toward pre-packaged meals for diets. There is scope for the development of a range of meals using local produce, wholly or predominantly.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Good engineering skills in T&T. • Openness to new taste experience of customer. • Entrée to important markets. • Proximity to many large markets. • Diversified local production. 	<ul style="list-style-type: none"> • R & D funding - for technologies and markets in particular. • Lack of alliances. • Sophistication of businesses. • Lack of a global focus. • Lack of a global niche marketing strategy and associated skills. • Poor regulatory institutions and lack of standards on food safety.

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Investment in unique technology to build high value customised solutions for the engineering and construction sector. • Development of strategic partnerships and alliances to deliver the total package solution and market in select global niches. • The increasing number of more unique and complex structures e.g. in Dubai and Germany. • Personal service to the customer through production linkages with marketing arms overseas. 	<ul style="list-style-type: none"> • Social problems in T&T and keeping/attracting highly skilled individuals. • Poor facilities and support infrastructure. • Poor international connectedness. • Lack of leadership. • Poor QA/QC management.

1.2.3 Montserrat Hills Cocoa

The possibility exists for gaining recognition for the cocoa produced in Trinidad and Tobago as unique through the use of Geographic Indications under the World Trade Organization's Agreement on Trade-related Aspects of International Property Rights. The cacao is already known globally in cacao circles for its high quality and nutraceutical properties.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • High quality. • High acceptance in niche. • Health properties. 	<ul style="list-style-type: none"> • Little understanding of market. • Need for more production. • Diminished research activity in recent past.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Greater protection of intellectual property rights globally. • Global niche marketing based on estate 'appellation'. • A formalised PEA content value based grading system. • Alliances and collaboration. 	<ul style="list-style-type: none"> • IP protection. • Montserrat and Montserrat Hills. • Poor international connectedness. • High costs of monitoring and prosecuting rights infringements. • 'Creative conflicts' – which cause breakdowns in relationships. • A lack of a 'SOCA Warriors' type of passion in T&T to drive the sector's potential success.

1.2.4 Fine chocolate manufacturing

Because of the unique high quality cocoa plant material that exists in T&T, there is an opportunity to develop a value adding business based around ingredient manufacture and process development. Final manufacture may take place offshore through specialised alliances with key global niche players with the right market positioning.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • There is agricultural expertise available. • The Trinitario cocoa genotype. • Recognised high quality characteristics of T&T cocoa. • Knowledge of some of the key challenges. • Food processing skills. • Increasing evidence of health benefits of chocolate. 	<ul style="list-style-type: none"> • Lack of development as a business to date. • R & D funding for both plant stock improvement and market research and development. • Lack of a global niche marketing strategy. • Poor business development - the sector already cannot produce enough to supply global demand. • Lack of strategic alliances.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Develop a modern cocoa growing industry. • Develop a modern ingredient and processing capability for the key cocoa derived – components of chocolate. • Develop alliances with high value global niche chocolate manufacturers – especially those focussing on high growth emerging markets. 	<ul style="list-style-type: none"> • Social problems in T&T and keeping/attracting highly skilled individuals. • Poorly developed agricultural sector. • Poor facilities and support infrastructure. • Poor international connectedness. • Failure to be able to satisfy global needs effectively.

1.2.5 Energy/Performance Drinks

There is scope for the development of a brand/brands of energy/performance drinks using natural local ingredients. One of the most interesting possibilities revolves around use of the seamoss, which can be cultivated in sufficient quantity and could be the base for a range of drinks using other flavourings.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • A large T&T offshore Diaspora. • An increasing niche group of T&T 'fans' in offshore markets e.g. Germany & Scotland. • Cultural and creative heritage that is unique globally. • Skills availability. 	<ul style="list-style-type: none"> • R & D funding, especially for market research and development. • Lack of recognition of the potential value attached to local 'nostalgia' products by offshore expatriates and 'fans'. • Lack of a global niche marketing strategy. • Poor regulatory infrastructure including testing facilities. • Lack of standards on food safety.

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Developing physical and / or virtual portals to connect nostalgia products to widely distributed Diaspora and 'fans'. • Leveraging off current product and design bases that already exist – but taking from local to global. • Developing key alliances and partnerships. • Developing smart cost-effective value chains. 	<ul style="list-style-type: none"> • Social problems in T&T and keeping/attracting highly skilled individuals. • Poor facilities and support infrastructure. • High-cost value chains. • Keeping the offer 'fresh'.

1.2.6 Pepper

There is a demand for new varieties of peppers and new taste combinations. Spicy foods and sauces are becoming more acceptable in cosmopolitan markets due to the influence of other cultures. An opportunity also exists to introduce these tastes to markets in the developing world.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Is already an established sector in T&T. • Skills and expertise available. • Many potential clients in countries in the surrounding region. • High global demand. 	<ul style="list-style-type: none"> • Lack of sector co-ordination. • Too much is exported. • Finding the right taste. • Poor support infrastructure. • Lack of a sector strategy.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • To develop a strong regional niche presence in the high value marine construction and repair area. • Regional sourcing of raw materials. • To develop key alliances and partnerships. 	<ul style="list-style-type: none"> • Social problems in T&T and keeping/attracting highly skilled individuals. • Poor facilities and support infrastructure. • The cost of developing unique regional/global market niches against competing offers from other countries.

1.2.7 Health and wellness products

T&T has developed a very significant global niche through Angostura Bitters – a product which is strongly associated with personal health and wellness.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Part of T&T's culture in some fields. • Unique local resource materials, combinations, fusion evolution. • Availability of skills. • A strong global consumer growth area. • Well developed products already sold globally. 	<ul style="list-style-type: none"> • Lack of development of new products. • A lack of development of unique T&T resources. • R & D funding into product and market research and development. • Lack of a global niche marketing strategy. • A lack of strategic global alliances. • Fragmentation and lack of leadership overall (except Angostura).
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Strengthened local offer in conjunction with tourism sector. • Strengthened global offer through market relationship development and alliances / franchising. • Connection with global Diaspora as a channel to expand opportunities. • New fusion options. • Develop sophisticated products from the T&T herbal sector. 	<ul style="list-style-type: none"> • Cross border quarantine agreements and issues - what is medicine and what is health and wellness. • Social problems in T&T and keeping/attracting highly skilled individuals. • Poor facilities and support infrastructure. • Poor international connectedness. • The cost of developing unique global market niches against competing products. • Inefficient and uneconomic value chains.

1.2.8 Trini Flavour Restaurants

Restaurant franchising in the region is dominated by foreign brands and foreign foods. The variety of local cooking and the 'Trini' lifestyle could be exploited to develop a quick service format capable of finding a niche in new markets.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Some skills available in T&T. • Lot of TT experience with franchising within Caribbean. • Extensive franchising presence in T&T allows for learning and replication . • Cultural and creative heritage that is unique globally. 	<ul style="list-style-type: none"> • Isolated players - lack of a cluster development. • Lack of a global niche marketing strategy. • Difficulty developing, replicating and documenting techniques and procedures. • Raw material availability. • Easier to work with established formats.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • New marketing approaches . • Increasing active global consumer more open to new tastes. • 2010 builds on success of 2006 Soca Warriors. • Tourism growth. 	<ul style="list-style-type: none"> • Established franchises' strength. • Low acceptance. • The cost of developing unique global market niches. • Availability of financing. • Lack of investment in skills. • Social problems in T&T and keeping/attracting highly skilled individuals.

1.3 Training and education to strengthen the capability sets

For all the sub-sector niches, international marketing capabilities have been recognized as a key constraint. The country recognition globally is low although the recent success of the Soca Warriors would have adjusted Trinidad and Tobago's notoriety upward. Building on this success is both an opportunity and a challenge. It is commonly felt that with few exceptions firms in Trinidad and Tobago are particularly weak in the area of marketing outside of the Caribbean comfort zone.

As a country, Trinidad and Tobago has not invested any significant effort in country branding. Several years ago, TIDCO (now defunct) sought to rally support around a Brand T&T message but this was neither clearly identified nor communicated resulting in non-adoption of the idea outside of a narrow group.

As far as training and education is concerned most available resources revolve around the cocoa niche. Here the Cocoa Research Unit is well known and is of accepted competence. It may however face some resource deficiencies.

The UTT project has the potential to bridge training or educational gaps. Its degree programmes include one in Industrial Innovation, Entrepreneurship and Management in collaboration with Cambridge University of the United Kingdom. This programme includes components on Business Strategy and Creation, Design and Process Selection, Operations and Supply-Chain Management, Entrepreneurship and Transferable Skills, and Leadership and HR Management.¹

The Caribbean Industrial Research Institute (CARIRI) sees itself as a technology consultant, problem solver for industry and provider of testing and analytical services. Its reputation locally is one of relatively high quality of service delivery but its costs structure may place it out of the range of most of the companies in the food and beverage sector which are small and medium-sized companies. Services offered include: -

- Laboratory Testing,
- Product Development,
- Training,
- Quality Systems,
- Nutritional Labeling,
- Environmental management,
- Food technology,
- Microbiology,
- Analytical Chemistry,
- Plant layout and audit

NIHERST plays a significant role in promoting innovation through its leadership in the Prime Minister's Award on Innovation and Invention, first introduced in 2000. It coordinated the individual category of the awards and is involved also in the industrial awards. Industry involvement could be greater and there is opportunity to improve commercialisation of ideas either within existing structures or through venture capital or entrepreneurship initiatives.

¹ http://www.utt.edu.tt/files/cms/IEM_brochure.pdf

With respect to franchising, several firms have been successful internally and within the Caribbean. The most successful format (the KFC Franchise) benefits from training and procedures provided by the franchiser. It has been suggested that lack of procedures and difficulty in documenting and replicating processes will be key constraints in developing local franchise restaurants.

1.4 The potential of the TT Diaspora as a resource capability and for market penetration

Various local companies seek to exploit the Diaspora of Trinidadians living abroad. It will be recalled that the Trinidad and Tobago Diaspora is located primarily in North America and the United Kingdom. The first wave of migration from Trinidad and Tobago really began in the 1950s and the target was the United Kingdom.

Over the last 50-odd years, persons of Trinidad and Tobago origin in the first and second wave have become increasingly integrated within British society and ties have tended to diminish from generation to generation much quicker than in the case of the North American Diaspora due in part to cultural issues. Migration to the United Kingdom continues to occur however, impelled to some extent in recent years by UK Work-Study Visa Programme which targets young persons below the age of 35.

The newer migrants are more linked with Trinidad and Tobago. A primary vehicle for the maintenance of cultural ties and a potential vehicle for promoting new exporting opportunities from Trinidad and Tobago is the Notting Hill Carnival, which has been held in the last week of August in the suburb of London since 1964. It is the largest street festival in Europe, attracting more than 1.5 million visitors each year.²



http://en.wikipedia.org/wiki/Image:Notting_Hill_Carnival_2002_large.jpg

The Trinidad and Tobago Diaspora in the United States and Canada is larger than the counterpart in the United Kingdom. It also tends to be constantly growing. It is

² <http://en.wikipedia.org>

primarily located in cities along the eastern seaboard, Miami, New York, Washington D.C. and Metropolitan Toronto. But there is a growing presence in the western United States particularly in and around Los Angeles and also in other cities such as Boston and Montreal.

A particularly interesting component of the overseas population are the young persons who go to the United States and Canada for tertiary education and do not return to Trinidad and Tobago. The country suffers from this loss of key skills, ingenuity and promise. On the other hand, the linkages of these persons to things 'Trini' and positive associations will be stronger for than second or third generation migrants. As these persons will move into higher than normal economic and social strata they may also be key to future marketing initiatives.

Overall though, the Diaspora is growing, particularly in the United States but also in Canada. In the United States, the Hispanic population is growing faster than the rest of the population. There is also evidence of gaps in affluence between immigrant blacks and African Americans. Older first-generation migrants also tend to be more nostalgic for goods and services from their homeland and should be primary targets. In Canada, there tends to be a greater concentration of East Indians among recent migrants from Trinidad and Tobago and this could provide opportunities for certain types of offerings.

The challenge facing Trinidad and Tobago is to tap into these persons, many of who are upwardly mobile. They can be an excellent source of information, experience, entrée to markets and contacts. Many are willing to share their skills and with better use of information technology could be remote sources of input to new product and service development.

1.5 Intellectual property mapping analysis

There is opportunity for IP protection that is going unused in Trinidad and Tobago. Broadly speaking, there is little understanding of the importance of IP and its role in company development. The Intellectual Property Office reports that only 1% of registered patents are local. Examples of locally held patents in this sector are: -

- S.M. Jaleel (Designs on Chubby bottles)
- Coca Cola (Bottles)
- Lemorel (Products from Bananas)

With respect to Trademarks, the situation is only marginally better with approximately 15% of the trademarks registered being local in origin. Generally, the Office notes that there are significant gaps in knowledge among the private sector on how IP can be used to promote their business interests, including the nature and benefits of effective branding.

The Intellectual Property Office notes that manufacturers are losing opportunities to protect their brands. Further opportunities for learning from publicly available technology are being lost as private sector operators do not make use of patent searches. This results in companies paying for technological information that is already 'free' or for 'rights' for which no protection exists. To reduce this gap, the Intellectual Property Office has embarked on a series of information sessions directed to the private sector. Much more awareness building is needed however.

1.6 Material and infrastructure resource capability

The production capability of the agriculture sector in Trinidad and Tobago is of serious concern and a potential handicap to achievement of foresight goals in this sector. The recent history has seen a decline in agricultural production overall, human resource issues exemplified by fewer numbers of young persons in agriculture and a reduction in lands under cultivation as housing and other needs seem to take precedence.

The Chart below reviews production for the period October 2004 to March 2005, with the exception of Cocoa that includes the period until June 2005.

Commodity	Production
Rice	-10.6
Yam	-57.1
Cassava	19.5
Patchoi	63.1
Bodi	-33.9
Cucumber	54.1
Ochro	-49.3
Peppers	-17.3
Cocoa	-13.7
Coffee	21.5

The decline in pepper and cocoa production in the period under reference is to be noted in light of the Best Bets niches outlined earlier. Production is affected by a number of issues including availability of land, flooding, processes and technology employed, human resources and Government policy.

As far as East Indian Delicacies are concerned it can be said that

- Raw materials are widely available.
- Ready supply of human resources.
- Skilled in normal production methods.
- Small-scale production for export.
- Need support for innovation and introduction of new processes.
- Need support in the area of marketing, including packaging and presentation.

Similarly, with respect to the Cocoa /Chocolate Best Bets, the production declines can be noted but the niche has significant advantages as well: -

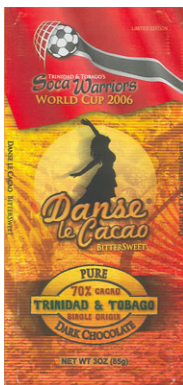
- High quality cocoa of worldwide repute.
- Long History of research at Cocoa Research Centre at U.W.I.
- Production declines and declining research activities.
- Strong human resource capability around the research.

The chocolate sector is of particular interest. Fine chocolate producers from around the world recognize the quality of local cocoa and are able to include it in their marketing strategies.

Vairhona Fine Chocolate highlights the origin of its Cacao (Gran Couva Estate) and touts its vintage qualities.



More recently, a new dark Chocolate bar has been produced using local cacao and foreign expertise. It used the Soca Warriors as a marketing vehicle distributing bars at the World Cup in Germany.



Danse le Cacao clearly identifies itself with Trinidad and Tobago, touts its nutritional and nutraceutical properties and emphasizes its uniqueness and quality.

With respect to the pre-prepared meals sector, the production problems related above could impact negatively. Nevertheless there is some possibility as outlined below for: -

- Locally made condiments – pickles.
- Seamoss, Pacro, Boisbandé.
- Whole wheat bake and shark.
- Linseed and peanut pickle.
- Tofu packaged products.
- Packaging with an all natural concept.

As far as the workforce is concerned in general it is fairly well-educated and young, implying possibility for flexibility and new learning, particularly in areas related to technology. The workforce currently stands at more than 600,000. Government authorities recognize the need to encourage more tertiary level education among the young population and has made strides through the injection of financial resources to defray educational costs and institutional development of the UTT. The stated goal is to have 60% of the population with some sort of tertiary level education by 2015³. The current rate is approximately 12%. Nonetheless, currently there is need for more

³ National Budget Presentation 2005-2006, pg. 19.

technical graduates and engineers and the business community is noting the phenomenon of skill shortages at all levels. The CSME is also intended to promote a more flexible labour market within the CARICOM and full freedom of movement for all categories of labour is a goal Governments of the region are pledged to achieve in the medium term. This could also open the way for sourcing of certain skill sets within the Caribbean region.

Productivity of the worker in Trinidad and Tobago has frequently been expressed as a hindrance to competitiveness. It is interesting that the data provided by Government suggests that productivity actually increased in the latest period under review. Among the better performing sectors was that of Drink and Tobacco. The extent to which this trend has continued in the most recent period is as yet unclear. The chart below, taken from 2005-2006 Budget documents refers.

Change in Prices, Productivity, Average Weekly Earnings and Wage Rates /Percentage Change/⁴

		2011	2002	2003	2004	Oct 2003/ July 2004	Oct 2004/ July 2005
Index of Retail Prices Jan. 2003 = 100	Weights						
	1,000	5.6	4.2	3.8	3.7	3.4	6.4
Housing	262	0.1	(0.1)	0.1	2.7	3.1	1.8
Food	180	14.0	10.2	13.8	12.8	9.1	20.7
Transport	167	2.1	1.6	0.6	4.4	5.9	2.1
Index of Productivity		8.2	11.9	12.1	4.1	(1.0)*	6.5*
All workers/all industries 1995=100							
Index of Average weekly Earnings		9.3	11.6	13.2	14.7	(7.2)*	(6.7)*
All workers/all industries 1995=100							

Source: Central Statistical Office
* Data for period: October - December

1.7 Enabling infrastructure

IT infrastructure in Trinidad and Tobago has strong capabilities but needs to be supported. There is good leadership but it is unclear just how much mid-level and technical level capability we have. Overall industry development has been hampered by high costs and low bandwidth. Both appear to be in the process of being addressed but perhaps too slowly for our needs and in relation to our nearest competitor. Infrastructure is costlier than in Barbados for example T-1 and 512K lines are approximately 50% more expensive in Trinidad and Tobago. The local telecommunications provider seems to be more concerned with the home consumer market and rebuffing competition in the cellular area than in meeting the needs of the

⁴ Review of the Economy 2005, Ministry of Finance, Government of Trinidad and Tobago, Pg. 52.

business sector. Perhaps this is related to the stage of telecommunications competition, with the sector only just beginning to be opened.

Globally, improved technology and related services has brought the producer closer to the end user and has resulted in the displacement of 'the middleman'. Production is now more closely tied with customer demand and can be more tailored to those needs in terms of quantity of the product and indeed the product itself. Local infrastructure issues mentioned above have to be addressed as a matter of urgency.

Ports and Shipping are not at the level that would support high levels of new activity. The Ports at Point Lisas and Port of Spain are a cause of constant concern to manufacturers who see the need for massive efficiency improvements and investment in infrastructure. The recent offloading of port operations at the Port of Spain Port does give one hope for improvement. Already some minor improvements have been reported but the port is being squeezed for space as new recreation and accommodation facilities are developed. The situation at Point Lisas is better and it is more advanced in terms of the use of new information technologies. Within the last couple months teething problems have occurred but these are expected to be short-term in duration. With respect to shipping, the country is relatively well served with respect to shipping lines. Companies are confident that they could meet growing demand for their services.

The Customs authorities can play a key role in trade development. Recent experience though suggests some difficulty in accepting a modern trade facilitative role for customs. An example is the glacial pace of adherence to ASYCUDA ++ standards, the poor state of adoption of information technology and gaps in training at all levels. The Customs service is also understaffed. A new Comptroller of Customs has been appointed and initial reports from the private sector indicate guarded optimism regarding his ability to effect the necessary changes.

A competitiveness study conducted for the Ministry of Trade and Industry in 2005-2006 identifies a number of investment needs⁵ of this sector such as:

- Domestic investment in infrastructure that would create a more enabling business environment.
- Investment that would improve that infrastructure and efficiency of the ports and customs systems would reduce costs of importing raw material and exporting food and beverage products.

A new airport at Piarco is among the best in the Caribbean for passenger transit. Recent Category A certification by the United States improves the prospects for diversification of routes and code-sharing agreements bringing new markets to the forefront. The national airline, BWIA, is beset with problems. A new management team has recently been put in place and a new strategic plan seriously contemplates privatisation and a reduction in Governmental shareholding. Labour problems with staff at all levels and skills are looming.

⁵ Study of the Services and Non-Oil Manufacturing Sector in Trinidad and Tobago – Industry Profiles, Goss Gilroy Inc, 2006, Pg. 23

1.8 Government policy and agency infrastructure

The sector produces meat, poultry, fish and shell fish, dairy products, eggs, natural honey, fruits and vegetables, coffee and tea, herbs and spices, flour and grains, oil and fats, sugar, cocoa products, pasta, baked goods, jams and marmalades, condiments, alcoholic beverages, juices and water. Over 50% of this country's food exports go to the CARICOM region. The sector employs more than 9000 people.

Trinidad and Tobago exporters have benefited to some extent from the growth of the demand for ethnic foods in overseas markets although this has not been reflected in dramatic increases in exports to the developed markets of the North. It is worth considering whether the structure of local production as it currently exists can, in fact, meet this growing international demand. International factors identified as potential constraints to the sustainability and growth of the sector include the following.

Health, safety and labelling requirements

Trade agreements.

Significantly, the Goss-Gilroy Competitiveness Study (2006) conducted for the Ministry of Trade and Industry lists a number of other constraining factors and identifies them as international in nature. These are local low-value added, supply-chain inefficiency, poor logistical infrastructure, lack of economies of scale due in part to diverse local industry and lax enforcement of quality standards.⁶ It is arguable that these factors have more to do with national and local industry than with the international arena and that international developments have highlighted local industry and national deficiencies.

The Diagnostic Report of the Goss-Gilroy study cited above (Study of the Services and Non-Oil Manufacturing Sector in Trinidad and Tobago – Diagnostic Report), Goss Gilroy Inc, 2006) identifies most of the sectors in the food and beverage sector as sensitive to international competition or free trade with poultry processing being determined to be uncompetitive in a liberalized trading environment⁷. In assessing sector competitiveness the Consultants considered inter alia: -

- Current profitability
- Current levels of subsidization
- The effect on profitability of tariff elimination.
-

Government does not provide agricultural subsidies and this contrasts with the heavy subsidization practices of the United States, Europe and Japan.

Product Dumping and Under Invoicing by unscrupulous importers are facilitated by an inefficient Customs Administration.

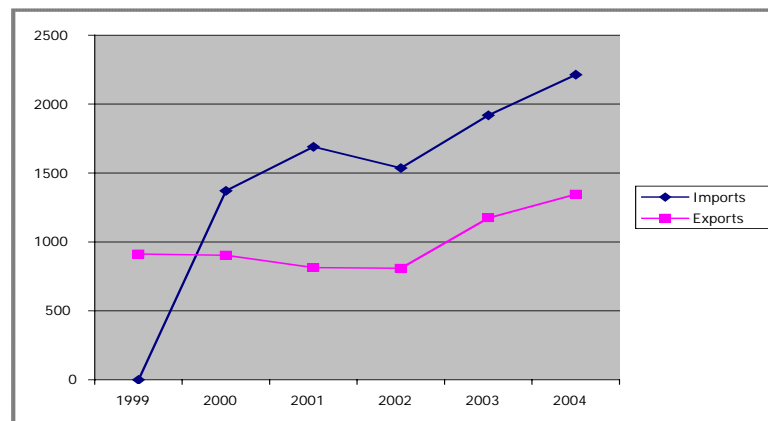
The tariffs applied on imported competing products are not considered to provide adequate protection for local producers. The import food bill is growing each year and producers have largely not shown an ability to compete globally.

⁶ Ibid, Pg. 21

⁷ Study of the Services and Non-Oil Manufacturing Sector in Trinidad and Tobago – Diagnostic Report, Goss Gilroy Inc, 2006, pg. 7

Trinidad and Tobago's lack of food safety safeguards allows products to be produced and traded which may not meet the standards of certain export markets in the developed world. The undeveloped or underdeveloped local regulatory environment thus impacts negatively on export performance.

Several of these factors above account for the country's high food import bill. As demonstrated by the graphic below, the gap between imports and exports of food has widened in the last few year doubtless influenced by greater consumer purchasing power and in turn having serious repercussions on the inflation picture and causing hardships especially at the lower end of the socio-economic ladder.



Source: Central Statistical Office (TT\$000)

Both recent studies urge Government to create a facilitative enabling environment. This involves: -

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.

A Food and Beverage Industry Development Committee has been established with public and private sector representation. Currently, the Committee is seeking consultants to implement the Work Program.

There are few sector specific incentives available for prospective investors in the sector niches. Government favours creating and maintaining a favourable overall policy environment. The only exception is likely to be the Tourism sector where specific incentives involve tax and duty exemptions and approved hotel projects can benefit from accelerated depreciation and capital allowances on the construction cost of the hotel after the tax holiday period and other allowances.⁸ This might be of relevance to the 'Cocoa Experience' potential niche.

The sector could benefit from the recently launched Research and Development Fund. This fund, administered by the Business Development Company, is intended to facilitate research and innovation among the business sector (services and manufacturing).⁹ Cost sharing by beneficiaries is required.

The most recent Government policy statement on the Sector was the National Budget Presentation of 2005. There the Government spoke of improving the statistical basis for work in the sector, improving access roads, providing training for young persons in this sector and improving institutions. Ongoing research activity of the Ministry of Agriculture, Land and Marine Resources suggests that some improvement is possible in the production conditions for raw material relevant to a number of the Best Bets, although the linkage with industry needs is unclear. The text box below refers.

⁸ www.investtnt.com

⁹ www.bdc.co.tt

Some Current Research Activities of the Agriculture Ministry

- Sanitation improvement of wet-season tomato
- Post harvest behaviour of tuberoses.
- Post harvest disorders in 'Julie' mango.
- Conduct of rapid reconnaissance survey of range and quality of minimally processed products at retail outlets in Trinidad
- Preliminary studies on post harvest behaviour of minimally processed products.
- Effect of different packaging materials on the viability of seeds in ambient storage
- Effect of conditioned storage under ambient conditions on the viability of selected cereals, legumes and vegetables.
- Soil acidity management
- Management of fertilizers in crop plants.
- Agro ecological zoning in Trinidad and Tobago.
- Pedology of Little Tobago.
- G.I.S. applications in soil management.
- Development of local germplasm.
- Production of tuberoses
- Evaluation of the control of bacterial infection in Anthuriums and selection of tolerant varieties.
- CFC/ICCO/IBPGR Project on Cocoa Utilisation and Conservation.
- Cocoa agro-forestry cropping systems.
- Blackpod spray trials
- Progeny and varietal trials involving TSH (Trinidad Selected Hybrids.)
- Effect of application of ripening agent to mature berries on Robusta Coffee clones.
- Evaluation of 22 selections of Robusta clones.
- Production of coffee seed material for seedling production.
- Development of a coconut water industry for small farmers.
- Characterization of local silk bananas.
- Fertilizer studies in dwarf pommecythere.
- Fertilizer studies in pineapples.
- Germplasm evaluation.
- Improvement of Yield and Grain Quality with emphasis on reducing chalkiness in rice.
- Conservation of bio-diversity with CRIDNET.
- Basic seed production.
- Assessment of minimum tillage rice production system utilizing seeds/fertilizer drill.
- Agrogermplasm maintenance of (19) cassava selections, (9) yam selections, (28) sweet potato selections and 6 topitam
- Varietal evaluation of four (4) locally cultivated sweet potato selections using organic and inorganic soil amendments to development.
- Effect of inorganic fertilizer to increase tube yield of (6) topitambu selections.
- Efficiency of 'wet-salting' in two vegetable crops (tomato, cabbage.)
- Varietal evaluation of five (5) vegetable Cowpea varieties.
- Plant population studies with hot pepper cultivar West Indian Red.¹

A key supporting institution is the Agricultural Development Bank (ADB). Members of the private sector, particularly SMEs, suggest that ADB procedures are too bureaucratic and lengthy and have the effect of driving them to the traditional banking sector. The ADB provides a range of facilities for financing agricultural development in areas such as:

- **FOOD CROPS** - Sugar cane, cocoa/coffee, roots/starches, pulses/nuts, fruits, vegetables, cereals, herbs and spices.
- **AGRO-PROCESSING** – Saw milling, woodworking, fruit processing, fish/shrimp processing, beverages (non alcoholic), cocoa processing, other agro-industry.
- **AGRI-SERVICES** - Input Supplies, Landscaping, Mechanical Services, Plant Propagation, Other Services.
- **FISH** - Aquaculture, marine fish, ornamental fish.
- **LIVESTOCK** - Beef, dairy, pigs, poultry, small ruminants, other¹⁰

¹⁰ www.agriculture.gov.tt

Some observers point to the lack of implementation of stated Government policy in the agriculture sector. In the most recent Budget Statement the Government pointed out a number of expectations relating to the sector such as:

- Training 1500 young persons in agriculture or related fields in 2005
- Extending skills training to the sector
- Providing production-based incentives
- Establishing a multi-product processing facility at NAMDEVCO
- Distributing lands formerly belonging to Caroni (1975) Ltd to former employees.
- Implementing a National Agriculture Information System.

A properly functioning Chemistry, Food and Drugs Division is vital for development of the sector's manufacturing and processing capabilities and is supposed to play the leading role in standards development for products and safe delivery of same to the consumer. The view is commonly held the section is under-performing in these areas though there is disagreement on the reasons.

A way forward would start with revision of the Food and Drugs Act. A draft revision is available but should be updated and consulted upon before implementation. Linked with the revision of the main legislative authority would be to pursue the Division's role in standards development by acting on the Food Safety standards already developed but not yet implemented and improving enforcement of existing standards in part through better coordination mechanisms with other authorities such as the Customs and Excise Division. In addition, administrative elements to be considered include establishing a statutory authority, providing incentives, and improving the competent but overburdened staff.

SECTION B

2 Food & Beverage Sector Best Bets Workshop, T&T, July 17, 2006

Those sector representatives who participated in this workshop are shown in the following table.

Name	Organisation	Contact	
		Phone	Email
Imtiaz Hyder Ali	Ministry of Health, Food and Drugs Dept.	623- 2834	cidd@carib-link.net
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Karen Tobias	Merka Foods	638-2739	joshdelle@yahoo.com
Roger Carrington	U.T.T.	642-8888	rogercarrington@gmail.com
Raymond Matthews	AMCO	742-0958	
Don Fletcher	MECO Ltd.	740-4340	realfreshnectars@yahoo.com
Patrick Greenidge	ASTT (FBIDC)	662-8861	cmarac@tstt.net.tt
Marcus Sun Kow	Fresh Start Ltd.	620-1846	solarbovine@gmail.com
Chitra Deosingh	Tro. Pickle Foods	673-4204	tropicklefood@yahoo.com
Ender Deosingh	“ “	673-4204	“ “
Marilyn Hosein	College Health Foods	733-5303	marilynrosein@hotmail.com

The session was co-facilitated by Nick Marsh of NEXT, Larry Placide of I2Biz, and Ian Ivey of NEXT. Joycelyn Lee Young and Laura Superville attended on behalf of NIHERST

3 Sector Workshop Best Bets

The session participants used a template to develop first draft 'Best Bet' options based upon the following criteria:

- The title for the 'Best Bet' proposition.
- A description of the offer.
- Consumer groups to which the offer is targeted.
- What capabilities does T&T have?
- What capabilities does T&T need?

It should be stressed once again that these are first draft 'Best Bets' concepts developed during this group session of creative specialists based upon the research work they had done and the outcomes of the various creative workshops.

The thrusts of these first draft 'Best Bet' options are summarised in the following tables.

1	SECTOR	F & B (June Williams & Lawrence Placide)
2	'BEST BET' TITLE	1. TT Export to Bangalore
3	'BEST BET' DESCRIPTION	<ul style="list-style-type: none"> • Savoury snack – doubles, roti, kachourie, saheena. • Sweets – Khurie, etc. • Produce for international niches – e.g. chutney (fruit variety) and link with Chutney music. • Be innovative with processes – use healthier oils (olive, canola), bake, not fry, use whole wheat rather than white flour.
4	GLOBAL MARKET NICHE FOCUS	<ul style="list-style-type: none"> • Diaspora – nostalgia and ethnicity. • Bangalore – (West Indian spin on East Indian style – selling back fusion influenced T&T Indian speciality food products). • Affluent Westerner – open to new tastes in sophisticated urban areas.
5	WHAT T&T HAS	<ul style="list-style-type: none"> • Creativity. • Culture. • Experience (small scale established businesses). • Capability. • Raw materials. • Cultural connections (to the world) – Syrian, Chinese, Indian, African.
6	WHAT T&T NEEDS	<ul style="list-style-type: none"> • Marketing (attractive, desirable). • Identify and develop the best value chain from raw materials through to end-users (include Internet component?). • Packaging – shelf life, presentation, 'pick-up-ability', safety standards and QA/QC. • Technology – for efficient production and best cost-effectiveness. • Linkage with the university – process engineering, factory design.

1	SECTOR	F & B (Indar & Chitra Deosingh)
2	'BEST BET' TITLE	2. 'Healthy Choice' Pre-Prepared Meals
3	'BEST BET' DESCRIPTION	<ul style="list-style-type: none"> • Nutritional components for the health conscious, carbohydrates, fats, cholesterol levels. • Health claims for products. • Wellness benefits by continuous use. • Provide data accumulated from R&D. • Maintain network with physicians and practitioners supporting claims from R&D. • Organics.
4	GLOBAL MARKET NICHE FOCUS	<ul style="list-style-type: none"> • Weight conscious. • Growing teens. • Working people. • The elderly.
5	WHAT T&T HAS	<ul style="list-style-type: none"> • Locally made condiments – pickles. • Seamoss, Pacro, bois bande. • Whole wheat bake and shark. • Linseed and peanut pickle. • Tofu packaged products. • Packaging with an all natural concept.
6	WHAT T& T NEEDS	<ul style="list-style-type: none"> • Venture in R&D – organically packaged vegetable products. • Encourage food producers to go organic. • R&D into lifestyles and understanding diseases + remedial/ongoing management issues. • Grow more and import less – labour (and theft) issues. • Re-tooling of agriculture and agro-processing sectors.

1	SECTOR	F & B (Laura Superville & Ian Ivey)
2	'BEST BET' TITLE	3. Soca Cocoa
3	'BEST BET' DESCRIPTION	<ul style="list-style-type: none"> • Trinidad cacao is recognised internationally so why not have cacao 'appellation'. • Aim for high end of market. • Develop alliances with key end users on a fixed contract basis to secure value chain. • Use cacao to enhance the value of other products e.g. spa products made with cacao, cacao 'flavoured' massage oils, edible cosmetics, T&T 'Danish biscuits' made using high quality cacao. • Pricing to producers based on PEA levels – the higher the level the higher the grade and price – and market globally on this basis (compare with New Zealand 'active' manuka honey rating system). • PEA based specialist beverage.
4	GLOBAL MARKET NICHE FOCUS	<ul style="list-style-type: none"> • High-end wealthy consumers in the top 14% of the world with a high value retail connection. • Health and wellness – PEA link. • Opportunities in India and China in high wealth cities such as Shanghai and Bangalore. • Women – a particular female 'vice'. • High cacao healthy chocolate for health conscious consumers.
5	WHAT T&T HAS	<ul style="list-style-type: none"> • Cacao research centre. • Germplasm bank plus breeding programme to boost mother stock quality/resistance. • Initial processing – which adds value and reduces bulk. • Was here before sugar cane so is part of our history. • Has a good reputation in global markets. • Some skills in growing and processing.
6	WHAT T& T NEEDS	<ul style="list-style-type: none"> • The reputation of Trinitario cacao quality needs to be broadcast more widely globally (Diaspora unlikely to know). • Run down of gene stock – has been a big disease problem so needs improving. • Investors into land, plants and machinery. • Value chain upgrade from production through to consumption – tie it all up on a fixed price/term contract basis. • Dispersal of research knowledge (pest control, maximising quality yield). • TQM – maturity and harvest, post harvest. • A supply buffer to keep end users consistently supplied. • Freeze DNA and/or have a second live germplasm collection (in case there is a disaster).

1	SECTOR	F & B (Patrick Greenidge)
2	'BEST BET' TITLE	3. The Cacao Experience
3	'BEST BET' DESCRIPTION	<ul style="list-style-type: none"> • The 'cacao experience' – creating nature trails around and through cacao estates. Guided tours year around. • Expanded experiences in picking, shelling, sweating, dancing, and authentic chocolate sticks made from medium range product. • The premium flavour and quality is sold in high price markets. • 'Cocoa Bois', 'Socacoco'.
4	GLOBAL MARKET NICHE FOCUS	<ul style="list-style-type: none"> • Eco-tourism buffs. • Those interesting in quality taste experiences – the gourmet consumer.
5	WHAT T&T HAS	<ul style="list-style-type: none"> • Cacao holdings and estates. • Traditional plus research. • Capacity to change the look of some fruit and content of some estate and replace non-fruit shade trees. • Historical capacity to produce cacao on a large scale. • The capacity to produce own products e.g. chocolate sticks.
6	WHAT T& T NEEDS	<ul style="list-style-type: none"> • Top notch market research and development. • Top notch agricultural research and development. • Development and expansion of quality mid-range production. • Support of the research arm of UWI to drive and support and authenticate. • Investment and expertise through the whole value chain from R&D through to sales. • Sell cocoa by PNF grading. • Cocoa butter for non-food uses. • Increase T&T production base – cannot supply current demand.

1	SECTOR	F & B (Roger Carrington, Imtiaz Hyder Ali)
2	'BEST BET' TITLE	4. Get Up & Go Drinks
3	'BEST BET' DESCRIPTION	<ul style="list-style-type: none"> • Energy performance e.g. sea moss, bois bande and other similar blends / additives with flavours and / or spices.
4	GLOBAL MARKET NICHE FOCUS	<ul style="list-style-type: none"> • Teenagers to middle aged adults with a need or a perceived need for more energy / endurance and well being.
5	WHAT T&T HAS	<ul style="list-style-type: none"> • Long experience in the use of and preparation of such drinks. • Raw materials and preparation (recipes) / processing available locally. • Perception of the Caribbean man's prowess. • Large W.I. community abroad with first hand knowledge of (the ingredients – local mixes – effectiveness).
6	WHAT T& T NEEDS	<ul style="list-style-type: none"> • An adequate supply of raw materials R&D in the packaging and marketing of such products. • Alliances and established manufacturers/distributors.

1	SECTOR	F & B (Aziz Mohammed, Joycelyn Lee Young)
2	'BEST BET' TITLE	5. Hot Pepper Fashion
3	'BEST BET' DESCRIPTION	<ul style="list-style-type: none"> • Health products from hot peppers and shadon beni. • Sauces. • Pickles. • Dried / powdered. • Jellies. • Paste. • Value based payment and selling system build around capsaicin content (like the suggested cacao PEA quality grading system).
4	GLOBAL MARKET NICHE FOCUS	<ul style="list-style-type: none"> • USA, Canada, UK, India, China and Japan. • Gourmet food and health food shops. • Link through strong T&T Diaspora centres.
5	WHAT T&T HAS	<ul style="list-style-type: none"> • Production base from raw material. • History of production (pepper sauce). • Established brands – US, Cola, and UIC. • Some R&D capabilities. • Good climate for 'hotness' of peppers. • Industrial support for business development.
6	WHAT T& T NEEDS	<ul style="list-style-type: none"> • Increase raw material production base (currently an issue). • R & D into new varieties, production processes, product range (including nutraceutical concepts). • Appropriate packaging, labelling. • Marketing intelligence support to promote and develop markets / branding. • Development of recipes. • Product range – mild, hot fiery. • All natural (and also organic) products.

1	SECTOR	F & B (Jacqueline Harrington-Somerszaul & Nick Marsh)
2	'BEST BET' TITLE	6. Trini Flava Franchises
3	'BEST BET' DESCRIPTION	<ul style="list-style-type: none"> • Like 'Trini Tapas' – mini dishes that can give people a taste of the Caribbean. • Happy hour after work with 'Trini tapas'. • Have a double level restaurant in key cities in key high foot traffic areas with downstairs 'Trini tapas' and takeaway function and upstairs the whole experience built around 'Trini' flavour dining plus music and ambience etc. • Also aim for specialist flavour to be sold in components in specialist retail e.g. fish flavour, pigeon peas, corn soup, kalaloo soup, and fresh broth. • Use specialist products as a side component to main meals e.g. meat and chutney. • Some sauces and chutneys can be used as dips. • Soca karaoke.
4	GLOBAL MARKET NICHE FOCUS	<ul style="list-style-type: none"> • The Diaspora opens up interest to a broader group. • All locals and 'Trinis' will buy it. • Black Americans will try it – they like the flavour. • Perhaps the Caribbean style overview will help meet a wider market. • NEDCO – can use to promote 'try a T&T taste this weekend in offshore venues.
5	WHAT T&T HAS	<ul style="list-style-type: none"> • The model outlet is here. • Existing outlets in places like New York are very down-market. • We have a whole range of cuisine options including e.g. the Christmas options such as the Pastelli – a hot Christmas item; Payne – great pastry wrapped in thick coconut – tarts and drops. • Sweet bread. • The Chinese surprise box. • The Japanese 'sushi train' healthy fast food concept (as a model).
6	WHAT T & T NEEDS	<ul style="list-style-type: none"> • Needs a new modern retail model in offshore markets – could be a 'hole in the wall' style or the more sophisticated 2-storey model mentioned above. • Also need to get the model outlet going and take the chance in a few key locations (e.g. Toronto and London – where there is a strong Diaspora presence) and eventually turn it into a franchise.

1	SECTOR	F & B (Marcus Sun Kow, Karen Tobias, Don Fletcher)
2	'BEST BET' TITLE	7. Coconut Healing
3	'BEST BET' DESCRIPTION	<ul style="list-style-type: none"> • Minerals, electrolytes, no fats, phyto-nutrients, no added sugars. • Fresh – the other water. • Has many uses and applications in health and wellness area. • Possible natural replacement of electrolytic beverages.
4	GLOBAL MARKET NICHE FOCUS	<ul style="list-style-type: none"> • Sports people, active lifestyles (women) diabetics, organic market.
5	WHAT T&T HAS	<ul style="list-style-type: none"> • Space for growing – virgin soils • Technological know-how. • Plantation would be in low traffic areas. • Use of existing technologies to aid in efficiency. • R&D.
6	WHAT T&T NEEDS	<ul style="list-style-type: none"> • Experienced workers dying out. • Disease – red ring fungus – how to deal with it. • Tropical storms and hurricanes – how to deal with them. • Land reclaiming. • Enforcement of laws (stealing of product).

4 What Happens Next?

These Best Bets will be peer reviewed by both key Trinidad and Tobago stakeholders and other specialists both within T&T and offshore to determine which offer the greatest potential commercial prospects. In some instances there is a degree of overlap with 'Best Bet' propositions from other sectors. This overlap will be integrated into an overall 3-4 'Best Bets' selected for each of the five sectors being examined as part of this foresighting project.