

ADDRESS BY

THE HON. KENNETH VALLEY  
MINISTER OF TRADE & INDUSTRY  
MINISTER IN THE MINISTRY OF FINANCE

AT THE LAUNCH OF

**THE FIRST RESEARCH, DEVELOPMENT AND  
INNOVATION SYMPOSIUM FOR THE FOOD AND  
BEVERAGE INDUSTRY**

8:15 AM, TUESDAY 3<sup>RD</sup> OCTOBER, 2006

NEAL & MASSY ROOM  
ARTHUR LOK JACK SCHOOL OF BUSINESS  
MAX RICHARDS DRIVE  
URIAH BUTLER HIGHWAY  
MOUNT HOPE

- Mr. Hilton Sandy, Secretary for the Division of Agriculture, Marine Resources and the Environment, THA;
- Mr. Anthony Smallwood, First Counsellor and Chargé d’Affaires of the delegation of the European Commission;
- Dr. David Rampersad, Business Development Director, UWI St. Augustine Campus;
- Mrs. Jacqueline Rawlins, CEO, Agriculture Development Bank;
- Delegates;
- Presenters;
- Stakeholders of the Food and Beverage industry;
- Representatives of the Business Community;
- Members of the Media,
- Ladies and Gentlemen.

Good Morning everyone, I wish to thank the co-ordinators of this event for inviting me to share some thoughts with you at this particularly important event in the evolution of our local food and beverage industry.

We are here today to launch the First Research, Development and Innovation Symposium for the Food and Beverage Industry in Trinidad and Tobago. And I wish to congratulate members of the Food and Beverage Industry Development Committee (FBIDC), for another milestone in their ongoing work towards the modernization and competitive development of our domestic food and beverage industry. It is also my pleasure to be here today, with the food and beverage manufacturing stakeholders, who have worked hand in hand with the Ministry of Trade and Industry to develop this sector.

Today our local food and beverage manufacturing sector contributes roughly TT\$2.5 billion or 45% of total manufacturing sector GDP, with an average growth rate of 8.1 percent and over TT\$828 million of merchandize exports.

We can boast of world class companies such as Angostura, Bermudez Biscuit Company Limited, S.M. Jaleel, National Canners Limited, KC Confectionery, Caribbean Development Company Ltd, Associated Brands, all of whom continue to promote and enhance the image of brand Trinidad and Tobago on the international market.

However, in spite of our successes, all is not well in the domestic food and beverage industry. Recent estimates from CSO indicate that the value of food imports increased by as much as TT\$354.6 million or 20% between 2001 and 2004. More recently a Study on Competitiveness of the non-energy sector in Trinidad and Tobago commissioned by the Ministry of Trade and Industry, indicated that the export growth rate of products such as beverages, alcohol, sugars, and edible oils to CARICOM and US markets was increasing at a slower rate than the growth in imports of these products to these two regions, from extra-regional sources. This sobering fact indicates that Trinidad and Tobago may be losing its market share regionally, and internationally in some core food items.

Closer to home, we are frequently reminded of the difficulty which spiraling food prices pose to the society, particularly to the more disadvantaged amongst us. Indeed, the Central Bank recently announced that food prices increased by as much as 24.7 percent year-on-year as of August 2006. While the price increases are mainly in primary products, such as fruits, vegetables and fish it is not hard to imagine that this could eventually filter down to our food processors and

eventually our consumers, both domestically and internationally, once again undermining our competitiveness.

We therefore have a task in the food and beverage sector, to maintain our competitiveness and extend our market reach. One of the key ways of doing this is by maintaining our price competitiveness. Therefore, we must find ways to innovate our processes, as many firms have already started to do.

Earlier this year I was privileged to open a newly mechanized packaging wing at the K.C. Confectionery plant in Couva, and prior to this we heard of the plant upgrade being undertaken at Carib Brewery. Along with these innovations, we must also seek to enhance and improve the products we have to offer, both in terms of input, processes, and after sales services where applicable. I am pleased to note for instance, the increasing use of e-commerce in both marketing and distribution of our products.

Finally, and perhaps most important of all, we must change the mind set of our manufacturers from being domestic and regional, to international producers.

Trinidad and Tobago has already signed bi-lateral agreements with Cuba, the Dominican Republic, Venezuela, Colombia and Costa Rica. We must work together to “sink our teeth” into these markets and maximize the opportunities these agreements offer to our citizens. This I believe will be the key to our survival, for by pursuing the more developed markets of the region, it forces us to rethink the way we do things, to develop different types of relationships and even to restructure our organisations. We are all aware of Angostura’s significant advances into the European market and S. M. Jaleel’s foray into North America, and it certainly is no accident that these same companies are considered champions in the industry.

Let me say that in this drive you are not alone. The Ministry of Trade and Industry and by extension the Government of Trinidad and Tobago remains committed to the development of the manufacturing sector and its drive to global competitiveness.

This is why we established the Food and Beverage Industry Development Committee in February 2006, and it is why we

are here to support today's Research, Development Innovation Symposium.

As you may be aware, Government is pursuing a program of economic diversification, fully recognizing that while the energy sector is our major source of revenue, these resources are non-renewable and consequently we must develop the non-energy sector, to ensure long-term sustainable development.

It should be mentioned that in May 2006, the Ministry of Trade and Industry also launched a Research, and Development Facility, which is managed by the Business Development Company. This facility seeks to provide funding to companies to a maximum of \$200,000 for research and development efforts. This funding can be used for improvements in plant, equipment, and processes and the development of alliances/joint ventures between companies.

In this entire discussion let me re-emphasise that a firm's capacity to innovate is one of the key determinants of its long term sustainability and competitiveness.

However, in spite of this fact, and despite the presence of key regional research and development institutions locally, our country's track record in the commercial application of research, development and innovation has not been as good as we would like.

In fact, a report by the Science and Technology Vision 2020 Sub-Committee estimates that our private sector on average invests 0.02% of GDP on research and development compared to an average of 2% in more developed countries.

On a national level we expend roughly 0.1% of GDP in Research and Development compared with an average of 1% in more developed countries. Given the above one might be tempted to assume that the problem may not be institutional or financial, but rather cultural in nature.

And it is in this context we wish to launch today's proceedings. Our idea is simple; let us bring all the key stakeholders associated with Research and Development in the food and beverage industry together in one place, and

determine a way forward to increase the commercial application of research and development in the sector.

This is the start that we need! And what we expect is an action plan to carry the process forward. Let me also say, we have established a secretariat in the Business Development Company to implement projects related to the development of the food and beverage industry, and your action plan will fall under the mandate of the secretariat.

Colleagues, let me wish you a lively and productive day as we officially launch the opening of the First Research, Development and Innovation Symposium for the Food and Beverage Industry.

I thank you all.