



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

# *Distinguished Leadership and Innovation Conference 2016 'Roaring out of Recession'*

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REMARKS

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MINISTER OF TRADE AND INDUSTRY

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HYATT REGENCY HOTEL



Thank you very much for inviting me to speak at this 13th Distinguished Leadership and Innovation Conference. It is an event that has cemented its place in our corporate and academic calendars, and serves to inform and inspire the leaders of today and tomorrow. It's all about ideas, -ideas which first and foremost are the sparks that ignite change, inspire innovation, and create systems that in the long run enable us to live, more productive, more satisfied lives. Again, the Arthur Lok Jack School of Business has managed to bring together some of the brightest from around the world and the region: Professor Donald Sull, expert on strategy and execution; Felipe Calderon, former President of Mexico and very distinguished politician whose successful leadership is well established; as well as a slew of local and regional business leaders who have been willing to challenge the status quo and change the way of doing business in the Caribbean.

The Conference's theme, "Roaring out of a Recession", is very apt. Trinidad and Tobago is feeling the squeeze, but we are still more fortunate than others and we do have what it takes –the people, the resources, the desire and will to bring ourselves, as a country, to a better place. I am pleased that we now have the opportunity to listen and appreciate how firms can and should behave to not only survive, but also seize opportunities from a recession; to understand better the experiences of Mexico in strengthening its economy and tackling crime; and to examine as well, how local and regional firms have successfully expanded to become prototypes of efficiency, competitiveness and agility.

While most energy exporting countries have had limited success in economic diversification and transformation, a handful of developing countries such as Malaysia, Indonesia and Mexico have been successful in reducing their reliance on hydrocarbon revenues. Trinidad and Tobago, despite being one of the earlier oil producers and one of the more successful monetizers of natural gas, still has to move away from its dependence on oil and gas revenues. It is part of the reason we are here today.

There are several economic models and socio-historical theories that explain the failure of our efforts at diversification and the inherent 'implementation deficit'. One insightful approach looks not so much at what we have and have not done, but rather, how we no come together as stakeholders and get what needs to be done, done.

Professor Sull is one of a few who has written extensively on the issue coined Promise-based Management, and has noted that and I quote "although promises are critical to business success, too often they fail in practice. To a large extent, these breakdowns result from managers' and employees' imperfect understanding of how to make effective commitments" end of quote. Equally important is the need for institutions – private sector and government too—to understand what is required for them to become agile so that they can respond accordingly to their own and each other's environments, take advantage of the opportunities that are available and avoid the pitfalls of indifference and ignorance.

While most governments and public servants are well meaning, all too often its commitments are not well executed. Unfortunately, over time this results in a plethora of empty rhetoric, hyperbole, high expectations, disappointment and ultimately, indifference and cynicism. In a recession this must be challenged and not only resisted, but actively converted into optimism, trust and a collective "to do" spirit.

A necessary stage in creating and executing a promise, we are told, is the 'Meeting of Minds'. Where there is clarification as to the request to be fulfilled, why it is important, when it will be fulfilled and what resources will be used.

I want to say that this Government, understands and appreciates the importance of this critical phase. By example and in order to better interpret and understand the wants, needs and impact on people and businesses, the Government has already taken steps to ensure that labour, civil societies, and the private sector have a voice by creating a National Tripartite Advisory Council, which seeks to facilitate engagement, dialogue and consultation and to promote consensus building and democratic involvement among key stakeholders on national development issues. For too long, tripartism has been seen as a convenient political tool to avoid opposition on policy positions; however, this Government understands its value and the importance of creating a space in which all parties can voice their opinions and let known their needs and expectations.

### **STRUCTURAL REFORMS TO TACKLE THE RECESSION**

Trinidad and Tobago cannot spend itself out of this recession since the external shocks we are currently experiencing are forecasted to be the new norm. The facts will show that since Fiscal 2002 the National Budget of Trinidad and Tobago has moved from TT\$14.2 Billion and is now projected to be TT\$ 59 Billion in Fiscal 2016. Despite this exponential increase, we have only realized at best, modest economic growth. Therefore, this Government has taken the stance that fiscal consolidation must be accelerated and be undertaken now rather than dictated to us in the future. We cannot continue to spend more than we earn. Nor can we continue to waste what we earn.

The Government, last week outlined in its mid-year review measures to be taken to simultaneously generate revenue and lower costs, and provide an attractive investment climate meant to improve the state of the economy, whilst minimizing the negative effects on the public and private sector. Our two main customers – the citizenry and the private sector – have been clamoring for clarity and it is this government's commitment to be open, transparent and honest in how we intend to position Trinidad and Tobago in weeks, months and years ahead.

### **TRANSFORMING THE ECONOMY AWAY FROM OIL AND GAS**

Our transformation strategy will center around the manufacturing sector international financial services, tourism, agro-processing and some related maritime activities. We have targeted specific sectors, looking not only at areas for which we have a competitive advantage, but areas that are dynamic and which we expect to become major employers in the years and decades to come.

In the Maritime area, we have recently conducted extensive discussions with the major stakeholders and have prepared an Action Plan to create new opportunities in this sector.

The Ministry will lead efforts in developing Ship Repair and Dry Docking, Bunkering, and Transshipment services. We will look at Special Economic Zones to facilitate maritime investments among others. In the long run measures will be put in place to ensure that we encourage and attract new, high-quality large investments in the maritime sector.

In the area of Agriculture, the Government will focus on increasing local production, establishing new economic infrastructure and will continue to provide generous tax incentives for agro-processing.

I note with great interest the theme of the Chairman's Roundtable this afternoon- 'Outgrowing the Caribbean'. Successive Governments have negotiated expanded market access arrangements outside of CARICOM for domestic manufacturers and service providers which must be taken advantage off. These include Agreements with the European Union, Colombia, Costa Rica, Panama, Dominican Republic and

Cuba. Let us acknowledge that local firms have the capacity and innovative products to penetrate these markets and earn much needed foreign exchange. The Government is committed to working with our firms through ExporTT to strengthen their export capacity and access to market intelligence. In addition, other financial incentives will be provided.

May I say that under the stewardship of President Calderon, Mexico became one of the world's biggest exporters, accounting for 60% of the total manufacturing exports in Latin America and the region. I wish to add that the Ministry of Trade and Industry is working to develop a National Export Strategy, a National Investment Strategy and a National Services Policy which all have a critical role to play in setting the stage for business expansion and new opportunities.

#### Role of Public-Private Sector Initiatives to move the Economy Forward

Given the government's constrained fiscal position, increased private sector investment will be required to implement those projects which can transform our economy. In this regard, greater use of Public Private Partnerships must become a reality as we seek (i) to attract greater foreign direct investment; (ii) facilitate economic development across all regions of the country; and (iii) enhance private sector participation. My understanding is that this too was a major area of focus under President Calderon; well integrated into Mexico's National Infrastructure Programme.

#### **CONCLUSION**

As we passage through turbulent times, our Government has begun its plan of action forward, acting sensibly; taking our executive responsibilities seriously; giving explanations; with a plan for stability and for growth, with caution but with optimism.

It is the same prescription for the private sector and citizens of our great country. This country will turn around and Trinidad and Tobago will be a better place. We have begun the necessary structural reform, collaborating and leveraging advancements already made. Some behavioural change is necessary but the emotional contagion starts with each and every one of us as leaders. People catch on from others. Let's do this together.

I thank you.