THE POTENTIAL OF EXPORTING TO NICHE MARKETS

The Medium Term Policy Framework 2011-2014 identified agro-processing as one key sub area for diversification stating that “developing sector niches that offer opportunities to create value and develop businesses that have strong long term growth prospects”. Statistics reveal that agriculture, as a percentage of Gross Domestic Product, has been continuously declining. However, there has been a move towards focusing on niche crops in which Trinidad and Tobago has a comparative advantage. A study conducted by the Chamber in 2010 identified cocoa as one of the two crops that could be cultivated for niche export markets. Additionally, hot peppers and other fruits have been receiving increased attention.

The Australian Centre for International Agricultural Research indicated that there has been an increased demand worldwide for certified cocoa products, in particular chocolate. Trinidad and Tobago is known to produce coveted fine flavour cocoa beans, the Trinitario and Criollo Cocoa. In the 1930s T&T was the third largest producer of premium cocoa, however production levels have drastically fallen as a result of a major shift away from the agricultural life. At present, the total market share of the local cocoa industry is 2% of the world market. The Government of Trinidad and Tobago (GORTT) has signalled that improving T&T’s food security is a top priority and as we seek to increase our export earnings the revival of the cocoa industry features high on the agenda.

While the market demand for high premium chocolate is expanding, so too are the standard and certification requirements for export of these products. Origin branding and health benefits are just two of the factors driving the premium price that cocoa and cocoa products can attract. Two of the largest global consumers of cocoa and chocolate products are Europe with 49% and the United States with 22% of the market. If we are to capitalise on this as well as target new emerging market economies we must seek to modernise and standardise our processes. Within recent years, The University of the West Indies, through its Cocoa Research Centre and the University of Trinidad and Tobago have been undertaking projects to revive the cocoa industry and are working with local artisans such as Mountain Pride and Cocobel to ensure they achieve the certification standards necessary to export their products. Additionally, the legislation governing the cocoa industry needs to be revised and modernised to allow farmers to seize the opportunities available in the world market.

T&T’s hot peppers, according to data from the National Agricultural Marketing and Development Corporation (NAMDEVCO) are exported to markets such as the United States and to Canada. The Caribbean Export Development Agency cites hot pepper as one of the fastest growing speciality food product in the USA with demand moving from the confines of the Southwest to being a regular food item in mainstream households across America. We are also aware that in the United Kingdom there is a large Caribbean diaspora thereby creating a market for these products.

For all the products identified and their biggest potential markets there are strict import regulations. Fresh produce exports must comply with Phytosanitary regulations. To do so the
shipment must be presented to the Plant Quarantine Office at the air or sea port in some cases at the NAMDEVCO Packinghouse for inspection. Once the shipment is passed as being fit for export a Phytosanitary Certificate is issued. This Certificate must accompany the other shipping documents sent to the importer.

Shipping food products to the USA requires that you are registered with the Food and Drug Administration (FDA). As an exporter you will receive a Personal Identification Number which has to be used for advising the FDA on details of every shipment made. This prior notice must be sent to the FDA and confirmed by them no more than 5 days before arrival of a shipment in the US and no less than 4 hours for shipment by air and eight hours for shipment by sea.

Hot pepper products entering the European Union from the Caribbean do not attract import tariff charges once a Certificate of Origin is presented. While exporters mainly target the UK, they are subject to the same level of regulations as if they were exporting to any European Union country. As such they are subject to the European Commission Marketing Standards as met out by having the Phytosanitary Certificate mentioned previously. The EU strictly upholds consumer protection and as such closely monitors pesticide levels on produce being sold on their markets. The pesticides used in production and post-harvest are validated against approved Maximum Residue Levels. Further, processed pepper products must meet the packaging and labelling requirements set out in the European Union Food Import Regulations.

T&T, as part of the Caribbean Community (CARICOM), is currently in the process of negotiating a free trade agreement with Canada which will replace CARIBCAN which expires in December 2013. Currently, goods exported directly from T&T can qualify for zero tariffs. However, there are also strict requirements set out by the Canadian Food Inspection Agency (CFIA) regulating food products in Canada much like the sanitary requirements of EU and USA.

The National Quality Infrastructure which encompasses having internationally accredited laboratories, regulatory and institutional frameworks is grossly inadequate. If we are to ensure our goods to be traded are of a consistent and reliable quality we must look at introducing high standards domestically. For example, developing mandatory food standards and certification requirements for the local market would not only boost consumer confidence in local products but enhance the export readiness of our manufacturers.

Although the Free Trade and the Economic Partnership Agreements provides for the reduction, and in some cases removal of tariff barriers at the border there are often non-tariff barriers that arise which prove to be quite prohibitive. The Chamber as well as other Business Service Organisations have continuously advocated for the need for trained commercial attachés in designated foreign missions to assist with identifying and overcoming these barriers. Market research providing information such as the size of the diaspora in targeted markets would also be useful to both current and potential exporters.

It is instructive to note that new companies seeking to penetrate foreign markets may be required to provide proof of financial resources from liability insurance and financing of
promotional programmes. There is therefore the need to review all export financing facilities available and ensure that they are aligned to the export policies of the country. The National Export Strategy being developed by the Ministry of Trade, Industry and Investment is therefore crucial to this process.

Despite the product, if we are to compete on the global market place there needs to be a coherent policy driving industry development and strengthened sector linkages through cluster development and the use of information technology.