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FOR THE BUSINESS AUTHORITY

What are the challenges facing the island's exporters and how can we profitably penetrate more markets?

In the small economic space that is Barbados, manufacturing can no longer be premised or built solely on the basis of supplying the local market. In the early days of the manufacturing sector, Import Substitution was the goal that was promoted and this was supported by an import duty structure appropriate to facilitating this. With trade liberalisation and the establishment of a single market for regionally produced goods, that duty structure underwent significant change. Entities that existed because of a licencing or duty concession found themselves exposed to the new market forces and soon recognised the need to change their operations in order to compete. Amongst the changes required was and is the need to consider the Caribbean Region as your market rather than just Barbados. With the CET in place, there was some comfort that duty structures across the Region were similar and thus regional brands would start with somewhat of an advantage over extra regional imports.

Manufacturing for export in this region, however, is not without its peculiar challenges. In spite of the stated position of duty free access across Caricom for regionally manufactured brands, there are several instances where "barriers" are in place – the recent issue with milk into Trinidad is an example of this. Additionally, there are other instances where access is limited as a matter of the very trade agreements embedded in the Caricom Treaty. Carbonated beverages, for example, can trade freely between the More Developed Countries in Caricom (Trinidad, Jamaica, Guyana and Barbados – the MDCs) but exports from these countries into the other Caricom States (the Lesser Developed Countries or LDCs) is restricted through licencing or “tariffication”. Trade from LDC to MDC has no such restriction. This “classification” goes back to the 1970s and there still aren’t any defined criteria for Countries to graduate from LDC to MDC or be downgraded.

In exporting to any country pricing is a challenge. In addressing costs, there are those that we have control over, and those that are generated through policies and systems that are not reflective of the needs of the manufacturer. Our port for example operates under a system that is not “user friendly” (limited opening hours and labour restrictions). The added costs these attributes bring must be recouped in selling prices and this presents a challenge in external markets where similar brands from other regional states do not incur the same costs.

Outside of Caricom, there are opportunities available within Europe and North America. These markets are however much more mature and open and there are minimum standards that we must meet. As a country, we need our agencies to be resourced and empowered to deliver the required certifications expected by the importing countries. Currently this is a deficiency in respect of our Phytosanitary legislation, so that no export of animal and animal by-products can take place into these countries until this situation is rectified.

In spite of the above, we have opportunities that we can use to our advantage; one of these is the opportunity to leverage our brands on the high regard that Barbados has achieved internationally. This high value recognition affords local manufacturers the opportunity, specifically in relation to penetrating markets in the UK, Europe & North America, to state “a quality product of Barbados” on their label, a point of differentiation that no third country import can claim.

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