Trinidad and Tobago’s Readiness to Compete under the EPA:

A Competitive Assessment of the Country’s Tomato Production Technologies

Govind Seepersad, Ranjit H. Singh
Nkosi Felix, Keron Bascombe
Why do an economic evaluation?

• On December 16, 2007, CARIFORUM and the EU initialed the comprehensive Economic Partnership Agreement.

• All fifteen (15) CARIFORUM member states are parties to the EPA.
Major Tenets

• The recent EPA allows for reciprocal trading arrangements between the EU and CARIFORUM.

• It is anticipated that the agreement will facilitate a more dynamic export and import market for the Region.
In the case of agricultural commodities, tomato has always been of interest to Caribbean producers.

However, garnering a list of sensitive products and with reciprocity of trade, it is unsure whether the region’s tomato producers will be exposed to open competition.
Tomato production decreased from 3.0 mn kg in 1999 to < 2.0 mn kg in 2008.
The Trinidad and Tobago Market for Tomatoes

Figure 2: Supply & Utilization of Tomato in Trinidad and Tobago (1998-2008)

Imports from the USA satisfied shortfall in supply.
Basis for the Study

Against this background, the study assesses the various technologies used for tomato production in Trinidad and Tobago

- open field rain-fed
- open field irrigated
- greenhouse
- grow box
1. To classify the various technologies used for tomato production in Trinidad and Tobago.
Objectives of the Study

1. To classify the various technologies used for tomato production in Trinidad and Tobago.

2. To calculate the cost of producing tomatoes under each technology.
Objectives of the Study

1. To classify the various technologies used for tomato production in Trinidad and Tobago.

2. To calculate the cost of producing tomatoes under each technology.

3. To determine the marketing margins at various times of the year under various technologies.
Objectives of the Study

1. To classify the various technologies used for tomato production in Trinidad and Tobago.

2. To calculate the cost of producing tomatoes under each technology.

3. To determine the marketing margins at various times of the year under various technologies.

4. To assess the levels of competitiveness of various production models relative to potential imports from the EU.
Methodology

- Cost of production as per unit ($/kg)
- Nominal Protection Coefficient (NPC)

\[ NPC = \frac{P_d}{P_b} \]

- Domestic price
- Border Price
Tomato Production Technologies

Shade House

- Crop grown on soil
- Plastic cover
Tomato Production Technologies

Shade House
Tomato Production Technologies

Greenhouse

Growing Medium
Tomato Production Technologies

Greenhouse
Tomato Production Technologies

Greenhouse
Tomato Production Technologies

Grow Box
Open Field
Irrigated

Tomato Production Technologies
Tomato Production Technologies

Open Field

Rain Fed
Figure 3: Tomato Cost of Production (USD/kg)  
Trinidad and Tobago (2009/10)
## Market Price Build-up from Belgium to Trinidad

<table>
<thead>
<tr>
<th>Market Price</th>
<th>Documentation Fee (2% TMP)</th>
<th>Exporter mark up</th>
<th>Export Tax %</th>
<th>Freight on Board (EUR)</th>
<th>Add freight</th>
<th>Insurance</th>
<th>Cost, Insurance and Freight</th>
<th>Tariff (% of C.I.F)</th>
<th>Transport to Importer’s Warehouse</th>
<th>Storage Cost $/kg</th>
<th>Importer’s Mark up</th>
<th>Cost at Terminal Market (dp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.77</td>
<td>0.02</td>
<td>0.14</td>
<td>1%</td>
<td>0.23</td>
<td>0.002</td>
<td>13%</td>
<td>0.01</td>
<td>&lt; 1%</td>
<td>0.02</td>
<td>&lt; 1%</td>
<td>0.41</td>
<td>23%</td>
</tr>
<tr>
<td>53%</td>
<td>1%</td>
<td>8%</td>
<td>0%</td>
<td>1.10</td>
<td>&lt; 1%</td>
<td>62%</td>
<td>&lt; 1%</td>
<td>0%</td>
<td>75%</td>
<td>0%</td>
<td>0.02</td>
<td>0.01</td>
</tr>
<tr>
<td>0.94</td>
<td>0.02</td>
<td>0.14</td>
<td>1%</td>
<td>0.23</td>
<td>0.002</td>
<td>13%</td>
<td>0.01</td>
<td>&lt; 1%</td>
<td>0.02</td>
<td>&lt; 1%</td>
<td>0.41</td>
<td>23%</td>
</tr>
</tbody>
</table>
Marketing Margin of Various Tomato Production Technologies

Figure 4: Production Cost & Margin of Domestic Tomato Technologies in Trinidad and Tobago US$/kg (2006/09)

- **Medium Tomato $/kg**

Graph showing the production cost and margin of various tomato production technologies in Trinidad and Tobago from January to December. The graph differentiates between the dry season and wet season, with specific data points for medium tomato production costs.
Marketing Margin of Various Tomato Production Technologies

Figure 5: Production Cost & Margin of Domestic Tomato Technologies in Trinidad and Tobago US$/kg (2006/09)
• All tomato production technologies (except greenhouse) covered their cost of production throughout the year.

• The greenhouse did not cover the cost of production:
  • January to June (medium tomato)
  • January to May (large tomato)
Marketing Margin of Various Tomato Production Technologies

Figure 6: Production Cost & Margin of Domestic Tomato Technologies in Trinidad and Tobago US$/kg (2006/09)
Market Price: Belgium Tomato in Trinidad Market (2007/09 av)

Figure 7: Production Cost, Wholesale & Belgium Landed Market Prices
US$/kg (2006/09)
• Trinidad and Tobago vs the European Union (Belgium)

• **Nominal Protection Coefficient (NPC)**

\[
NPC = \frac{P_d}{P_b}
\]

- **Domestic price** \(P_d\)
- **Border Price** \(P_b\)
Figure 8: Competitiveness of Trinidad and Tobago Medium Tomato vs. the EU (2009 av)
Figure 9: Competitiveness of Trinidad and Tobago Large Tomato vs. the EU (2009 av)
Trade will be diverted from USA to Belgium upon the removal of taxes currently imposed in the period May to Dec.
Should USA negotiate reciprocal free trade, removing all taxes and tariffs, trade will be diverted back to USA
The NPC analysis for tomato imports from Belgium shows Trinidad and Tobago would be uncompetitive from July to December (Wet season).
Conclusion

• Currently Trinidad import tomato from the USA during the 3\textsuperscript{rd} and 4\textsuperscript{th} quarters of the year.
Conclusion

• Currently Trinidad import tomato from the USA during the 3\textsuperscript{rd} and 4\textsuperscript{th} quarters of the year.

• The removal of tariffs and taxes under the EPA will divert imports from the USA to the EU.
Conclusion

• Currently Trinidad import tomato from the USA during the 3\textsuperscript{rd} and 4\textsuperscript{th} quarters of the year.

• The removal of tariffs and taxes under the EPA will divert imports from the USA to the EU.

• The revision of CBI with reciprocal trade will divert trade back to the USA
Thank you