



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO
MINISTRY OF TRADE AND INDUSTRY

AMCHAM Post Budget Forum

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FEATURE ADDRESS

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HILTON TRINIDAD HOTEL

INTRODUCTION

Ladies and gentlemen, the Bible may seem an unusual text from which analogies of trade, growth and strategic partnerships are drawn. However, if you look closely and from a different perspective, you would note that it (and every religious text for that matter) is replete of examples and analogies in which leadership, vision, strategic partnerships, and decisive action are all essential factors in effecting change and confidence in others.

Genesis (Ch. 2 Verses 18-24), for example, speaks to God taking one of Adam's ribs and enclosing it in flesh so as to create a helper, fit for him. Adam said: "This at last is bone from my bones, and flesh from my flesh."

Essentially, two entities became one. Such is the extent of the enjoinder that is required between Government and the Private Sector. While we may have different structures and functions, we must appreciate the mutually beneficial relationship that exists. In other words, we must come together ... not in a superficial manner, not simply to garner attention and promote public relations... but as partners with unique, complementary strengths, with a common will to work towards a common interest. In other words, we must become one. Cohesion is important.

Today, all governments are looking for ways to stimulate economic growth. The question, however, is whether it is the sole responsibility of Government to stimulate that growth and development. While policy-makers may lead the way, business input is required in setting policy so that all of the dynamics are well understood and investments flow quite naturally. We are of the view that Government must provide a stable environment for economic growth, maintain currency and price stability, enforce and defend property rights and create employment opportunities, so as to engender investor confidence.

Confidence and the willingness to be risk averse go hand in hand. Trinidad and Tobago needs the private sector to invest and be wealth creators for our nation.

Investor confidence is therefore perhaps the most important requirement for reinvigorating the economy especially in light of the stark economic revelations made by the Honourable Minister of Finance yesterday.

ECONOMIC REALITIES

- GDP growth in the export sector declined in 2015 making it the fourth consecutive year of negative growth.
- Total energy exports are estimated at US \$7.5 billion in 2015 when compared with an annual average of US \$12.7 Billion in the period 2010 – 2014.
- In 2015, there was an overall balance of payment deficit and loss of official reserves of US \$720 Million.
- Revenue collections from oil companies in fiscal 2015 amounted to TT\$13 billion, which was TT\$8 billion less than the budgeted estimate.
- At one point in September 2015, the overdraft facility at the Central Bank (which is approximately TT\$9 Billion) reached 98% of the legal limit.
- At the end of 2010, our net public sector debt stood at 32.2% of GDP, by September 2015; this has climbed to 40.3% of GDP.
- Cash balances at the treasury moved from (+) \$6.5 billion in May 2010, to (-) \$8.5 billion in 2015, a reversal of \$15 billion.

These revelations point not only to the poor performance and legacy of the last Administration, but also to some structural realities and weaknesses that this country needs to address – URGENTLY.

For example, In the World Economic Forum’s Global Competitiveness Report 2015/2016, Trinidad and Tobago ranked 89th out of 140 countries; this reflects a worsening of the overall performance from the 2010-2011 Report in which we ranked 84th out of 139 countries. The latest Report attributes poor work ethic in the labour force as the most problematic factor for doing business. This has been a consistent trend in previous reports including the 2010-2011 report where it was ranked as the second most problematic factor surpassed only by ‘Crime and Theft’. The other three most problematic factors are corruption, inefficient government bureaucracy and access to finance.

These must be fixed. We have committed to doing so, and budget wise, there is every indication of that.

While Trinidad and Tobago has done well over the past years in implementing some key reforms, we can and must do more to progress upwards, in the Ease of Doing Business ranking. Currently we are ranked 79th overall out of 189 economies; yet still, we are ranked 113th, 159th and 180th in the respective indicators: “Paying Taxes and Construction Permitting”, “Registering Property”, and “Enforcing Contracts”.

This is unacceptable.

In order to attract both local and foreign investments, these issues must be addressed. We simply must get it right and do things even better.

PRODUCTIVITY

Permit me to revert to the same Biblical vein in which I started: “By the labouring of your hands you shall eat. You will be happy and prosper” (Psalm 128:2). If you wish to see your children’s children and their future, then we must build a nation for them, together.

Productivity is embossed into our nation’s watchwords; however, it must be practiced. This goes hand in hand with another watchword - discipline. It is only when we become productive through discipline and determination, can we truly prosper as a nation and as individuals. “Make work your hobby”.

IMPROVING OUR TRADE PERFORMANCE

Ladies and Gentlemen, Trinidad and Tobago must secure a more competitive place in this interconnected world. Globalization is a reality. Our country must be positioned to maximize benefits and minimize its side effects. To do so, we must intensify our efforts in new markets in South and Central America, as well as take advantage of the diaspora populations in Canada, United States and the United Kingdom.

In this regard, the Government will negotiate trade facilitation and market access agreements (in both goods and services) as well as new bilateral investment treaties and double taxation agreements to

facilitate the new export thrust into extra regional markets. It is incumbent on us to give effect to these Agreements.

We will also take advantage of, facilitate and further support the burgeoning CARICOM Single Market and Economy (CSME) which is meant to facilitate the free movement of goods, services, capital and skilled persons within the region.

Specifically, there are some markets in the Region such as Haiti which traditionally have been neglected. While Haiti's population is approximately 10.1 million, my understanding is that there are approximately two million persons with enough disposable income to support the expansion of trade between Haiti and Trinidad and Tobago.

We urge AMCHAM to build on its earlier Mission to Haiti in June 2015.

Another major strategy we intend to employ to drive our export performance is to make economic and commercial diplomacy the cornerstone of our foreign policy. We will utilise our Foreign Missions abroad to promote our brands and investment opportunities. Particular missions would be so structured, as we did in Cuba, to be trade focussed.

MANUFACTURING

We need to rebuild our manufacturing sector. Over the last five years, manufacturing's contribution to GDP declined from 8.6% of GDP in 2010 to 8.1 % of GDP in 2015. We believe that removing the impediments to doing business in Trinidad and Tobago, improving labour productivity and restoring the foreign exchange distribution system will play a major role in assisting the sector. We commit to an innovation policy which will enable competition and the production of new and increasingly complex products.

DIVERSIFICATION

Ladies and Gentlemen, I think you will agree with me that the Minister of Finance was deliberate in communicating this Administration's commitment in further diversifying the economy of Trinidad and Tobago. It was the PNM that diversified Trinidad and Tobago from an Oil-based to a modern Hydrocarbon economy.

We will now seek to develop and to see the full manifestation of the following, among others:

- International Financial Center – Accelerate implementation of a strategy for the Trinidad and Tobago International Financial Center.
- Maritime Sector – Development of a maritime maintenance facility to meet, in the first instance, the maintenance requirements for Government's existing fleet of naval and maritime assets. Such a facility will catalyze the development of a ship repair and ship building industry. We will use public – private partnerships to make this a reality.

We also must closely examine our Port facilities for the possibilities of being the primary destination of trans-shipment traffic (of legal goods and services)

- Information and Communication Technology sector – Implementation of a nationwide broadband

network. This will serve to accelerate the further development of a knowledge-based society and drive the e-commerce environment.

- Agriculture –The creation and modernisation of agro-technology for building the agri-business infrastructure will be pursued to ensure that this sector's contribution to GDP is significantly increased in the next five years.

Let me be quick to say that we are not pleased with the pace of diversification. It is unsatisfactory. Evidently, technical support is needed to have a full view of all the possibilities, and to build a road map, satisfaction to all stakeholders, so that there is full realization of these projects in the shortest time. The required action must be driven by us all.

PROVIDING NEW ECONOMIC INFRASTRUCTURE

Ladies and Gentlemen, it is no secret that our economic infrastructure is in dire need of repair. Over the last five years, no new industrial estates were constructed. In this regard, it is the resolve of this Administration to fully complete and operationalise the Tamana Intech Park (TIP) and Aero Park.

In respect of TIP, the Government has already invested TT\$1.1 Billion which has resulted in modest infrastructure at that site including a major corporate building and twenty-one tenant lots for investors. This first phase is 90% complete and we are anxious to have these lots assigned, but for its intended purpose.

A new first-class road between Valencia and Toco will be created and a modern ferry port established in Toco. This road will link the new port in Toco with the rest of Trinidad and will reduce both the time and cost of sailing to Tobago. Subsequently, the entire North-east region of Trinidad will become available for new industrial, residential and commercial development and will spawn a new era of economic activity.

Additionally, through public-private partnerships the Government will upgrade all existing industrial estates and create new ones. These new special economic zones (SEZs) will become instrumental for industrial production, economic growth, export promotion and employment creation.

In this regard, I am pleased to announce that we expect to open the Port Fortin Economic Zone/ Industrial Park on 23 November 2015.

The Airports Authority has also recently launched a mixed-use business park along the model of an airport city. Phase 1 of this development, the Piarco Aeropark, which now falls under the remit of the Ministry of Trade, occupies 168 acres of prime real estate just metres away from the Piarco International Airport in Trinidad.

The Piarco Aeropark has zones earmarked for:

- a free trade zone;
- a four star airport hotel and conference center;
- retail shopping;
- indoor entertainment and outdoor recreation;
- offices;
- warehousing;
- manufacturing and

- a Maintenance Repair and Overhaul Facility (MRO).

CONCLUSION

Ladies and Gentlemen, Confidence and the willingness to take risk go hand in hand. Needless to say, our Government will provide the needed support.

We are prepared to offer the appropriate incentives and assistance, however, we expect the private sector to also do its part.

In this regard, you may find it instructive that the term Public Private Partnership (PPP) was mentioned more than eight times by the Honourable Minister of Finance.

In addition, the allocation of TT\$20 Million to build the technical capacity of the Government in the area of PPP also underscores the Government's seriousness in working with the Private Sector to drive new investment into the economy.

Ladies and Gentlemen, despite the challenges, Trinidad and Tobago still has numerous strengths:

- political stability;
- abundant natural resources;
- positive human development indicators (education, lifespan, etc.);
- relatively good infrastructure; and
- an already established manufacturing and energy sectors.

We have made the necessary political change, economic change is now afoot.

Let us dialogue in reshaping and remaking our economy and building a bright future for our great country. We need to build a shared vision, but before that let us collaborate extensively; all stakeholders share your plans with us, written or orally. Help us to create the right initiatives.

We commit to creating a business friendly environment; partner with us to build sustainable economic growth and social progress of all our People.

Bone from my bone and flesh from my flesh. We are one, in this together.

I thank you!