



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

# AGRIBUSINESS POLICY IN TRINIDAD AND TOBAGO FOR EXPORT MARKETING AND AGRO-PROCESSING

*Megnath Gosein*

(Agricultural Economist, Agricultural  
Development, Bank, Trinidad, W.I.)

---

## **Introduction**

The change in the economic fortunes of Trinidad and Tobago during the latter half of the 1980's has led to a search for 'new' areas of economic activity to assist the country in its recovery process. This situation is not unique to Trinidad and Tobago and if one looks at our CARICOM neighbours, it is quite evident that reduced earnings from bauxite, sugar and tourism have forced various countries in the Region to diversify their economies. While Trinidad and Tobago continues to be a petroleum based economy, and will undoubtedly remain in this mould for a long time, it is now widely recognized that future development will be heavily dependent on economic activity in other sectors. Tourism, manufacturing, food and the agriculture sectors are now increasingly being viewed as the areas which can partly address two of the major problems facing this country and indeed the entire Region:

- (i) a high level of unemployment.
- (ii) the need to earn foreign exchange to redress existing balance of payments problems.

The food and agriculture sector has responded to this challenge and is one of the few sectors to have shown positive real growth while the economy on the whole has shown negative growth. This growth can be partly attributed to the development of export markets for non-traditional crops and the growth of the agro-processing sector with increased usage of locally produced raw materials. The Draft Medium Term Macro Planning Framework 1989 - 1995 recognized that "*agriculture must be developed as one of the key pillars of the overall strategy for the medium term. Major emphasis is to be placed on expanding non-traditional exports while the agro-industrial sector is to be developed as a vital*

*means of saving foreign exchange and creating new jobs".*

### **Export**

The export of primary agricultural products is not new to Trinidad and Tobago or to the CARICOM Region. Citrus, bananas, cocoa, coffee and nutmeg have been exported for many years and continue to be exported today. However, while these commodities continue to be exported, the focus is now on the non-traditional export crops, sea foods and tropical cut flowers for foliage.

### **Non-Traditional Export Crops**

While vast experience in the growing and exportation of the traditional crops exists, efforts to successfully compete on the international market with non-traditional crops can benefit from new strategies and systems. The traditional export crops have been grown on large acreages and in recent times with increasing mechanization. In most cases the international marketing was undertaken by an organization which was established specifically for that purpose or where this function formed a major part of its overall operation. There were well established grading and pricing systems; the latter often receiving Government support. The markets were well established with quotas generally being granted.

The export of non-traditional crops is being undertaken in a completely different scenario. Much of the production is fragmented in relatively small acreages with little emphasis being placed on grades and standards. Because of the small size of holdings, mecha-

nization is often difficult and cost of production high. There are no quota systems or assured markets and none of these crops presently receives price support from the Government. Efficient communications systems vital to trade are lacking.

Against this background, the strides made in the export of fresh fruit and vegetables over the past three years are very encouraging. Export to North America, Canada, Europe and our CARICOM increased from TT\$9m. in 1987 to TT\$22m. in 1989. Much credit for this can be given to the pioneering work done by organizations such as the Caribbean Agricultural Trading Company (CATCO), the Princes Town Marketing Co-operative and several enterprising small entrepreneurs.

Growing fresh produce for the export market requires a new breed of farmer, the modernization of agriculture, the use of specialized marketing skills and the existence of the necessary infrastructure to facilitate the production and export of these commodities. While most farmers responded magnificently to the inward looking import substitution with protection through trade barriers and other policies, it requires a significant step-up to produce commodities of the right quality, quantity and at the right price for the international markets. Export agriculture is a business which requires the right combination of management, technical and other inputs if it is to succeed. Many of the farmers who successfully produce for the domestic market may not be able to make what can be a giant step and a 'new breed' of farmers is needed for the export drive.



While the present system of small, fragmented holdings has contributed to the significant increase in export of fresh fruit and vegetables during the past three years, it is questionable whether this is the best system to be adopted in an export drive. The larger agricultural holdings such as Caroni (1975) Limited, Palo Seco Agricultural Enterprises and several private estates can enjoy economies of scale and better lend themselves to modernization resulting in lower production costs and produce of the right quantity and quality for the export market.

Several small farmers who have attempted to produce and directly export their produce have not been successful. The time and cost involved in post-harvest handling and shipping of the produce have often posed a problem for these farmers. The sorting, grading, packaging, storage, documentation and shipping along with the necessity to understand the international markets with their various trade agreements and barriers and the need to negotiate with international buying agents where \$0.01 may mean the difference between profit and loss have been deterrents to many of these farmers. If small farmers are to produce for the export market, it is imperative that specialized marketing entities be established to undertake the marketing of the produce and the farmers be allowed to concentrate on production. Co-ordination of production is imperative if small farmers are to successfully produce for the export market.

The necessary infrastructure must also be provided. Drainage, irrigation, access roads, packaging, storage facilities etc. must be

available to the exporter. Once we continue to use passenger airlines for transportation of produce for the export markets, we will have to continue expecting cargo to take second place to passenger cargo. Until we begin to ship in quantities which can economically justify the use of special cargo flights, we will have to continue using the passenger airlines.

### **Opportunities for Export**

In December 1989, Trinidad and Tobago exported over 20 different types of non-traditional fruits and vegetables. While this may suggest that there is great potential for a wide range of products it is important that in initial development of the export sector, that focus is on a few commodities. It will be very difficult and costly to develop a large number of commodities. We should follow the footsteps of New Zealand who concentrated their efforts on the Kiwi Fruit and have now established a major export market for this fruit.

Existing data suggest that among the fruits and vegetables significant quantities of hot pepper, pumpkin, ochro, paw paw, mango and ginger have been exported. It may be advisable to focus on some of these crops in the export drive. Market niches have been found for these crops and it is important not only to maintain these niches but to widen them. We can develop on the experience that has been gained during the past few years. This does not however, mean that market research and development, should cease, for in the dynamic international markets, new opportunities arise almost on a daily basis.

Having identified a few potential ventures, there are three issues which should be given some consideration:

1. Quite often exporters in Trinidad and Tobago, be it agricultural or other products, are encouraged to come together and market internationally because of the many benefits that can accrue by marketing as Trinidad and Tobago. Is there not a case then for us to come together and market as CARICOM countries?
2. What is likely to be the impact of recent developments in Eastern Europe and the unification of Germany? Exports to Western Europe are relatively small; how will the EEC members react as exports increase? What will be the effect of Europe 1992?
3. If the focus is to be trade not aid, then is it to our benefit to have different Caribbean Heads of State flying to Western Europe, North America or Canada each week to negotiate trade agreements? What is the impact on these countries and on our own islands?

### Fish

The export of fish products from Trinidad and Tobago increased from just under TT\$9m. in 1987 to TT\$17m. in 1988. There was a slight decrease in exports in 1989 but predictions are that exports will continue to rise in 1990. The fishing industry in Trinidad and

Tobago in the 1970's and early 1980's was built around a fleet of pirogues seldom exceeding 10m. in length. These vessels limited the area which could be fished to the inshore.

Damage to the sea bed and fishing grounds by trawlers resulted in decreased catches in the mid and latter 1980's. This was accompanied by significant increases in the price of boats, engines, fishing gear and fuel and makes this artisanal fishing highly unattractive.

Studies indicate that much of the fishing resources lie within the Exclusive Economic Zone on the East Coast of Trinidad. The rough waters and the distances which have to be traversed make it impossible for the pirogue fleet to exploit this most lucrative fishing ground. A new fleet of larger, better equipped vessels is being used to harvest fish in these areas. However, as is the case with crop production for export, a new breed of fishermen is needed if the full potential of the resources is to be realised.

In most cases the operators of the pirogues are not equipped to handle the larger, modern equipped vessels. Neither can they make the necessary investment which averages over TT\$0.5m. It is from this new breed of fishermen with their larger and better equipped boats that Trinidad and Tobago can increase its catches of fish and exploit the lucrative North American markets.

The catching of fish is just one step in the chain which must be completed if fish is to find its way to the lucrative North American markets. Proper handling of fresh fish, a

highly perishable product, is extremely important. While some on board processing can be undertaken, much of the handling, storage, packaging and shipping must be undertaken on land. Again it is important to determine whether specialized exporters are required. Co-ordination of the efforts of fishermen and sea food exporters is essential if exports of fish, shrimp and other sea food is to flourish.

### **Agro-Processing**

The agro-processing sector in Trinidad and Tobago has traditionally been a large blender with semi-processed products being imported, mixed and packaged using imported packaging material. The local value added and the benefit to the economy have been minimal. The downturn in the economy with its resulting problems has forced first, the adoption of an inward looking import substitution strategy and more recently an export oriented drive in the agricultural sector.

The agricultural sector has been plagued by the age old 'chicken and egg' situation. Processors claim that there is not enough raw material produced locally for processing and have invariably found a number of excuses to continue along the more lucrative path of importing raw material. Primary producers on the other hand are reluctant to produce until they are assured there is a processing plant ready to absorb their products. Experiences such as that of the Cassava Processing Plant which was to be established by the Food and Agriculture Corporation make farmers even more wary of producing before the processing

plants are established.

Another problem faced by the sector is the availability of appropriate technology to suit the small scale of operation. Quite often the available plant and machinery are way above the required capacity and the regional research institutes have failed to keep pace with the demand for small machinery and equipment.

During the past five years there has been a proliferation of cottage industries producing a wide range of products primarily for the domestic market. A lack of quality control, poor packaging and poor marketing has resulted in failure for many of these industries. The 'new breed' of farmers has shown a willingness to produce for these processors but the lack of any contractual arrangements between producers and processors has often resulted in problems and mistrust.

Some of the processed products have been successfully introduced in the export market. Export of seasonings and herbs increased from TT\$2m. in 1987 to over TT\$5m. in 1989. Fruit preserves, candied fruits and canned fruits have also been exported in small quantities. Processed products which have been identified as having good export market potential include tropical fruit juices, coconut by-products, crystallized ginger, fruit paste and pulp and sea foods. The growing market for specialized food items in the major metropolitan centres of Toronto, New York, Miami and London presents a host of opportunities for entrepreneurs to carve a niche for Trinidad and Tobago.

The agro-processing sector has tremendous potential for both domestic and export markets, however, there are some major factors to be addressed in the development of this sector.

### **Raw Material**

There are five aspects of raw material availability to be addressed:

#### *(a) Quality*

To produce a good quality finished product, it is necessary to start with good quality raw material. The old adage that "what cannot be sold on the fresh market will be processed" is a prescription for failure. The production of high quality raw material begins when the farmer plans his production. His choice of variety, crop husbandry practices and post-harvest handling all combine to determine the quality of raw material that reaches the processor. There is a need for closer coordination between the processor and primary producer to ensure the availability of raw material of the necessary quality.

#### *(b) Quantity*

For processing plants to be economically viable, there are minimum quantities of raw material which must be available. While the raw material is sometimes produced, the coordination which will get the produce from the farm to the processor is often lacking. The viability of a processing sector is dependent on a minimum assured quantity of available raw material.

#### *(c) Cost*

The perception by some primary producers that processors could or should pay the same price as prevails on the fresh market has been a constant problem in the agro-processing sector. Processors invariably cannot pay this price and it is therefore essential that they get produce at lower prices. This can be achieved by several means:

- Lower cost of production by farmers.
- Recognition by farmers that the trade-off for an assured market with lower marketing cost is the lower price which they receive.
- Vertical integration by processors.
- Large scale production to facilitate mechanization and economies of scale.

#### *(d) Location*

The fragmented agricultural production system with widely dispersed sources of raw material makes collection difficult and costly. Thus while it is often claimed that raw material is available based on national production data, the access to this raw material is difficult.

#### *(e) Timeliness*

Many of the tropical fruits and vegetables with the potential for processing are seasonal. This can be addressed in either of three ways:

The establishment of multi-processing plants which allows the flexibility of processing different raw material as they become available.

- The semi-processing of raw material and storage to facilitate supply throughout the year.
- The identification and use of varieties which are not of a seasonal nature.

### **Quality Control**

The quality of processed products has often been a source of major concern. Protectionist policies do not serve to stimulate improvements in quality. While it is recognised that quality must be high for the international markets, similar emphasis is not placed on products for the local markets. While there are a wide range of agro-processing opportunities for both the domestic and export markets, it is important that due emphasis be placed on quality if these enterprises are to enjoy any success.

---

### **Marketing**

In planning any agribusiness enterprise it is important to include a comprehensive marketing component. Small size of the business does not preclude the need for marketing. The failure of many small agribusiness enterprises can often be linked to marketing problems.

### **Conclusion**

Agribusiness opportunities for export marketing and agro-processing abound in Trinidad and Tobago. The economic climate is ripe for such enterprises, however proper planning is essential before embarking on any such agribusiness venture. Several constraints and factors for considerations have been raised but successful enterprises can be established in spite of these constraints. Finally, this paper does not include the cut flower industry. This constitutes one of the major export opportunities that exist in Trinidad and Tobago.