

Barbados Private Sector Trade Team
Focus Group on Phase Two of the U.S. Bio-terrorism Act (2002)

Date: 18/10/2005

Venue: Training Room of the Barbados Small Business Development Centre

BACKGROUND

On Tuesday October 18th, 2005, the Barbados Private Sector Trade Team held a Focus Group to discuss issues surrounding the Second Phase of the United States Bio-terrorism Act (2002).

This initiative was a follow-up to the first Focus Group on the U.S. Act, which the PSTT had hosted on March 23rd, 2004. The second focus group sought to:

1. Identify the experience of Barbados Companies exporting under the Bio-terrorism Act.
2. Identify the challenges anticipated for potential exporters under the Act.
3. Identify the development implications for Barbados Agri-business exporters.

FURTHER ASSESSMENT OF EXPERIENCE SO FAR

Approximately 25 companies have been registered to export to the United States under the U.S. Bio-terrorism Act. The following will highlight the key areas of concern for those businesses in attendance at the focus group.

1) Stringent nature of FDA requirements under the Act.

It was noted that for entry of shipments into Philadelphia ports in particular, the inspection of shipments leads to time delays as well as increased costs to the exporter. Although shipments are scanned electronically, the entire shipment may be unloaded and inspected manually to ensure that the stated ingredients are in the container.

The cost of this inspection must be borne by the distributor and may be as much as US\$1,200. In addition, this inspection may result in a four week delay. While the exporter has the option of going through Miami or New York, where FDA regulations are not as pedantic, the cost of shipping to these ports is very high.

2) BIDC Support for Shipping

The BIDC recognizes that there is a need to offer greater support to exporters to the U.S. market. Hence, they are looking at the possibility of setting up a warehouse in Miami. This however may pose difficulties for local exporters because of the high cost of shipping to Miami.

3) Increased Business With Cruise Ships

More home-porting is now done outside of the U.S. because it is increasingly becoming burdensome to do business there.

Also, more products are now sourced from outside the U.S. which has provided greater opportunities for products from Barbados and the wider Caribbean. This however is still subject to FDA inspections on the plants from where these products originate. In addition, the sale of products to cruise ships requires adequate documentation, a lack of which may result in the exporter not being paid for his products.

Barbadian products currently sold to the cruise ships include fresh milk, yogurt, cottage cheese, sour cream and pasteurized milk from Pine Hill Dairy, as well as Banks Beer.

4) The exploration of South-South trade: Opportunities and Challenges

It was suggested that local companies need to urgently explore the South American market. This market of over 800 million persons would be a viable option for our local exporters, whose products would not be subject to as onerous regulations as are applied under the Bio-terrorism Act. Lack of access to reliable, direct shipping to these markets, however, is a constraint to doing business there.

Similarly, there is great potential in doing business with South Africa. This however is also limited by the unavailability of reliable direct shipping. To illustrate this point, a shipment from South Africa to Barbados (via Europe) may take 65 days, while shipments from Costa Rica may take as long as 60-90 days. Hence, there is an urgent need for reliable shipping lines to gain access to cheaper inputs, while seeking to enter new export markets. Participants therefore suggested that the more practical aspects of trade, such as shipping, should be included in our trade negotiations in order to facilitate greater activity between Barbados and its trading partners. There is also a need for access to bonded warehouses for transshipment purposes.

5) The Need for Certification

The importance of exporters being HACCP certified was stressed. This is necessary if Barbados is to maximize its export potential. It was also emphasized that the labour force must be educated and fully aware of the skills and standards required in order for us to compete in a liberalized market place.

In addition, it was noted that business persons should endeavour to meet international standards and best practice when seeking to upgrade their plants.

Purchasing companies also have a role to play in the certification of plants and products when they require plants from which they source their products to be HACCP compliant.

RECOMMENDATIONS AND REQUIRED ACTION

- There needs to be exploration of South/South trade possibilities, greater access to direct shipping with our trading partners, incentives for cost reduction as well as incentives to ensure that ISO standards are met.
- In order to meet international requirements and standards as a means of stimulating exports, certain types of training must be done by working with such agencies as the TVET Council in order to create the necessary workforce. We need education for development.
- Government needs to enforce and maintain appropriate standards on both imports and exports.
- Business support institutions require a cadre of professional resource personnel, whose expertise can be made available to the business community on reasonable terms.
- With respect to financing, we need to see how best we can make use of funding provided by the European Union to aid ACP countries.
- A service industry can be developed where laboratories for food testing are established to service the local and regional market.
- The PSTT should work in close collaboration with the appropriate associations in order to ensure that some of these recommendations come to fruition.

List of Participating Agencies at the Focus Group

- Barbados Private Sector Trade Team (Facilitator)
- Inter-American Institute for Cooperation on Agriculture (Facilitator)
- Barbados Agricultural Management Co. Ltd.
- Barbados Agricultural Society
- Barbados Chamber of Commerce and Industry
- Barbados Dairy Industries Ltd.
- Barbados Investment and Development Corporation
- Banks Holdings Ltd.
- Hanschell Inniss Ltd.
- Jays Enterprises
- Ocean Fisheries Ltd.
- Rum Refinery of Mount Gay