



COMPETITIVENESS ASSESSMENT OF THE USA – MIAMI MARKET FOR TRINIDAD & TOBAGO HABANEROS



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INTRODUCTION/BACKGROUND

Trinidad and Tobago has been a producer and exporter of habaneros to the North American market, primarily to Miami and New York for more than a decade, yet producers and exporters have been unsuccessful in maintaining their marketshare. In Trinidad and Tobago (TT), as well as many other Caribbean countries, analytical information to improve the competitiveness of habaneros and to maintain a year-round market presence remains incomplete. This study therefore provides such information through a competitiveness analysis of the Miami market for habaneros.

METHODOLOGY

Prices: Price data for the years 2007-09 were collected from United States Department of Agriculture (USDA) prices database.

Value Chain: The typical cost from the Trinidad and Tobago farmgate to the Miami Terminal market was computed to determine the addition of value at every point in the chain.

Competitiveness Model: This study used the Economic Competitiveness Coefficient (ECC) developed by Singh et al, 2006. The formula is

$$ECC = \frac{FLC}{TWC}$$

Where,

FLC = Final Landed price at the terminal market in the foreign country
 TWP = Average wholesale price of that same country at the terminal market
 ECC > 1uncompetitive
 ECC < 1competitive
 In addition to the ECC is the degree of economic competitiveness coefficient (ECCD), which can be expressed as a decimal or as a percentage.
 $ECCD = 1 - ECC$

Where,

Uncompetitive exports = $-1 < ECCD < 1$ = Competitive exports

RESULTS AND ANALYSIS

Price Movements

Average monthly prices fluctuated throughout the year with the "high price" reaching a maximum of US \$2.42/lb in December, and a minimum of US \$1.54/lb in April. The "low price" reached a maximum of US \$1.81/lb in December and a minimum of \$1.00/lb in August.

Revealed Competitive Position

Decreases:

Trinidad and Tobago lost marketshare from a presence of 4 months in 2007 to 3 months in 2008 and finally 2 months in 2009.
 Mexico declined from 4 months in 2008 to 1 month in 2009.

Increases:

Dominican Republic increased marketshare from a presence of 6 months in 2007 to 12 months in 2008 and 2009.
 USA – New Jersey increased market share from a presence of 3 months in 2007 to 4 months in 2008 and finally 2 months in 2009.
 USA – North Carolina entered the Miami market and complemented New Jersey's presence by 4 months in 2009.

Competitiveness

TT habaneros are uncompetitive at the "low" terminal market price market throughout the year since the prices in the Miami market are lower than US \$1.95.

At the "high" terminal price market, TT peppers were found to be uncompetitive in the months of March to June; while in the remaining months exports would be competitive.

A reduction in the exporter's margin to 5% in that period would result in additional competitive exports which includes the months of May and July.

CONCLUSION

The study revealed areas that might be targeted for intervention in an attempt to improve T&T's competitive position, such as, cost of production, packaging cost and freight.

Building a sustainable hot pepper industry in T&T requires all actors in the value chain to share information and build trust.

Hot pepper "Commodity Briefs" might be one means of providing the various players with the required information.

Table 1: Habanero Peppers Price Transmission/ Value Chain Analysis - Trinidad and Tobago Farmgate to the Miami Terminal Market (2010)

Component	Percentage	Value	Percentage	Value	Percentage	Value	Percentage	Value
Field Cost of Production	25%	0.48	8%	0.69	3%	0.82	7%	0.84
Farmer Profits (33%)		0.16		0.13		0.02		0.02
Add Processing Cost								
Add Package Cost								
Add Transport to Airport								
Add Broker Fee (2%)								
Exporter Markup (15%)								
Freight on Board (FOB)								
Add Freight (Amarrilal)								
Add Broker fee (2%)								
Cost Insurance and Freight (CIF)								
Importer Margin (50%)								
Importer Selling Price								

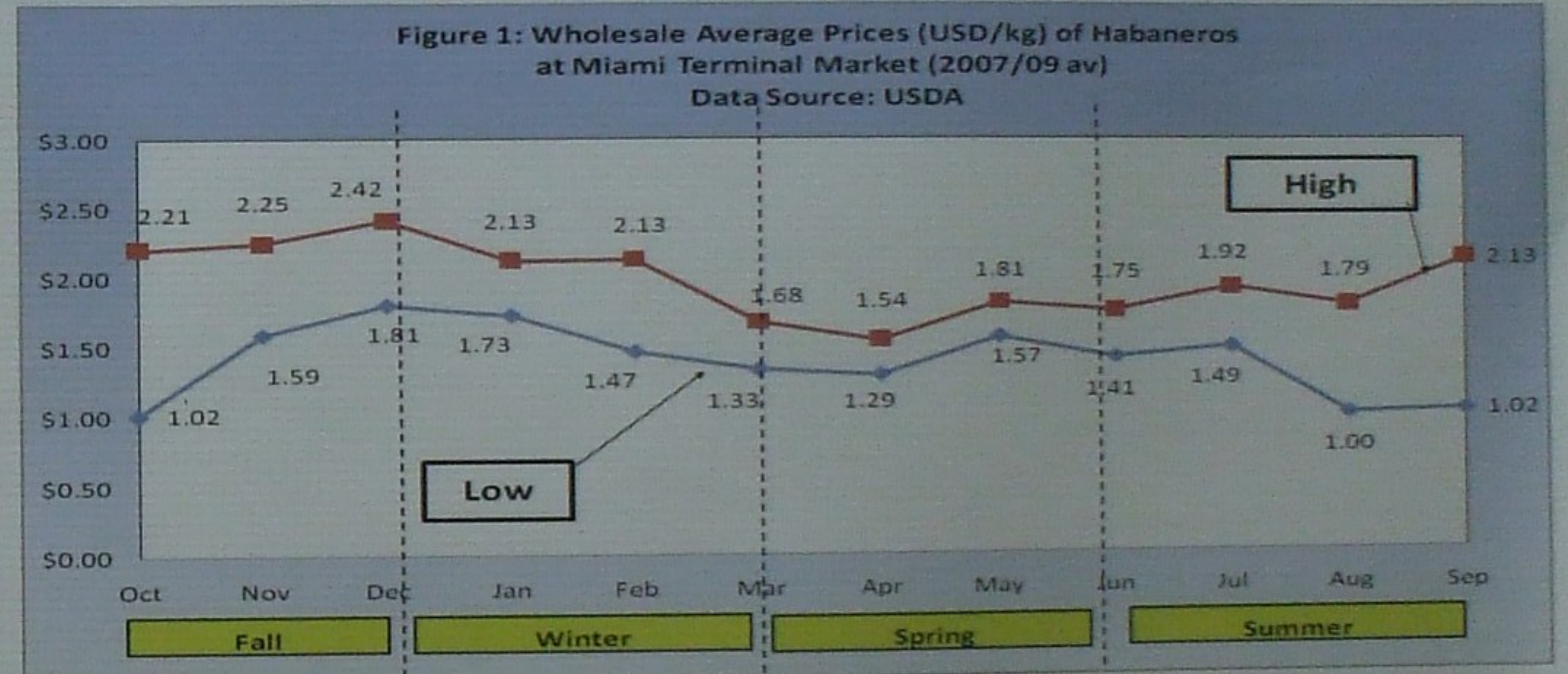


Table 2: Revealed Competitive Position

Years / Country	Dominican Republic (DR)	Trinidad & Tobago (TT)	New Jersey (NJ)	North Carolina (NC)	Mexico (MX)	Jamaica (JA)
2007	6/6	4/8	3/9	0/12	0/12	0/12
2008	12/12	3/9	4/8	0/12	2/8	3/9
2009	12/12	2/10	4/8	4/8	1/11	0/12

Table 3: Suppliers of Habanero Peppers to the Miami Terminal Market

Year	DR	TT	NJ	NC	MX	DN	JA
2007	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep
2008	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep
2009	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep

