Promoting regional trade and agribusiness development in the Caribbean

3rd CARIBBEAN AGRIBUSINESS FORUM:

STRENGTHENING THE CARIBBEAN AGRIBUSINESS SECTOR AND EXPANDING MARKETS THROUGH SMEs BUSINESS DEVELOPMENT

Organised by CTA, IICA, CABA and the ACP-EU TBT Programme

Port of Spain, Trinidad and Tobago, 29-30 January 2017

BACKGROUND NOTE

1. Context

Although Caribbean countries have differences in terms of dimension, population, social and economic conditions, infrastructure and standard of living, they have many common disadvantages such as small size, a narrow resource base, excessive import dependence, high transport and communication costs as well as high population density.

The Caribbean has a great potential for to grow its agrifood sector, both to respond to the massive domestic demand, and also for export markets regionally and internationally. It is estimated that the regional market for agribusiness products in the Caribbean could be in the region of USD 4 billion per year. Agribusiness development in the Caribbean must be prioritised if the region is to address the most pressing issues facing it: the high and unsustainable food import bill, double digit unemployment levels which disproportionately affect youth, health issues such as obesity which are growing in prevalence, and the need to develop more climate resilient and sustainable agriculture and fisheries systems.

However, low levels of Foreign Direct Investment (FDI) into the agricultural sector and the lack of accessibility to services that are critical to agricultural development such as finance, infrastructure, business development services, insurance and research, all hamper agricultural growth and diversification. Another notable source of vulnerability for agriculture concerns climate change and natural disasters, which all have a devastating effect on crops and plantations.

Most Caribbean countries on average import more than 60% of the food they consume, with this number rising to 80% among half of them.[1] By 2020 food imports could increase from USD 4 billion to USD 8-10 billion unless there is a breakthrough to prevent this. The dependency on imported foods has many consequences, in addition to being a drain on both public revenue and household finances, it also closes the market for domestically grown produce, which has a knock on effect on local agrifood systems, leading to reduced opportunities for local producers and farmers, and making it harder for local agribusiness to grow and compete.

[1] FAO (2015) "State of Food Insecurity in the CARICOM Caribbean Meeting the 2015 hunger targets: Taking stock of uneven progress" http://www.fao.org/3/a-i5131e.pdf

This high dependence on imported foods, which tend towards being more processed, has also had a negative effect on nutrition and health in the Caribbean, with the with the result that a higher proportion of Caribbean people are overweight or obese than are undernourished.[2]

Agribusiness development also needs to be recognised as an important avenue for job creation, which is an especially critical concern for the Caribbean which has some of the highest unemployment rates in the world, especially among youth and particularly the English speaking Caribbean – St Lucia had a national unemployment rate of 24.1% and Grenada 30.4% in 2015. The decline of agriculture has contributed to this growth in unemployment, which has been felt strongly in some of the Caribbean countries, particularly Suriname.[3]

Agriculture in the Caribbean

Agriculture remains the mainstay of the economy in four countries: Dominica, Dominican Republic, Guyana and Haiti. The other economies are largely services oriented, with the exception of Trinidad, which is primarily energy-based. Farms size, farming practices, market orientation, and cropping characteristics vary across the region and comprise an important number of small traditional subsistence farmers practicing mixed cropping on marginal, hilly land and a small number of commercially oriented small farmers that focus on domestic markets and a small number of large commercial farms that dominate the export market. Rural areas face challenges such as aging farm population, non-innovative entrepreneurship, and inadequate investment by both the public and private sectors leading to rural unemployment and increased reliance on food imports. The steady decline in competitiveness of the regional agricultural products is due to the loss of traditional preferential markets. Domestic limitations, including institutional, structural, economic and technological factors have also played a major role in the lack of productivity and competitiveness in agriculture in the region. As is the situation with agribusiness entities around the world, Caribbean producers and exporters are looking for possible ways to become competitive in traditional and niche markets.

Tourism in the Caribbean

Tourism is the life-blood of many Caribbean economies. Relative to its size, the island-states of the Caribbean are more dependent on income from tourism than that of any other part of the world[4]. The figures are staggering and deserve attention; the estimated tourism participation in GDP in 2012 was 27% in Jamaica, 39% in Saint Lucia and in Barbados, 48% in The Bahamas, and 77% in Antigua and Barbuda, to name a few. Each year, approximately 12% of the total labour force in the Caribbean, around 2 million people, are estimated to work in the its tourist sector. In 2012 alone, they generated around USD 47 billion of revenue, or 14% of GDP, as well as USD 25 billion worth of exports, which translates to 15% of total exports.[5]

Data from the Caribbean Tourism Organization indicate that 25 million tourists visited the Caribbean region in 2013 spending approximately US$28.1 billion. The United States maintained its position as the main market for stopover visitors to the region, representing 12.3 million or just about half of the tourist arrivals. Also emerging markets such as South America have had consistent growth in the last five years with 70%

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[2] FAO (2015) "State of Food Insecurity in the CARICOM Caribbean Meeting the 2015 hunger targets: Taking stock of uneven progress" http://www.fao.org/3/a-i5131e.pdf

[3] Caribbean Development Bank (2016) "Economic Review 2016" http://www.caribank.org/wp-content/uploads/2016/02/CDB_2015EconomicReview_2016Forecast.pdf

[4] Edghill, Michael W. Tourism and the Caribbean Economy. Caribbean Journal, September 30, 2013.

[5] UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) "Small Island Developing States in Numbers: Climate Change Edition 2015" http://unohrlls.org/custom-content/uploads/2015/12/SIDS-IN-NUMBERS-CLIMATE-CHANGE-EDITION_2015.pdf

more visitors over 2009 figures. Europe accounted for 4.7 million or 18.9% of visitor arrivals, while 3 million Canadians visited the region, amounting to 12.3% of the total stopover visitors. Interregional tourism represented 6.4% of stopover visitors with nearly 1.6 million people travelling between the Caribbean islands for tourism purposes. The Dominican Republic maintained its four-year lead with 4.6 million visitors, followed by Cuba with 2.8 million and Jamaica with 2 million passengers. Puerto Rico, which recorded 1.5 million visitors, and the Bahamas, with 1.3 million, rounded out the top five preferred destinations. Meanwhile, 45.3% of global cruise passengers were hosted in the Caribbean region, amounting to 21.8 million people. The Bahamas was the top destination for cruise arrivals with 4.7 million passengers followed by the US Virgin Islands in a distant second with 1.9 million cruise visitors. St. Maarten, the Cayman Islands, and Jamaica completed the top five cruise destinations in the region[6].

Current situation in the sector

The Caribbean region has secured its position on the tourism map with luxury hotels, all-inclusive resorts and cruise ship arrivals in millions, but too often the financial benefits do not trickle down to the islands themselves in terms of local employment. There is a need to strengthen tourism-agriculture linkages and develop a strong local and regional market for agricultural products serving the tourism sector.

Beyond developing conventional supply chain relationships, agriculture and tourism sectors in the Caribbean could further scale up win-win linkages with respect to niche markets such as the culinary tourism and health and wellbeing tourism (spas, beauty etc.) Over a third of tourist spending is devoted to food, and up to 88.2% of respondents in a 2012 World Tourism Organization survey considered gastronomy to be a defining element of the brand image of travel destinations. Investing in improving agricultural value chains, strengthening the role of agribusinesses and other intermediaries between agriculture and tourism, particularly chefs and cooks, promoting authentic local and/or traditional Caribbean cuisines, and generally creating a strong enabling environment could reap significant rewards across both sectors.

Global trends, including food trends, climate change and green economies, nutrition, health and wellness and the conservation of heritage, are all driving growth in Agritourism. Market researches indicate a preference by tourists for a product and an experience that are authentic, linked to local foods, culture and heritage in a destination, and a willingness to pro-actively select and pay a premium price for such an experience. The top dining trends in the region also show that internationally recognized hotel brands and restaurant chains as well as world-renowned chefs, are investing in their local agricultural and food sectors and are experimenting with exotic tropical flavours and colours in foods typical of the Caribbean Region.

High quality food, every day of the year, is essential to hotels, lodges and resorts. Often the food purchasing bill of a tourism site is large in the context of the local economy, but surprisingly little is spent locally, even when farmers are nearby. The challenges of shifting food-sourcing to local farmers are considerable, yet if it can be done in a way that meets commercial needs and customer tastes, this is one way in which tourism operations can significantly increase their contribution to local economic development.

Supplying locally produced food to luxury hotels and cruise ships benefits both the tourism industry and the agricultural sector, hence the importance of developing business management skills, infrastructure and logistics, and food quality and safety capabilities, to ensure that the supply meets the requirements of consumers.

This is not to downplay the challenges involved in shifting food sourcing from conventional routes to local farmers. Common problems in sourcing products locally are well known - inconsistencies in the quality, reliability, or volume of produce, exacerbated by poor transport and lack of communication, data and information between supplier, purchaser and other operators in the value chain. Yet successful models exist and can be scaled up in a way that meets commercial needs and customer tastes, and where tourism

[6] Source: http://www.caribbeanandco.com/top-10-caribbean-stay-tourists-cruise-destinations/#sthash.amWcMCnL.dpuf

operations can significantly increase their contribution to local economic development through channelling and creating demand for local products among their staff and customers; supporting the suppliers to deliver the quality and quantity required; and establishing workable communication channels between suppliers and buyers to increase local sourcing.

The adoption of existing quality schemes can be a tool to achieve higher productive standards and attract consumers. Niche markets offer the opportunity to focus on quality, sustainability and community. Increased demand for safely certified products (HACCP) as well as ethic and organic food (with labels such as Fairtrade, Organic, etc.) could open new market niches both domestically for hotels and restaurants as well as for exporting to high-income countries. Previous surveys carried out by the beneficiary have identified the major opportunities in the following specific sectors:

- **Bakery products**: Supplying products that can substitute for the high volume of wheat (imported) based products (bread, muffins, cakes, biscuit, and pastries). CABA has developed the technology to incorporate up to 50% of puree or flour from Caribbean Staples (cassava, sweet potato, dasheen, eddoes, yams, plantain) in the production of a range of bakery products. The organisation is already training bakers in all 15 countries to use staples purees and flour in producing a range of bakery products.
- **Cereals**: The hotel sector is a major user of cereals, which is a main breakfast item. As in the case of the bakery products a range of cereals will also be made from these staples.
- **Fries and finger foods**: This is also a major food product throughout the food service industry. CABA has also developed and successful test marketed a range of fries and other finger foods from sweet potato, cassava, eddoes, dasheen and plantain.
- **Herbs and spices:** ketchup, barbeque sauce, pepper sauce, various dressing, teas and cold beverages, cosmetics, honey, etc.

2. Background

The ACP EU TBT Programme is currently supporting CABA in the promotion of quality certification schemes among selected agro-food producers. This project is the result of a synergic collaboration with the Technical Centre for Agricultural and Rural Cooperation (CTA) built upon two Agribusiness Forums held on 2014 and 2015 on: “Enhancing regional trade and adding value to Caribbean agrifood products” looking at the potential of tourism, regional and export markets.

The previous Agribusiness Forums were largely focussed on building knowledge and sharing success stories amongst agribusiness. This year the Forum will focus on more direct facilitating production and trade and will be a “Business Meeting” involving specific SME firms that have been trained in certification and are working collectively under the CABA sponsored “Collective Regional Export Strategy’. The strategy is aimed at facilitating SME’s to act collectively in attacking markets and in procurement of inputs and services.

A critical part of the strategy is the plan to have the firms market and promote some of their products under a common regional Brand or Mark and to share the high cost of brand building. The products will be marketed through the Caribbean Agri-business Export Company (CABEXCO) which has been established for this purpose.

Across the Caribbean, 10 SMEs producing sauces and condiments, frozen foods, kitchen staples and spices, fish and seafood products, fresh and processed (frozen, canned etc.) vegetables, fruit and bakery products were trained on critical food safety and standards (Hazard analysis and critical control points / HACCP) that are fundamental to production, processing, preparation and provision of edible consumer goods. These companies are already operating in Barbados, Guyana, Jamaica, St. Vincent & The Grenadines, Trinidad & Tobago.

Certification under an accredited system which has global recognition and transparent, such as HACCP, is critical for entry into supply chains that are as lucrative and specialised as the tourism and hospitality sector. Most hotels, resorts and cruise ships not only require certification of their suppliers, but are themselves also certified, occasionally in compliance with statutory regulations relating to their respective sectors. For example, in St Lucia between 2014 and 2015, training in Food Safety, Sanitation Standards and HACCP (Hazard Analysis and Critical Control Point) was provided to over 580 food handlers (Bar, Hotel and Restaurant staff) in many of the island's leading properties, with this number just presenting the tip of the iceberg. In 2015 the Caribbean Hotel and Tourism Association with the support of the European Commission, Regional Sustainable Tourism Development Program, and IICA, developed its HACCP Training Manual.[7] A supply chain is only as strong as its weakest member, and in respect to the tourism and export supply chain, the direction that the importers, buyers and off takers go must in turn be followed closely by the producers, processors and manufacturers if they are to enter the supply chain or indeed maintain their presence and grow. Certification can also have other positive spill over effects, particularly in relation to securing supply contracts, which is an important (often indispensable) factor for attracting investments and securing credit or finance. Additionally, the audit function of the certification process can act as an important resource for the business to be able to identify specific information or data about itself, which may otherwise have been based on assumptions or broad observation, such as identifying specific costs within the business (how much is spent on specific processes or inputs, how long is specific processes and stages of activity take, the businesses own supply chain).

The ten businesses that are part of this project were already serving local consumer markets, with some lines in the bigger agribusinesses serving diaspora markets in North America, and Asia (Japan). In terms of buyers and consumers of the products supplied by these businesses, there is a significant market in the region, including in premium sectors, to whom their products can be marketed, and especially following HACCP certification, allow them to secure bigger purchase/supply contracts.

<u>Clientele Base/Interest:</u>

- Restaurants, cafes, bars and other eateries
- Caterers, private food service (e.g. for Embassies and Missions),
- Supermarkets and food retail outlets
- Hotels, resorts (health, sport, etc.), cruise ships, airports
- Spas, casinos, amusement parks, concert venues and entertainment facilities
- Aeroplanes, axis, coaches and premium transport services
- Schools, office canteens, hospitals/infirmaries, care homes

Objectives:

To foster exports of locally produced agricultural products and foodstuffs (with a special accent on staples and condiments).

- Assessing certification support to SMEs and next steps
- Identifying new market opportunities in tourism and export markets for the trained SMEs
- Identifying opportunities for the SMEs in the CABA's Regional joint/collective Export Programme--CABEXCO

Outputs

- Report on the outcome and future of the 10 firms supported to acquire HACCP certification
- Report on buyer's evaluation of market opportunity on each firm's 2 selected products
- Market profiling
- B2B meetings

Participants

10 SMEs trained by ACP-EU TBT Programme

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[7] http://slidegur.com/doc/3368202/haccp-a-training-manual---caribbean-hotel-and-tourism

10-15 buyers from abroad and the region
Other: regional organisations, finance institutions…

The forum will bring together the firms and selected buyers for the following purposes:

1. Discuss their experience after training on HACCP and the way forward to achieving certification
2. Showcase and attract buyers from regional and extra-regional markets evaluate 2 of each firm's most promising products and seek buyer commitments to purchase some or all these products.
3. Discuss and agree on a strategic plan for CABEXCO including the products selected for export.

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AGENDA

TIME	ACTIVITIES	CHAIR/ MODERATOR
DAY ONE		
8:30am - 9:00am	**REGISTRATION**	
9:00am - 9:30am	- Opening & Welcome of Chairman–Vermaran Extavour - IICA Representative – Ena Harvey - CTA/TBT/EU Representative - CABA President – Vassel Stewart	Chairperson – Rex Collymore (CABA Trinidad & Tobago)
9:30am - 10:30am	Presentation of the profiles of suppliers (10 TBT supported firms)	Dunstan Demille (CABA, St Lucia)
10:30am – 10:45am	**BREAK**	
10:45am – 11:15am	Presentation of buyers profiles UK-- Pauline Wade Canada-TBA - Trinidad-Global Brands Ltd. - Jamaica-Jamaica Broilers Group Trinidad -Bermudez	Ena –Harvey--IICA

11:15am -11:45am	Quality Management Systems and their role in market access - Global – Prysma Consultant (Ricardo Rodriguez Casas) - Regional –Prysma Consultant (Andre Gordon)	Nigel Durrant -CARICOM
11:45am - 12:45pm	Agro-processing – experiences with implementing HACCP – (10 firms)	Raymond Trotz (CABA Guyana)
12:45pm - 1.00pm	The Way Forward for Certification for the 10 firms	CABA & Prysma Consulting
1:00pm – 2:30pm	**LUNCH**	
2:30pm - 3:30pm	Buyer evaluation of products of 10 firms and identification of market opportunities	Moderator: Darwin Telemaque (CABA, Antigua Barbuda)
3:30pm - 3:45pm	**BREAK**	
3:45pm - 4:30pm	Buyer evaluation of 10 firms and identification of market opportunities Cont’d	Moderator: Darwin Telemaque (CABA, Antigua & Barbuda)
4:30pm – 5:00pm	Discussion of evaluation and selection of products	
DAY TWO		
8:30am – 8:45am	Overview of Previous day’s activities Vermaran Extavaour	James Paul –CABA Barbados
8:45am - 9:00am	CABEXCO Concept—Vassel Stewart	
9:00am –9:30am	Jamaica Experience (National) - Winston Stona	
9:30am - 10:00am	Regional & National Joint Marketing Experiences -CATCO (Regional) – Vassel Stewart	
10:00am – 10:30am	Discussion	
10:30am – 10:45am	**BREAK**	
10:45am -11:15am	Introduction to the CTA funded online trading platform – Kirwin Narine	Winston Stona
11:15am – 12:30pm	Presentation of the CABEXCO strategic plan –Vassel Stewart	

12:30pm – 1:00pm	Discussion	
1:00pm - 2:00pm	**LUNCH**	
2:00pm - 2:30pm	Review of CABEXCO Bye-laws and selection of additional Directors	Allister Glean
2:30pm – 3:30pm	Address by Minister of Trade and Launch of the CABEXCO Trading Platform.	
3:30pm - 3:45pm	Closing Remarks	Vermaran Extavour & Ena Harvey