Productivity analysis and economic implications in the food manufacturing sector of Trinidad and Tobago

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A major global shift away from trade in basic commodities toward high-value and processed food products is underway. Globally, processed and semi-processed food and agricultural products now account for two-thirds of total agricultural trade. In the context of a rapidly evolving global food and agriculture system, rising incomes and changing food consumption patterns around the globe would influence growth in the processed food industry. The food manufacturing sector is quite materials intensive. Productivity is measured as the rate of output growth in excess of growth due to increases in factor inputs. This is a significant source of increase in national income and improvements in the standard of living and global competitiveness. As a result, productivity growth is most closely identified with technological gains. This paper presents the main findings of a recent study in measuring the productivity growth of the food manufacturing sector in Trinidad and Tobago. The study aims to provide information as to the productivity trends and the sources of growth in the sector's output. It analyzes the input-output relationships based on the development of a mathematical model adapted to suit local conditions and which is used to better understand the effects of structural changes undergone in the food manufacturing industries. Both the gross output and the net output indicators are used to measure the productivity growth within Trinidad and Tobago's environment. The net output is an indicator of the contribution of this industry to the nation's Gross Domestic Products. It is expected the results of the model would determine the forward and backward linkages and identify leverage points. Future work would target the development of survey instruments to test the mathematical model.