



SATT Newsletter | COVID-19

19/04/2020

The Supermarket Association of Trinidad and Tobago(SATT) has existed for decades placing the needs of both its member supermarkets and the customers of this nation first and foremost as it pertains to industrial issues including operational efficiencies, the improvement of customer service while maintaining a stable basket of goods for our consumers. We also provide support services for our industry as a key reference point between government and the private sector in terms of representation and advocacy.

My mandate since assuming the post of President in latter 2018 has been to facilitate an iteration of SATT that has been community based in working with people through several crises, as these have unfolded, in addition to being proactive in providing direction for the industry. The objective was to become one of the leading associations and highly informative brands in today's nation.

This has been transformed immensely with the advent of COVID -19.My role has expanded two fold to provide premier representation to the sector and in doing so ,I recognized the need to collate as much useful information as possible in a short timeframe. There are many aspects to consider and among the first we collectively considered was the in store experience.

We built communications channels with the Medical Association(MATT) as well as the TTPS among other key Ministries .I was also tasked with representing the sector as a member of the Business and Manufacturing Sub Committee chaired by the Minister of Trade. I needed to communicate, disseminate and quickly aggregate pertinent information for my members with the highest quality of persons vetting them to ensure best practice was being followed.

We developed systems for social distancing, formulas to adjust for different situations as well as develop a SATT response team to work together to ensure that confidence could be maintained in the sector with respect to the delivery of goods amid supply disruptions that can only be described as a '**once in a century**' experience.

The traditional supply chain was ensconced in shock especially for countries such as ours whose supply chain is heavily dependent on imports . Pandemics are similar to wartime in that the leading nations shift focus from placing focus on exports to placing emphasis on ensuring local demand . That is to say that domestic allocation is tended to first as can be seen within the USA.

Suppliers and retailers in the national landscape operate on a supply chain model that revolves conceptually around Just in time. This reinforces lean inventory and low cost manufacturing placing this into emphasis at each point along the supply chain. The goods in demand from retailers arrive when needed hence saving money by avoiding the need to hoard larger inventories at their warehouses. It allows for goods to remain in motion as it assumes a model of demand instead of estimation. It also means supermarkets are holding the minimum amount of inventory on hand which can equate cover ranging 2-4 weeks in their warehouses.

Bearing this information in mind, let's chart the following. Covid-19 gained significant transmission spread globally in late January. Supermarkets were also sitting on stock during this period as per the traditional model of stockpiling for the holidays. As such the post Christmas period '19 into February '20 supply chain did not enter full pandemic swing as yet. However, at the beginning of March, events took a quick turn as seaports across the world began to close. This, in addition to 'stay at home' orders, sparked waves of panic buying globally. This had a significant impact on foreign supplies .

Factoring in additional variables including a shortage of \$USD to our local importers , the supply chain took a hit as outstanding payments needed to be reconciled before shipments could be made. International suppliers subsequently began prioritizing goods to alternative markets including those territories that had a ready supply of \$USD to pay for goods . So effectively, only those companies that had the advantage of readily accessible USD to import possessed the advantage of being able to move supplies to the local market. SME importers got hit the hardest as they had to join the queue at commercial banks while at the same time lost prices that would have been contractually locked in at the time of negotiations. These prices tend to shift as commodity prices change daily.


The suppliers in the retail trade from the beginning of March would possess approximately three to four months of maximum stock cover ; thus in the medium and long term is where the concern arises. In the medium term, that being the period of the next three to six months, there are containers in transit on order, orders to be filled and logistical gaps to plug. These revolve around a daily changing dynamic that involves a disrupted supply chain with circumstances evolving daily globally.

Local suppliers along with their brokers will be competing with each other for already scarce resources due to the closure of some factories. Farmers are also having issues experiencing the strain of COVID 19 with production fields under pressure . Also the closure of many shipping ports across the globe has impacted on freight cost with an according increase. The equation of limited supply versus an increased demand for goods will figure significantly on the final price of the product with the end result being increased prices passed over to consumers.

The Supermarket Association of Trinidad and Tobago continues to monitor, assess and evaluate the current situation which is extremely fluid and volatile changing within hours to minutes. This is an unprecedented disruption to the global supply chain which in itself is extremely complex and intertwined. Disruptions at one point can have a domino effect contributing to delays which weaken the entire supply chain . These disruptions have subsided to an extent but there are variables to consider including rising unemployment contributing to a lower end user demand making the effects on production cycles more unpredictable.

We remain committed to working with our members to ensure that essential items remain available to our customers. We reiterate there is enough cover available for the next three to six months. We are working with stakeholders in the private and public sector to engage proactive discussions to move Food Security onto the front burner. These are must have discussions where agriculture and agro processing are concerned.

There are lessons we have learned coming out of this including the fact that collaboration is essential. It has changed the way we view competitiveness. It has presented a new paradigm that gives rise to massive considerations moving forward from COVID-19. The entire nation is learning from each other through this crisis as I have learned through our SATT Food Drive For Frontliners whereby we are feeding frontline healthcare workers at Couva, Caura, Mt Hope and POSGH daily going on four weeks now. We are bound by the chains of our humanity to exit this crisis with a heartfelt compassion for all the citizens of this great nation. Country first ! Together while apart.

A handwritten signature in black ink, appearing to read 'Rajw Oiptae', is centered within a light gray rectangular box.

SATT President