



Media Release

GOVERNMENT PROACTIVE IN MITIGATING IMPACT OF RISING GLOBAL FOOD PRICES

March 31, 2022:- Further to our release dated 27 February 2022, the Ministry of Trade and Industry (MTI) continues to actively monitor local and global food prices.

GLOBAL FOOD PRICES

Food prices have been escalating globally on account of a myriad of factors including: continuing disruptions to global supply chains due to the Covid-19 Pandemic; the Russia/Ukraine conflict; increases in shipping, logistics and freight cost; rising fertilizer and energy prices and adverse weather conditions.

The United Nations Food and Agriculture Organization (UNFAO) Food Price Index (FPI), which tracks the international prices of various food items such as cereals, meat, vegetable oils, dairy products and sugar, **averaged 98.1 in 2020 to 125.7 in 2021 accounting for a 28.13 percentage increase. This upward trend continued into 2022 rising to 135.4 in January and escalating to 140.7 basis points in February. This represents an increase of 5.3 points (3.9%) up from January and records the highest level since 2011 by 3.1 points.**

The overall inflation rate in the United States of America as of February 2022 was 7.9%, which is the largest surge in inflation in nearly 40 years; for Canada, inflation was 4.7%, representing an 18 year high; and the United Kingdom (UK) registered inflation of 6.2% in February 2022, a thirty year high. Within the Caribbean region, many countries are also experiencing high inflation levels.

According to the Central Bank of Trinidad and Tobago in its March 25, 2022 Monetary Policy Announcement, headline inflation domestically stood at 3.8 per cent (year-on-year) in January 2022 compared with 3.9 per cent in October 2021. **Food inflation eased to 6.6 per cent from 7.6 per cent in October, partly due to the zero-rating of Value Added Tax on additional food items from November 2021.** Core inflation (which excludes food items) remained steady at around 3 per cent. Indications are, however, that imported inflation will continue to push up local prices of food and other items in coming months.

The Consumer Affairs Division (CAD) of the MTI has undertaken a comprehensive assessment of the 2020 (pre-covid) - 2022 prices associated with approximately one hundred and eighteen (118) items which form part of the basket of goods of basic food items and have estimated that **over the last two years the average increases in prices have been approximately 9.7%.**

The Caribbean Millers Association on 25 March 2022 has noted that due to global factors, the cost of producing flour in the Region has significantly been impacted as the price of raw materials has increased by over 40%. It is to be noted that the increase in wheat prices will have a domino effect on the price of grain, feed, poultry and dairy products. Both local flour production houses are in receipt of stock with further shipments (at increases prices) due to arrive. These businesses will consider in the next few months whether price increases may be necessary.

The CAD has estimated that locally the price of flour increased by 16% over the period February 2020-February 2022. Other items which increased during this period locally include vegetable and soya oil (42%); corn beef (40%); poultry (29%); infant formula (26%); milk (20%); red beans (16%); salted fish (15%); rice (13%); and granulated sugar (11%).

The following food items remained constant during this period, powdered milk, biscuits, tea bags, mauby, baked beans, mayonnaise, dried pigeon peas, channa and salt while some items declined such as condensed milk (-8%); orange drink (-8%); green pigeon peas (-8%); peanut butter (-7%); brown sugar (-6.5); onions (-5%); ketchup (-5%); tuna (-5%); potatoes (-4%); locally produced corn flakes (-5%); coconut oil (-4%).

GOVERNMENT ACTION

Government has been working proactively to monitor and address rising food prices and has implemented the following measures to address rising prices:

1. Zero-Rating of Basic Food Items

VAT was removed on an expanded list of food items as announced in the Fiscal 2022 National Budget Presentation which included: vegetable/soya bean oil; olive oil; coconut oil; canola oil; ghee; peanut butter; black pepper and other spices; cereals; condensed milk and milk substitutes; instant and ground coffee; black and green tea; orange and apple juice; bottled water; seasoned meat and pig tail; canned sausages, tuna, mackerel, peas, beans, corn and mixed vegetables; mayonnaise, ketchup, roti skin, packaged soups, soya chunks and minced; ground dhal; cheese slices; table butter; ham and turkey slices; chicken lunchmeats; bologna and biscuits and crackers. These items now form part of the list of items under Schedule 2 (Zero-rating of the Value Added Tax Act) and has brought relief to all consumers. **As stated above, the Central Bank in its March 2022 Monetary Policy Announcement has confirmed the positive impact of this measure in mitigating the full impact of prices increases.**

2. *Suspension of the CET on Basic Food Items*

The Government also pursued the suspension of the Common External Tariff (CET) on a list of over 20 basic food items. These items include salted fish and canned fish, apple juice, cheddar cheese, canned corned beef, milk and cream, refined sugar, preparations for infant use and soybean and other types of oil for cooking. This initiative will help to keep these items affordable for consumers.

3. *Comprehensive Review of the CET*

Currently Trinidad and Tobago is actively participating in the Region's Comprehensive review of the CET which is aimed at modernizing the regional regime on tariffs to reflect the current realities of national and regional production. Under this initiative it is expected that tariffs will be adjusted to reflect the measures being implemented at both the national and regional levels to support food security and regional industrial policies including those related to the agriculture and agro-processing sectors to the ultimate benefit of consumers and the economy.

4. *Increased Supply of Forex via EXIM BANK Ltd*

The Government has increased the supply of foreign exchange under the EXIM BANK to address the financing constraints faced by manufacturers and importers. An accumulated disbursement of US\$650 million has been made available under two (2) facilities namely, the FOREX Facility for Manufacturers and the Forex Allocation System (FAS) for the importation of raw materials, basic food items and essential goods.

5. *Agriculture Stimulus Package*

The Government is committed to boosting agriculture output in Trinidad and Tobago. To this end, the Government is currently implementing a \$500 million Agriculture Stimulus Package. Funding from the Programme will support the rapid expansion in production and marketing of selected high-demand commodities with short production cycles such as vegetables.

6. *Strengthening Linkages between Industry and Agriculture*

Linkages are also being strengthened to promote greater synergies between industry and the domestic Agriculture sector. A working group inclusive of the Ministry of Trade and Industry (MTI), the Trinidad and Tobago Manufacturers' Association (TTMA), the Ministry of Agriculture, Land and Fisheries (MALF) and the National Agricultural and Marketing Development Corporation (NAMDEVCO) has been established to collaborate towards build supply chain linkages between manufacturers and the Agricultural sector.

7. *Food Price Monitoring Mechanism*

The Consumer Affairs Division (CAD) of the Ministry of Trade and Industry (MTI) also has an effective mechanism for monitoring prices in Trinidad and Tobago through the conduct of monthly and quarterly price surveys of key retail outlets, namely supermarkets, poultry shops, hardware stores, medicine and pharmaceutical products at pharmacies. These surveys are published in print and social media. The next survey will be published in the weekly newspapers by 03 April 2022.

CONSUMER TIPS

The annual food import bill in Trinidad and Tobago is on average over TT\$ 5 Billion. In light of the increasing cost of imported items and its effect on the domestic market, consumers are once more encouraged to purchase locally produced food which can boost the domestic economy and support local manufacturers and farmers. As evidenced in the figures above, locally produced items remained fairly consistent with some commodities even decreasing in price. The public is therefore urged to exercise its purchasing power by seeking local alternatives which should be supplemented with home budgeting and home gardening. The Consumer Affairs Division of the MTI has developed a suite of Consumer tips which can be accessed via the division's social media platforms. Generally, safe and wise consumer spend remains necessary given the onslaught of global inflation which affects all consumers.

The MTI wishes to assure the public that it will continue to work with relevant Ministries and other stakeholders to ensure a steady supply of food to meet the demands of the population and monitor food prices to assist consumers in making the right choices.

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