



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO
MINISTRY OF TRADE AND INDUSTRY

“Caribbean Millers’ Association 22nd Annual General Meeting - Opening Ceremony”

REMARKS

MR NORRIS HERBERT, PERMANENT SECRETARY
MINISTRY OF TRADE AND INDUSTRY

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Good morning!

Permit me to extend sincerest apologies on behalf of the the Minister of Trade and Industry, Senator the Honourable Paula Gopee-Scoon who is attending the 18th Special Meeting of the Conference Heads of Government of CARICOM on the CSME in Trinidad and therefore unable to attend this this event.

It is, however, my pleasure to join you today to represent the Honourable Minister and deliver the feature address at the opening ceremony for the Caribbean Millers' Association 22nd Annual General Meeting (AGM). I also take this opportunity to welcome all attendees, especially our regional and international visitors, to beautiful Tobago. It is encouraging that this year's AGM is hosted in Tobago, where strategic focus is being placed on the development of new sectors including manufacturing.

Tobago, while renowned for its beauty, should contribute to other aspects of national economic development and the further growth of key sectors is anticipated in future.

Since its establishment in 1996, the Caribbean Millers' Association has demonstrated its commitment to regional inclusion. It is noteworthy that the membership spans the English, French and Spanish-speaking Caribbean. Co-operation on this scale is critical to helping our region contend on the world stage. This Association has further underscored the importance of cross linkages through the incorporation of allied sectors, such as feed mills, bakeries and milling equipment suppliers.

The Milling sector can comfortably boast that its products can be found in every single household in the region as flour is a key ingredient in the Caribbean diet.

It also plays a critical role in the value chain for producers and manufacturers as an input for further food production or to provide feed for animal rearing. Importantly, the food and beverage manufacturing sector is a major employer in many territories, including Trinidad and Tobago.

Consequently, the development of the manufacturing sector is a significant contribution to the diversification of any economy. Therefore it was very heartening in Trinidad and Tobago that the overall manufacturing sector enjoyed significant growth of 7.3% in 2017. Notably, the manufacture "of grain mill products, starches and starch products; and prepared animal feeds" performed even better than the overall sector average with an 8.16% growth recorded for 2017. The manufacture of bakery products, also showed substantial growth of 13.39%. I trust that similar trends apply to the region.

Notwithstanding these encouraging statistics, the theme of this year's AGM, "Overcoming Challenges Faced by the Flour Milling Industry in the 21st Century" remains very pertinent and it is necessary that we take a closer look at overcoming some of these challenges to allow for even further growth.

According to the available statistics, there has been some decline in exports in the regional Milling Industry. CMA members that are a part of CARICOM stand to benefit from the following Common External Tariff Structure:

- Wheat, a critical input, faces 0% duty
- Wheat flour, produced widely regionally, faces 25% duty

Notwithstanding the omission of Puerto Rico and Guadeloupe, the available data indicates the following:

Wheat flour

- From 2015- 2017, CMA's total exports of wheat flour decreased from US\$64.4 Million by 26% to US\$47.4 Million
- Globally, exports decreased by 3% from US\$4.88 Billion to US\$4.73 Billion for the same period
- While the regional decline is more significant, this suggest that the global demand for wheat flour may be experiencing a downward trend. The recent interest in gluten-free products, that is wheat-free products, may account for some of this.
- In 2017, just under 50% of CMA exports of wheat flour, valued at US\$21.9Million, was consumed by CARICOM countries in 2017
- Conversely, CARICOM's US\$21.9 Million in wheat flour imports from CMA countries represents 58.1% of CARICOM's US\$37.7 Million total imports of wheat flour
- Firstly, this suggests markets outside of CARICOM purchase CMA member's flour products. Secondly, despite the established flour production within the region, flour imported from extra-regional countries still plays a significant role in regional flour markets.

Animal Feed

As for animal feed, the trends from 2015 to 2017 are notably different.

- From 2015 to 2017, CARICOM countries' imports of animal feed from CMA countries declined from US\$19.6 Million to US\$16.2 Million
- However, CMA countries' total animal feed exports for this same period decreased by less than US\$1Million
- In contrast, global exports of animal feed for the same time period actually increased 15% from US\$24.7 Billion to US\$28.3 Billion

Challenges

The Flour Milling Industry in the Caribbean faces significant challenges: some from external factors while others are regional in origin. Wheat, the primary raw material for flour production, is not grown in the Caribbean. Further, the region still represents a relatively small part of the global economy. We are price takers and must accept the prevailing commodity price on the world markets. This leaves our industries vulnerable to volatile commodity prices, which can be influenced by any number of natural and man-made events.

Within recent years, many trade agreements which have stood as pillars of international trade have become unstable or even crumbled. The European Union (EU) and the United Kingdom (UK) are currently negotiating the UK's exit from the EU (Brexit); the full repercussions of which are not yet fully known and are likely to unfold for many years. What is certain, is that there will be ongoing negotiations for some time, the outcome of which may have implications for trade in our region. This is pertinent for the Milling Industry as many European countries are major wheat exporters. Trinidad and Tobago, through CARIFORUM, has taken a proactive approach to maintaining trade relations with the UK. To this end, CARIFORUM has already engaged the UK on a roll-over of the Economic Partnership Agreement (EPA) to ensure that the region is not adversely affected by the split.

Ongoing conflicts driving political and social instability in the Black Sea region and the policy changes in the United States can impact the market. Trinidad and Tobago, along with other regional countries, benefits from the Caribbean Basin Initiative. The CBI reduces import tariffs on the products of participating Caribbean countries into the United States (US) and is due for renewal shortly; Trinidad and Tobago and CARICOM have engaged diplomatic channels to lobby for its renewal.

The worrying frequency recent natural disasters is also impacting, the reliability of supply. These unexpected changes will challenge the sector to balance prices and supply. However, some challenges, including natural disasters remain a perpetual concern as some territories represented today, can attest.

Solutions

But we are here today, among other things, to discuss overcoming challenges. The Milling Industry has distinct opportunities to further develop through learning from the experiences of others, building sectoral cross-linkages and innovation.

A major benefit of the Caribbean Millers' Association is the diversity of its membership. Each unique experience can be applied to improve existing practices. The Association's Membership is therefore encouraged exploit the shared wisdom and apply the new learnings to resolve existing challenges in the milling manufacturing process.

Earlier this year, I was pleased to attend the launch of Nutrimix's Next Generation Hatchery here in Trinidad and Tobago.

This facility, when completed, should produce almost three million eggs and those chickens are going to need a lot of feed. This project a fine example of the benefit of investing in closely-related industries which can, in turn, stimulate demand along the value chain and positively impact your markets. Further, the proactive approach which the Association has taken of incorporating allied industries allows the Milling Industry to assess trends and potential threats along the value chain. Evolving consumer trends must also be considered as consumer's palette and dietary preferences shift. Keeping innovation at the forefront of your strategic goals is paramount to remaining competitive and relevant in today's ever changing global marketplace. Innovation in the Industry

can also result in businesses carving niches in the global markets by exploring ventures into the production of value-added products that are unique to our region.

Role of Government

The key role of Government is fostering an environment which would enable manufacturers to respond to both opportunities and threats. The Government of Trinidad and Tobago remains committed to supporting the development of the local manufacturing industry. Established policies and incentives assist in this regard.

- An increase in the Exim Bank's financial portfolio by a further US fifty five (55) million will provide for trade financing and discounting arrangements to our local export manufacturers;
- The continued strengthening of TTBizLink, the Single Electronic Window will increase the ease and speed of doing business locally.
- A revised Research and Development Facility (RDF), now provides greater opportunity to the manufacturing sector to enhance its competitiveness with grants of up to TT\$1 million per beneficiary.

For the Association's members from the region, I take this opportunity to share with you the opportunities for regional and international investors to become involved in the exciting developments occurring locally. In addition to the existing Free Trade Zones and real estate available for leasing and development in the Tamana Intech Park, the Piarco Aeropark and the Cove Eco Industrial and Business Park located right here in Tobago, there are also promising developments in the pipeline. The new Phoenix Park Industrial Estate will include a food processing facility. Companies here today can consider becoming future suppliers or investors to the facility.

Along with initiatives at the national level under the National Quality Policy, at the regional level preliminary work has begun to revise the regional standard on Flour. I urge you to play an active role in its revision.

Ladies and gentlemen the Caribbean must continue to strive to prosper, even in this current global business environment, where many forces beyond our control seem to conspire to create increasingly volatile conditions. Manufacturers must make every effort to anticipate the opportunities and threats which lay just beyond the horizon. Further, you must take proactive steps to implement innovative and thoughtful strategies which take into consideration our unique Caribbean environment.

I encourage businesses to take advantage of the policy measures and incentives at their disposal, some of which I have mentioned today along with many others which may be relevant to your business and country. The public and private sector must continue to foster a collaborative relationship for industrial development.

I thank you.