

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

A Competitive Assessment of the Country's Tomato Production Technologies

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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.

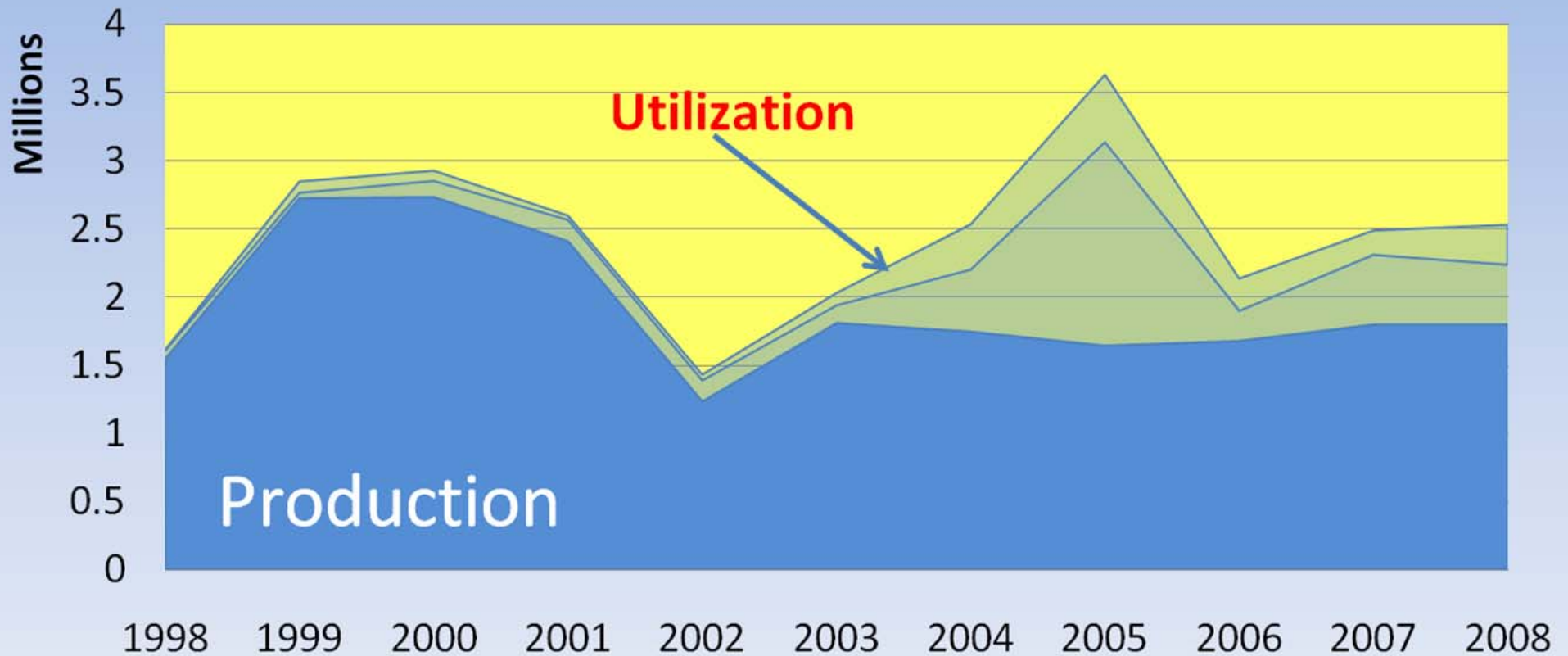
Sensitive Products

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.

The Trinidad and Tobago Market for Tomatoes

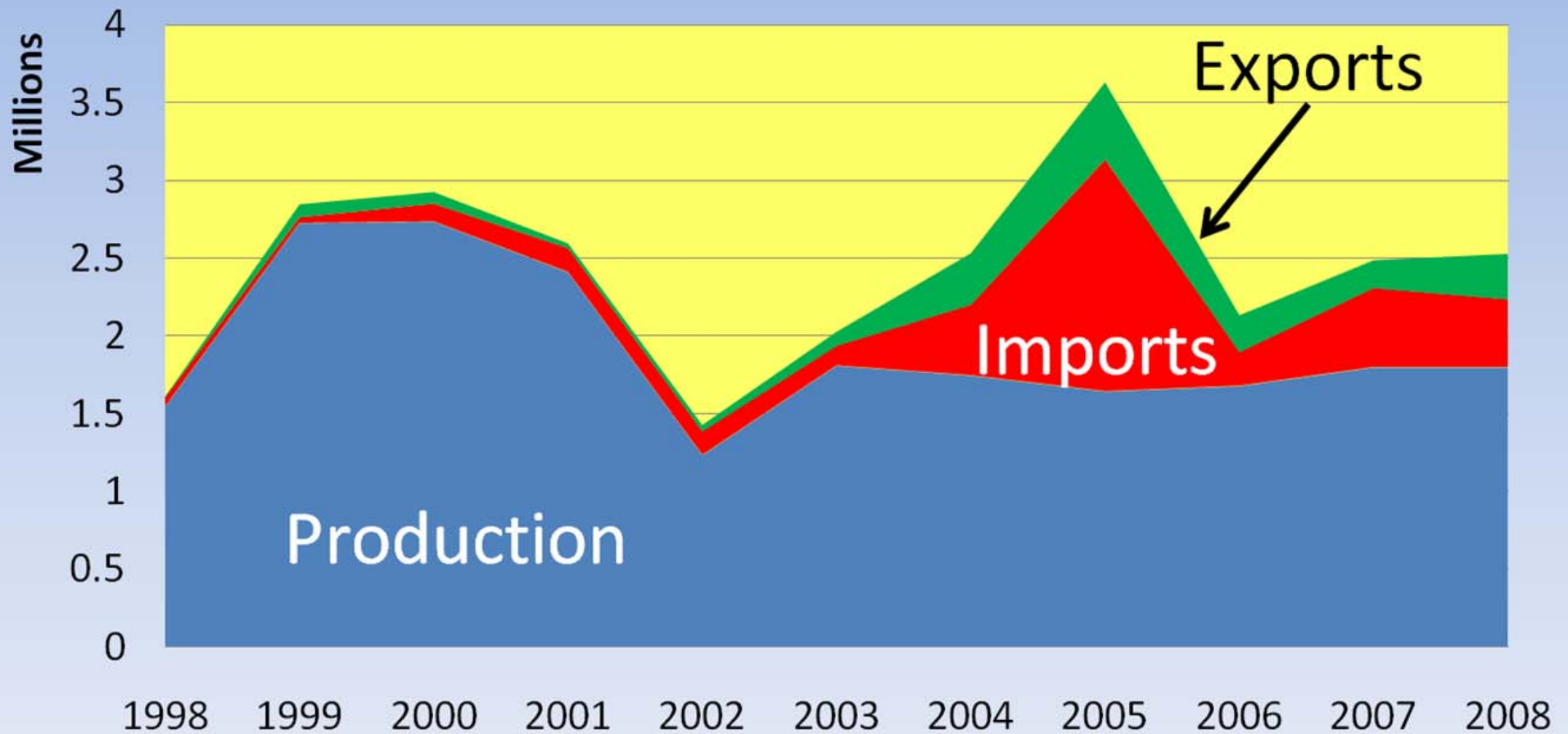
Figure 1: Utilization of Tomato in Trinidad and Tobago (1998-2008)



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**

Objectives of the Study

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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)**

$$\text{NPC} = \frac{P_d}{P_b} \quad \frac{\text{Domestic price}}{\text{Border Price}}$$

Tomato Production Technologies

Shade House

- Crop grown on soil
- Plastic cover



Tomato Production Technologies

Shade House



Tomato Production Technologies



Greenhouse

Tomato Production Technologies



Growing Medium

Greenhouse

Tomato Production Technologies



Greenhouse



Tomato Production Technologies



Greenhouse



Tomato Production Technologies

**Grow
Box**



Tomato Production Technologies

**Open
Field
Irrigated**

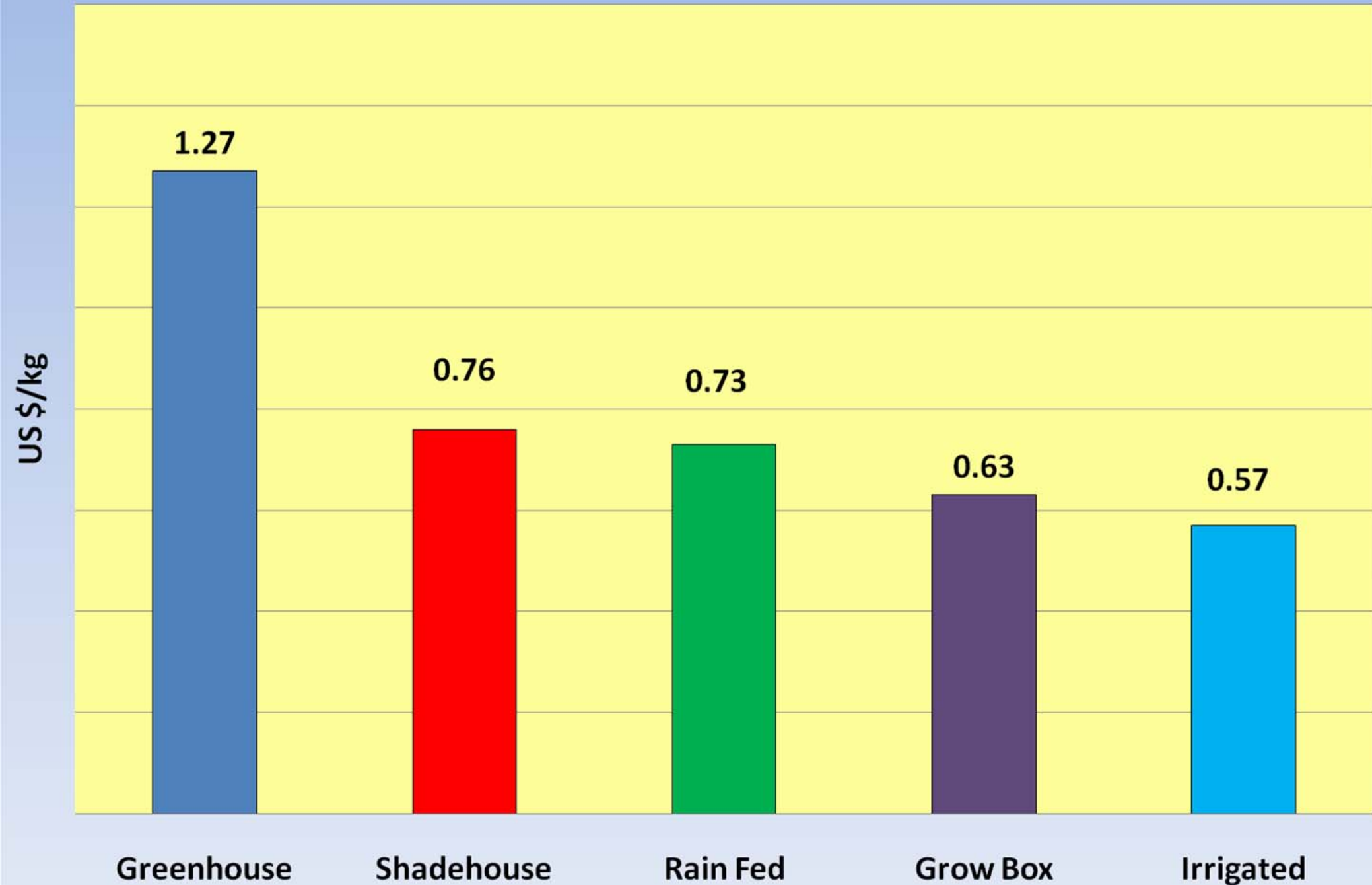


Tomato Production Technologies

**Open
Field
Rain Fed**

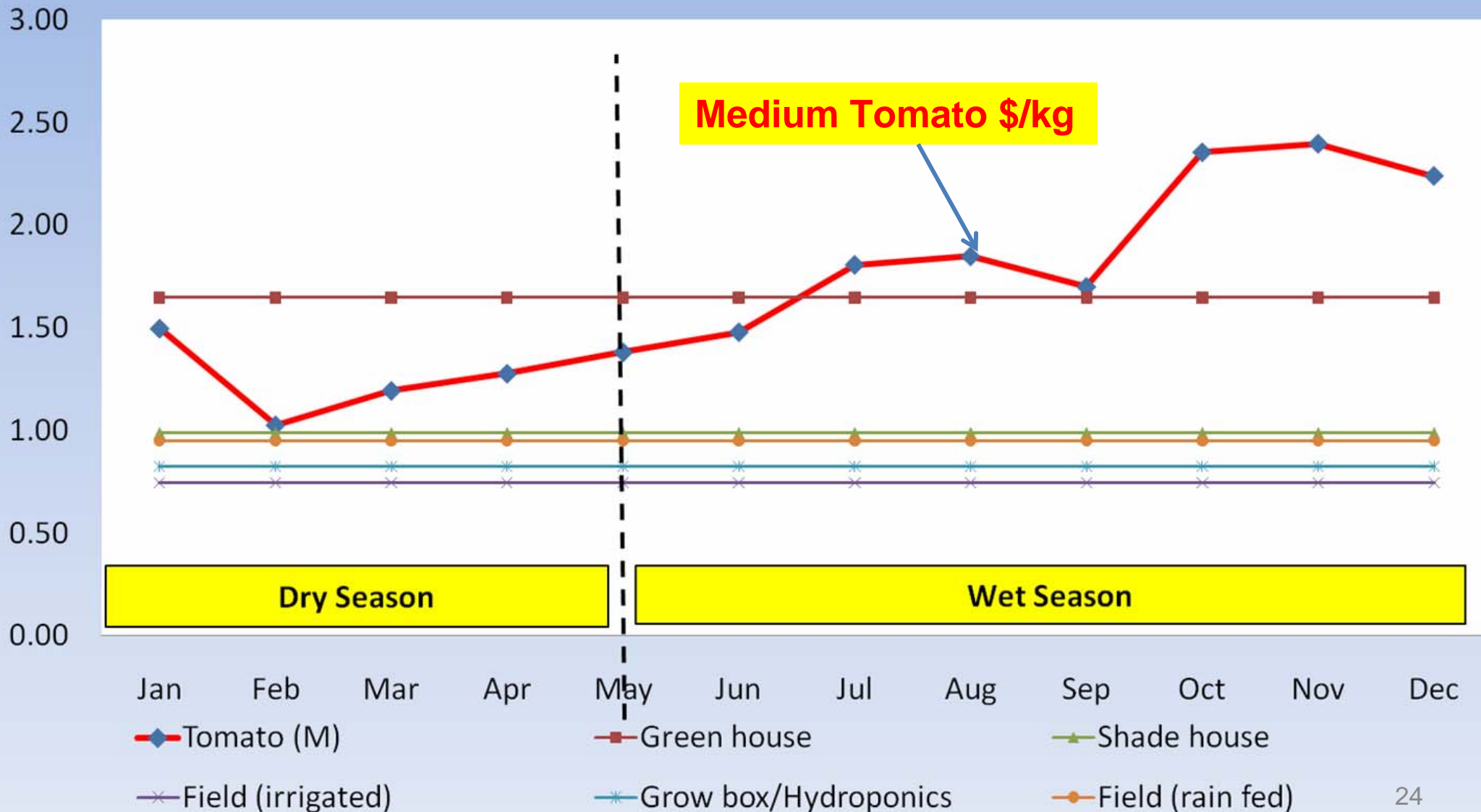


**Figure 3: Tomato Cost of Production (USD/kg)
Trinidad and Tobago (2009/10)**



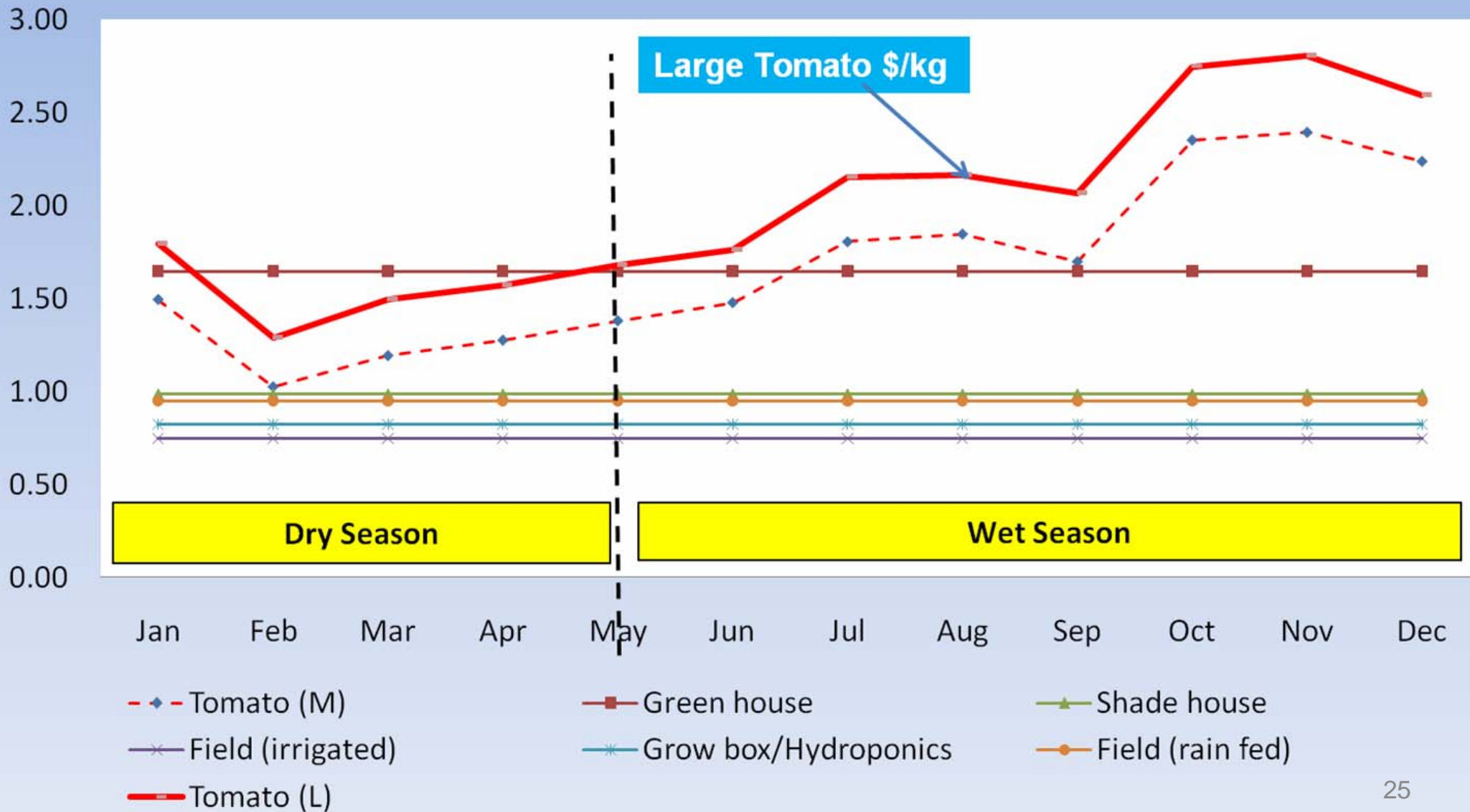
Marketing Margin of Various Tomato Production Technologies

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



Marketing Margin of Various Tomato Production Technologies

Figure 5: Production Cost & Margin of Domestic Tomato Technologies in Trinidad and Tobago US\$/kg (2006/09)

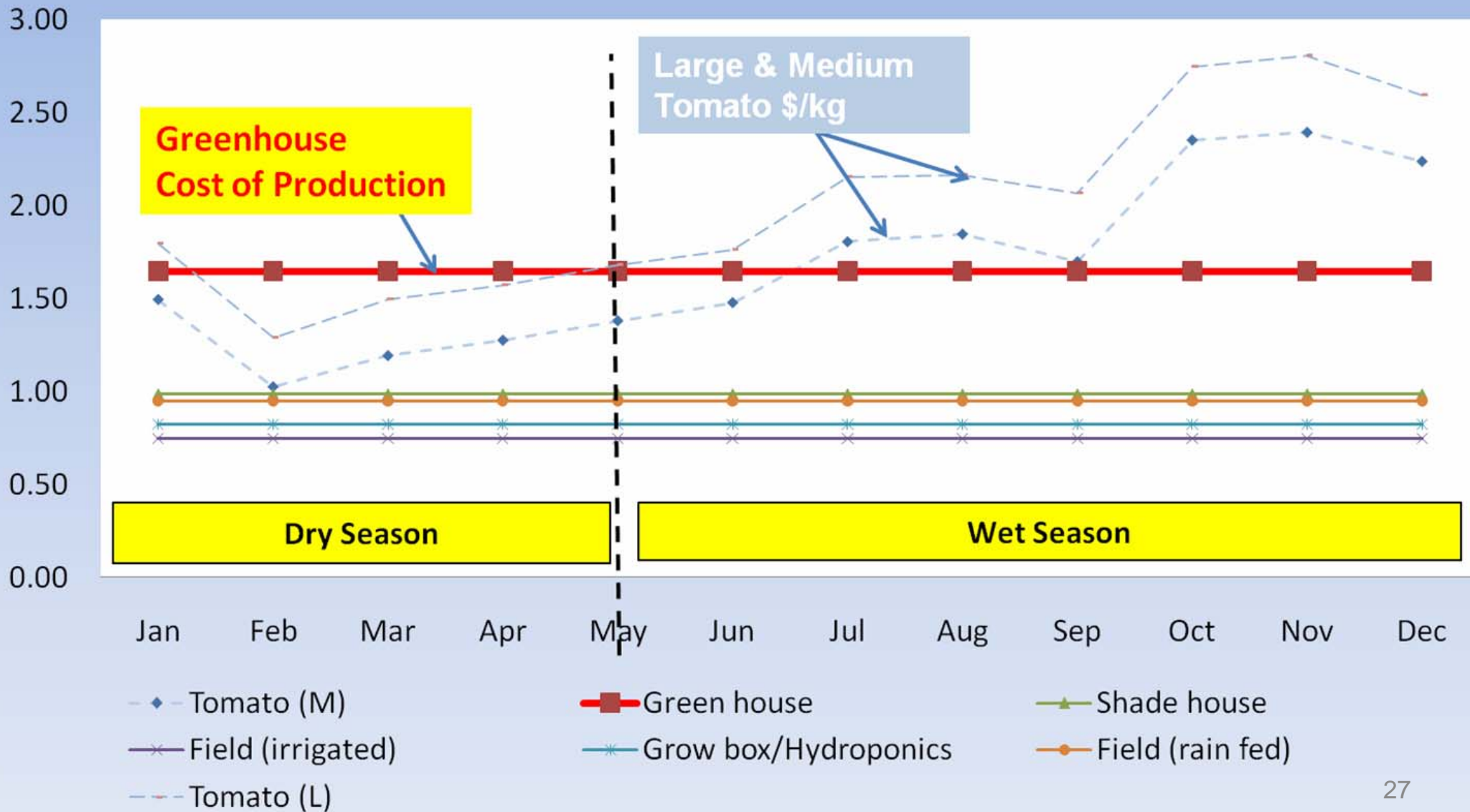


Globalization and Trade Liberalization

- 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)

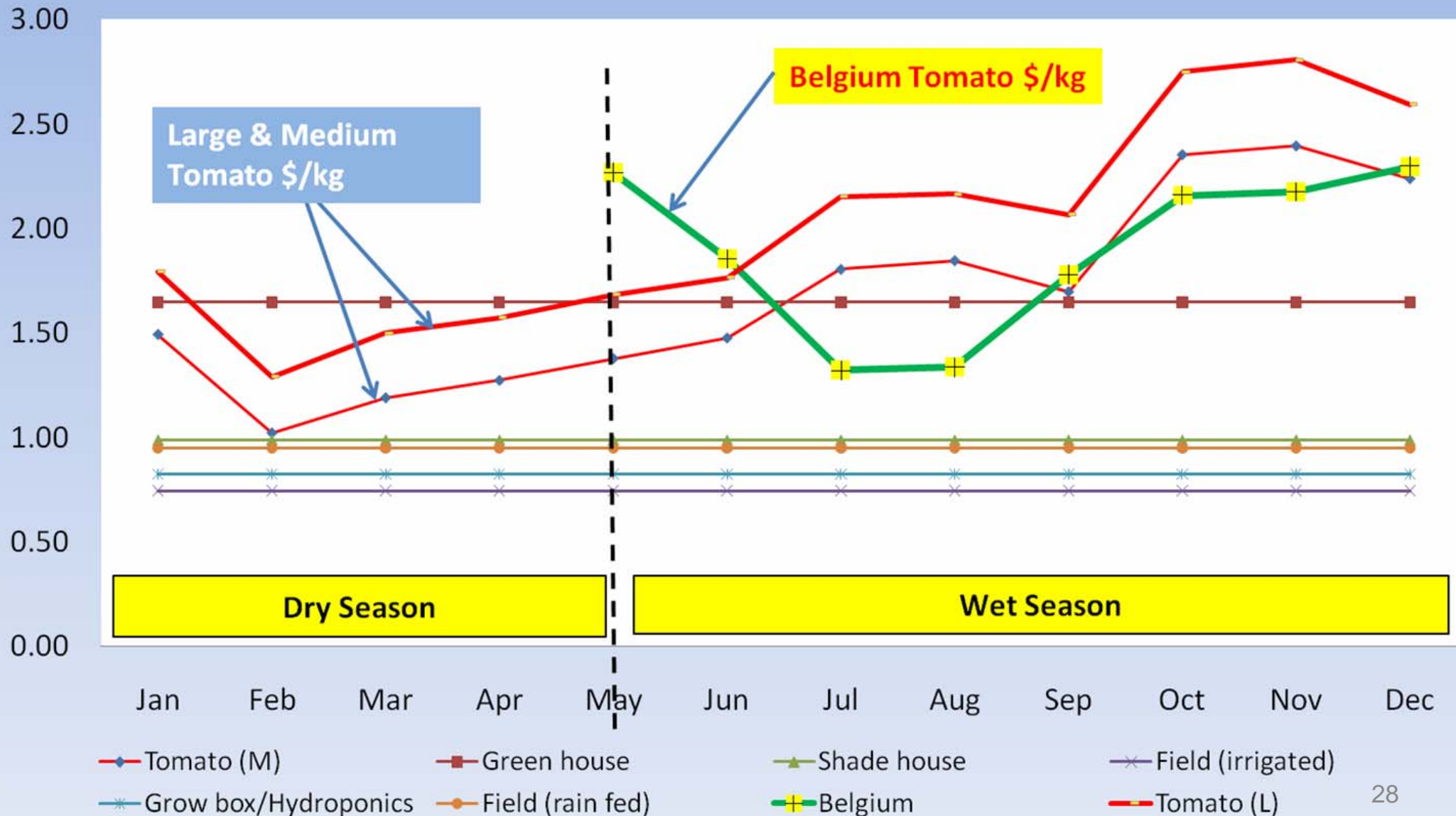
Marketing Margin of Various Tomato Production Technologies

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)

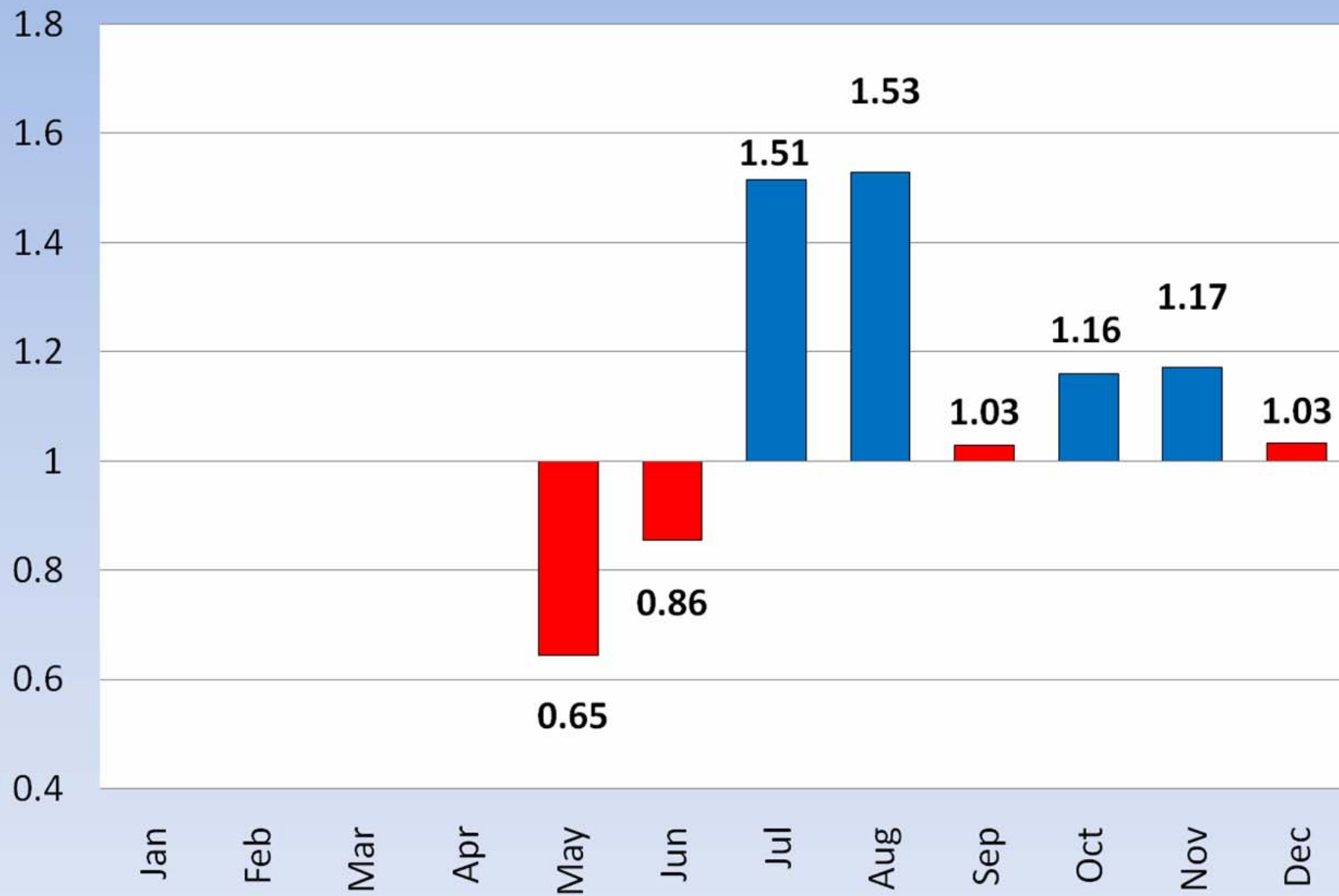


Competitiveness

- Trinidad and Tobago vs the European Union (Belgium)
- **Nominal Protection Coefficient (NPC)**

$$\text{NPC} = \frac{P_d}{P_b} \quad \frac{\text{Domestic price}}{\text{Border Price}}$$

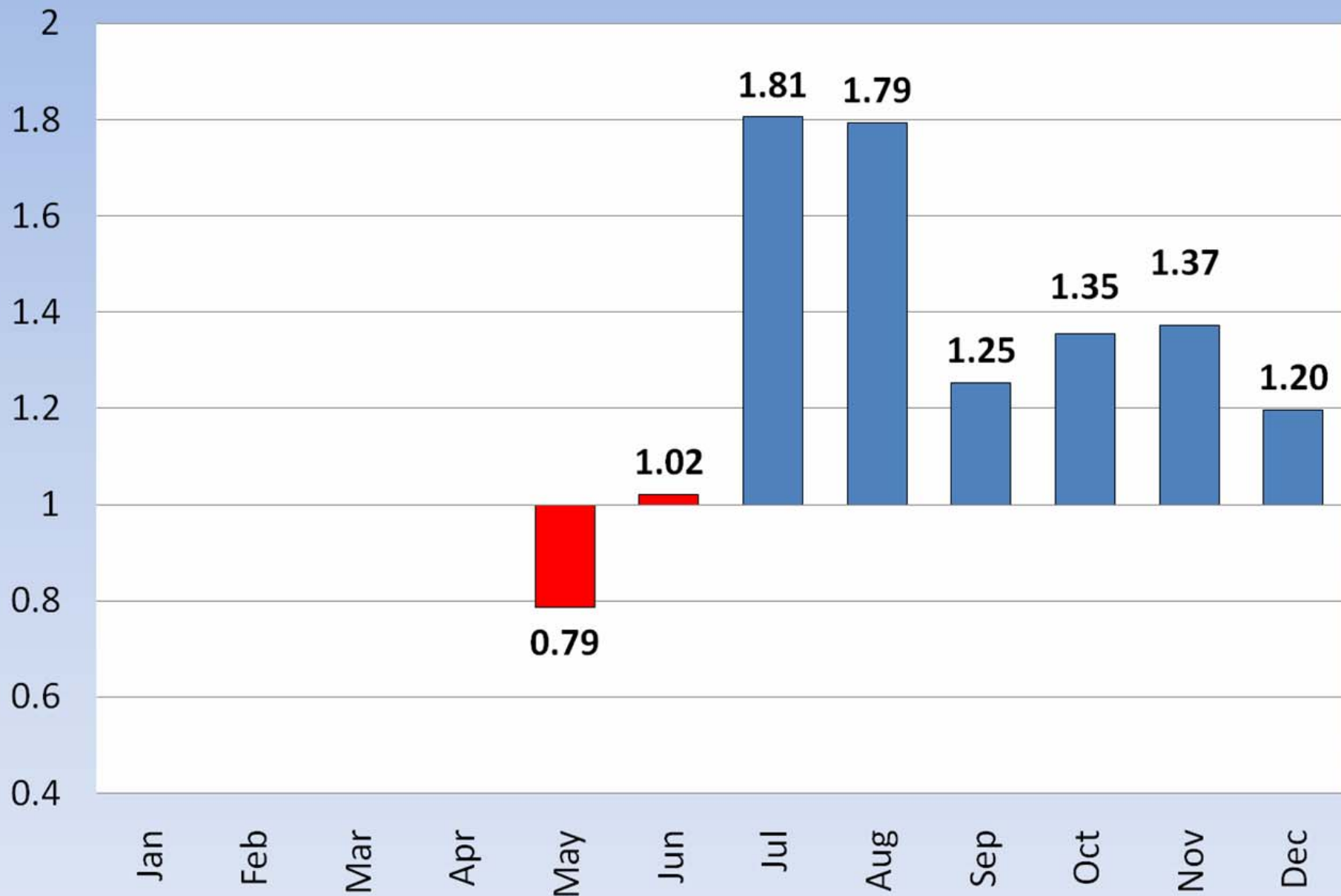
Figure 8: Competitiveness of Trinidad and Tobago Medium Tomato vs. the EU (2009 av)



Uncompetitive

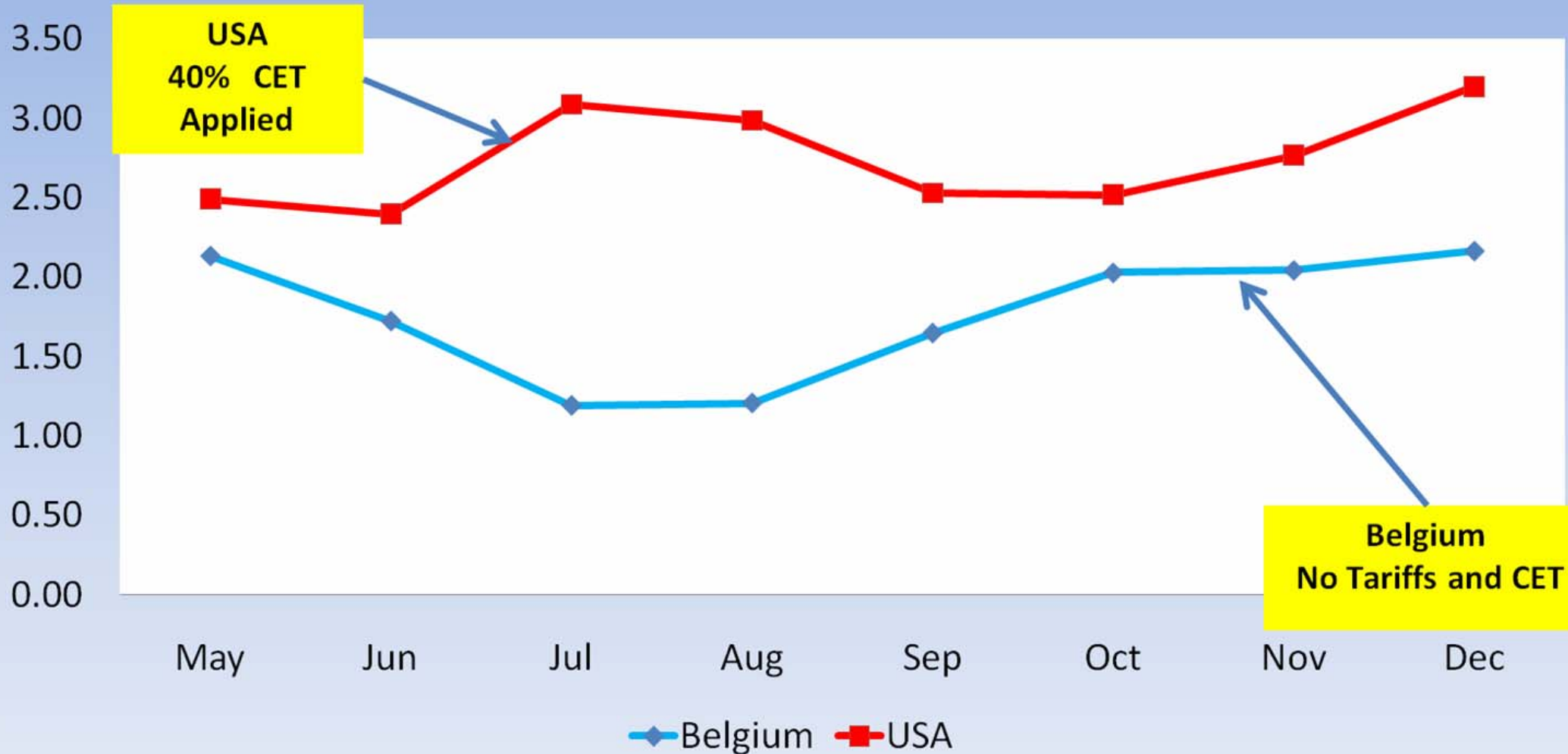
Competitive

Figure 9: Competitiveness of Trinidad and Tobago Large Tomato vs. the EU (2009 av)



Trade Creation and Trade Diversion

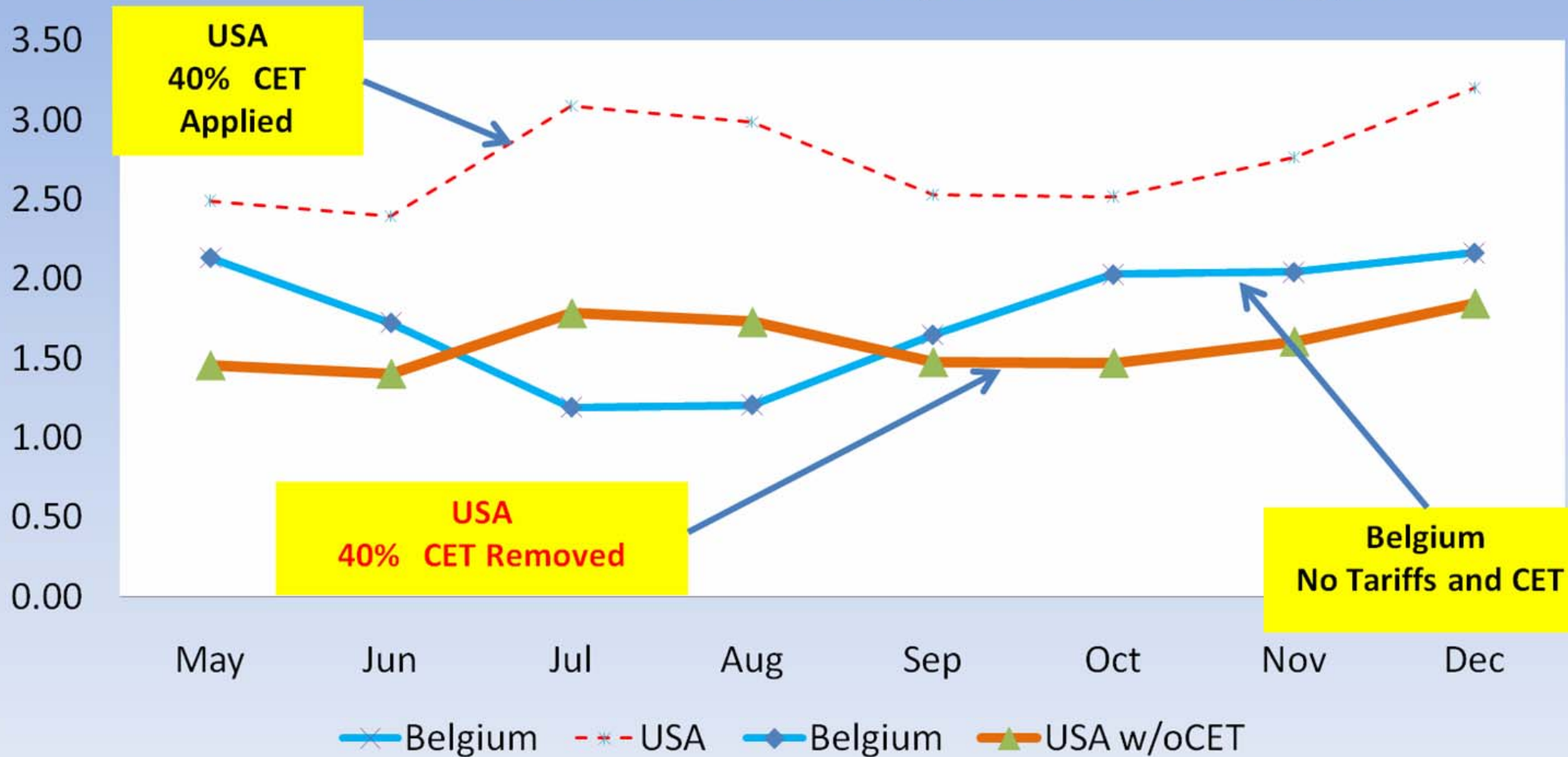
Figure 10: Trade creation or diversion: Imports from USA vs Belgium



Trade will be diverted from USA to Belgium upon the removal of taxes currently imposed in the period May to Dec.

Trade Creation and Trade Diversion

Figure 11: Trade creation or diversion: Imports from USA vs Belgium



Should USA negotiate reciprocal free trade, removing all taxes and tariffs, trade will be diverted back to USA

Conclusion

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 3rd and 4th quarters of the year.**

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- 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

