

Trinidad Tobago Trade Policy 2019-2023

Speaking Notes for the Minister of Trade and Industry

1. Good morning everyone, my colleague the Parliamentary Secretary in the Ministry of Agriculture, Land and Fisheries Avinash Singh, Your Excellencies, members of the diplomatic corps, Permanent Secretaries, Members of the various business houses and agencies, other special invited guests and the media.
2. First, let me express my sincerest thanks to all of you for attending the launch of the Trinidad and Tobago Trade Policy 2019 - 2023.
3. Today's launch is the culmination of months of hard work by the Ministry of Trade and Industry and UNECLAC. The involvement of UNECLAC is as a result of the visit of the Honourable Prime Minister to Chile in May 2017. This visit included a meeting with UNECLAC's Executive Secretary, Alicia Bárcena.
4. This work was aligned to the National Development Strategy - "Vision 2030" as it was necessary to produce a policy that was sufficiently comprehensive, impactful and relevant to the development needs of the people of Trinidad and Tobago. I believe we have achieved that with this trade policy.
5. I am excited to share some of the main elements of this Policy with you today. For us to appreciate and understand the benefits of this trade policy let us consider the current position of the Trinidad and Tobago economy in the context of trade.

Background

6. International trade has and continues to play a crucial role in the development of the Trinidad and Tobago economy. This is demonstrated by the country's rising trade to GDP ratio which is now currently estimated at 132%. Trade is not only a vital driver for economic growth and development, it is also vitally important in the government's fight to create a more diversified and sustainable economy.
7. The national reality however, is that the country's exports are far too specialized in a few products when compared to the world average, or even when compared with other similarly sized economies. As a consequence, the country's foreign exchange earnings are dependent on a narrow range of exports which in turn makes the country's foreign exchange earning capacity extremely vulnerable to external shocks.
8. Transforming Trinidad and Tobago's economy to one that increasingly exports high-value goods and services is a crucial first step in the right direction. To achieve this however a coherent trade policy that promotes comparative advantage-based production and continuous upward movement along the value-chain is needed. As a result, this policy articulates the government's specific trade-related policies geared towards enhancing competitiveness; accelerating economic and export

diversification, and increasing the country's foreign exchange earning potential.

Goals and Objectives

9. To that end, the policy has identified 5 main goals that will be pursued over the next five (5) years.
10. Goal 1 is the establishment of a more facilitative and enabling business and trade environment in Trinidad and Tobago. Achieving this goal is of paramount importance to the Ministry of Trade and Industry and vitally important to the government's economic development thrust.
11. Goal 2 is increased exports of non-energy goods and services.
12. Goal 3 is increased **production** and exports of **high value-added goods** and services. In this regard, the policy seeks to improve upon existing export volumes as well as increase the **export** of higher value-added goods and services.
13. The 4th goal of the policy is to secure a larger share of CARICOM trade, inclusive of trade in services.
14. Finally, the policy also seeks to expand Trinidad and Tobago's market share within the country's traditional and non-traditional markets.
15. To facilitate these goals the policy also has three main objectives: firstly, improving the trade, business and Investment environment; secondly, modernizing the national trade policy

environment and finally, increasing market access and penetration for the country's exporters.

16. Ladies and gentleman, achieving all that we have set out in the policy is no easy task. Let me assure you, however, much has been learned from implementation of past trade policies. Care has therefore been taken to ensure that this new trade policy satisfies five key guiding principles namely: simplicity and clarity, realism, predictability, transparency, and modesty.

Broad Consultation and Robust Analysis

17. In addition to these guiding principles, an extensive consultative process was undertaken to inform the policy's development. Twenty-three (23) consultation sessions with approximately thirty-three (33) stakeholders, from the public and private sectors, and the Tobago House of Assembly, were conducted. This consultative process was complemented by robust empirical and econometric analysis provided by UNECLAC.
18. As a result of this consultative process it was revealed that, in terms of trade, Trinidad and Tobago's exports best match the imports, or is more compatible with, the imports of Caribbean, Latin and Central American, African and Asian economies. This suggests that these economies are Trinidad and Tobago's more natural trading partners, when compared to the other major trading partners in North America and Europe.

19. This revelation demonstrates that in order to improve the country's trade performance wider consideration is needed on issues such as trade complementarity, and comparative advantage based production and export, issues that I am happy to say have been taken on-board by this new trade policy.
20. Analysis also points to Trinidad and Tobago's increasing potential for intra-industry trade with Caribbean and Latin American countries. Trinidad and Tobago does not record significant intra-industry trade, especially with the country's major trading partners in North America and Europe. According to the Grubel-Lloyd Index however, the country has high scores for intra-industry trade in the Caribbean and Latin America. The Policy highlights these findings and posits suitable recommendations to encourage stronger production linkages within industries across these economies.

Broad Consultation and Robust Analysis (Continued)

21. Interestingly the findings also confirm that, despite recent progress the country's exports continue to be resource-based and dependent on the energy sector, while non-energy exports are primarily from the food and beverage sub-sector.
22. Moreover, the main engines of growth in Trinidad and Tobago are the services sector, and the traditional export sector, with 53% of the long-run variation in economic growth being attributable to the services sector, compared to 36% by the traditional export cluster. This implies that the policy will have its greatest impact

on long-run growth when it favours a shift to production and export of services. But first, let us consider goods.

Targeted Sectors: Goods

23. As a result of these findings, and aforementioned goals and objectives, the policy seeks to encourage increased production and exports in industries in which Trinidad and Tobago has comparative advantages.
24. The policy has targeted the production and export of high value-added products such as, electronic assembly items, textiles and garments for the fashion industry, pharmaceutical products, perfume/cosmetic/cleanser, down-stream aluminium products, printing and packaging, 3-D printing, downstream petrochemical products (e.g. melamine production and its linkages with the furniture and packaging subsectors, plastics non-primary form, manufactured fertilizers and other chemical materials/products), paper and paper products, wood and wood products, crafts and jewellery products.
25. Products from the agriculture and agro-processing industry are also targeted. Among these are vegetables and fruit, coffee/tea/cocoa/spices, animal feed, miscellaneous food products, and beverages), fish and fish processing products.
26. For the first time in any Trade Policy produced by Trinidad and Tobago, recommendations have been included to aid the development and production of the Green Industry and green

products such as bio-degradable utensils and food containers. Efforts in this area will also include green services.

27. I am also happy to mention that we will encourage more environmentally friendly practices and production methods within export sectors including traditional sectors such as tourism and agriculture.
28. All these measures will be undertaken together with a view to strengthen the backward and forward linkages between the country's energy sector and other goods and services industries.

Main Policy Measures: Agriculture

29. Notably, in the agriculture sector, trade policy measures have been identified to enhance the viability of export from Trinidad and Tobago. The Government of the Republic of Trinidad and Tobago (GORTT), through the Ministry of Trade and Industry, working in tandem with the Ministry of Agriculture, Lands and Fisheries and NAMDEVCO, will modernize phytosanitary regulations, processing and transporting technology (to export fresh products) and upgrade marketing activities in order to optimize market penetration. This will help farmers and producers of agriculture and agro-processed products overcome non-tariff barriers which often hinder trade.

Targeted Sectors: Services

30. Shifting to services, this sector will be developed in parallel with the manufacturing and energy sectors. As mentioned earlier, the services sector holds great potential to grow the economy.
31. As a result, the policy has targeted several strategic sectors for development and export expansion. These include tourism, education, medical and health and wellness; creative industries and entertainment; professional services; Information and Communication Technology (ICT); and financial services.
32. For many years a major challenge for this country has been identifying and taking the appropriate steps necessary to increase the scope, quality, and efficiency of targeted services sectors. The government, through this policy, will seek to address this by adopting measures to help upgrade the competitiveness of business services infrastructure, improve the capacity for e-Commerce, and develop human capital with the aim of attracting foreign investment and making business services more competitive and viable as an export sector.

Tobago

33. The Ministry of Trade and Industry is cognizant of the nascent trade potential which exists in Tobago. We are also aware that Tobago faces the challenge of identifying the steps needed to increase the scope, quality, and efficiency of the services it seeks to export. As such, the Policy carves out a space to analyse trade development in Tobago – particularly in the services sector. Accordingly, the GORTT will collaborate with the Tobago House

of Assembly (THA) to develop capacity to formulate supporting trade policy initiatives for the development of competitiveness in all areas of the services sector in which Tobago's stakeholders are interested. The Policy identifies the potential for development of services export in education, healthcare, the creative industries, ICT, yachting and other maritime services in addition to the existing tourism sector.

Main Target Markets

34. Having identified ***which*** goods and services are being targeted, equally important is indicating *where* or which markets are of interest.
35. Extensive analysis suggests that several markets with significant underutilized trade potential exists for Trinidad and Tobago. As such the policy will target, in the first instance, the wider Caribbean, South America and Central America, Asia and Europe.
36. There is also significant potential to expand exports to the USA, where the existence of a large Caribbean diaspora can provide an anchor for such exports. Efforts to take full advantage of the opportunities in these markets will be pursued.

Rising Stars

37. In assessing potential target markets for Trinidad and Tobago's goods and services, and devising a strategy to increase exports, the Trade Policy establishes the concept of Rising Stars and Missed Opportunities.

38. These Rising Stars – products that are commanding increased market share in dynamic sectors, were revealed to be more suitable for exports to Asia, CARICOM and Central America primarily. A major policy priority will be to accelerate export expansion of these products.

39. The Missed Opportunities – products with decreasing share in dynamic markets, were mainly being exported to EU, Canada and Africa. Over the next five years, the aim is to reverse the declining export performance of these key sub-sectors in dynamic export markets.

The Trade Policy gives a more detailed assessment of these products and markets.

Main Policy Measures: Innovation, Infrastructure & Trade Financing

40. The Ministry of Trade and Industry is not ignorant to the cries of businesses and those in the trade eco-system. Borne out in the Trade Policy is a series of cross-cutting policy measures that will support the efforts to increase trade, diversify markets and achieve the goals and objective of this Policy. In the interest of time, I will focus on just a few of these areas.

41. **INNOVATION**: Investment in innovation is critical to delivering the much needed structural transformation that will support this country's competitiveness and export performance. The Trade Policy speaks to mechanisms that will encourage private sector investment in innovative production practices and innovation and

- technology creation. This includes initiatives to train and re-tool the labour force to ensure adequate human capital and capacity.
42. To support this innovation-driven environment, the GORTT is also allocating resources to ensuring that the necessary institutional and administrative machinery is in place to facilitate efficient management, utilization and enforcement of Intellectual Property Rights.
 43. As it relates to **INFRASTRUCTURE**: The quality and access to infrastructure often influence investment decisions, business locations and has positive effects on competitiveness, productivity and economic development. The GORTT will be looking at modernizing key economic infrastructure, particularly in the areas of energy, transport and ICT to facilitate economic activity.
 44. On the latter point of a modernized ICT infrastructure (which includes e-Commerce development), the GORTT aims to reduce the digital gap between Trinidad and Tobago and developed economies. In this regard, growth in the ICT sector is seen as a precursor to improving the pace of industrialization, development and increasing competitiveness for the private sector.
 45. Moreover, the Policy recognizes that improving **TRADE FINANCING** is also key to improving Trinidad and Tobago's trade performance. As such, avenues for financing long-term investments and working capital will be enhanced. This will address some of the challenges faced by traders – particularly MSMEs and those in the services and other emerging sectors.

Main Policy Measures: Private Sector, Export Platforms & NTBs

46. Other measures remain critical to achieving the stated Policy objectives.
47. A vibrant, dynamic and resilient private sector is critical to economic growth and trade expansion in Trinidad and Tobago. As such a holistic approach has been taken in the formulation of this Policy, holding private sector development as key to export diversification. The Policy proposes that frameworks be put in place to ensure that the private sector is actively engaged in determining the country's trade agenda. The first step in implementing this recommendation is evidenced by the broad consultation process undertaken in developing this Trade Policy which included the private sector.
48. In working more closely with the private sector, the aim is to identify and rectify trade facilitation issues more efficiently. The Ministry of Trade and Industry has been working tirelessly to address the non-tariff barriers that have invariably hampered Trinidad and Tobago exporters in external markets. To bolster these efforts, the Policy identifies mechanisms to ensure that exporters and trade negotiators are aware of non-tariff barriers applied by the country's trading partners and ways to effectively reduce or eliminate them. Some of these mechanisms include:
 - The establishment of a National Non-Tariff Barrier Committee with public and private sector participation. This Committee will create a trade-focused database for the non-tariff barriers faced by exports in regional and international markets; and

- The establishment of an institutional mechanism to open and undertake market access investigations in third countries and guide action to prevent the emergence of new non-tariff barriers.
49. In implementing these initiatives, the Ministry of Trade and Industry will also continue to work closely with exporTT and CreativeTT to develop export platforms and prepare profiles of potential buyers, importers and agents in countries of interest.
 50. Export guidelines will also be created to assist domestic firms to take advantage of market access opportunities under existing trade agreements. The MTI will collaborate with its stakeholders to conduct periodic market intelligence activities and develop a mechanism for the dissemination of these results.

Three Pillars of Non-Traditional Areas

51. In another first for Trinidad and Tobago, this Trade Policy considers measures to promote the inclusion of women, youth and persons with disabilities in trade development. This signals the GORTT's commitment to identifying, understanding and removing obstacles to the full participation of women, youth and persons with disabilities in trade.
52. Indeed, there are significant differences in the opportunities available to, and the challenges faced by, women and men seeking entrepreneurial opportunities in the formal economy. At the local and global level, the economic empowerment of women must remain in focus. The Trade Policy recognizes the gendered

elements of trade and makes recommendations for the inclusion and full participation of women in business and the conduct of gender-based analyses to determine the impact of trade-related policies. This ties into a number of initiatives that the Ministry is currently pursuing in relation to gender and trade (for eg. The ITC SheTrades Initiative).

53. A wealth of ideas, limitless creativity and the reservoir of innovation lies in our future - the youth. The Trade Policy seeks to promote the participation of young people in the development of industry, entrepreneurship and trade, making them key contributors to the export expansion and diversification thrust. Enhancing the participation of youth in trade and business is critical as the alternative would lead to high economic and social costs associated with youth exclusion.
54. Our efforts at inclusion also makes recommendations for enhancing the participation of persons with disabilities in the labour market and in business, and increasing their involvement in non-traditional areas such as ICT.
55. In an effort to ensure that adequate broad-based economic growth and social development is achieved, effective investment and trade programmes will be designed to facilitate active participation of the aforementioned groups in the formal economy. Therefore, the GORTT has explicitly committed to mainstreaming gender, youth and persons with disabilities issues in trade development and will accordingly pursue the robust policy initiatives, including capacity building, data collection, and establishment of education and training programmes.

Monitoring & Evaluation Framework

56. Having spent months doing the analysis, consultations and drafting the recommendations on the work that needs to be done and the opportunities and benefits that could be derived from this Trade Policy, we must now do the difficult part – turn talk into action.
57. Successful implementation of the TTTP hinges on a robust monitoring and evaluation framework both at the policy and project levels. The Ministry of Trade and Industry has made a concerted effort to create an M&E Framework and map the implementation of this Trade Policy over the next five years. This is necessary to determine the extent to which outputs are being realized and to assess the impact on the attainment of policy objectives.
58. Therefore, at the **policy** level, a Cross-Agency Implementation Committee (CIC) will be established to receive and review semi-annual monitoring and evaluation reports from the Ministry of Trade and Industry.
59. At the **project** level, a Trade Policy Technical Working Group (the Working Group) will also be established, comprised of the senior officials of the Ministry of Trade and Industry and focal points selected from across the private and public sectors, civil society, academia and key development partners. The Working Group will formulate, monitor and evaluate projects and programmes geared

towards the implementation of the TTTP and the achievement of its objectives.

60. The Ministry of Trade and Industry will compile the semi-annual reports of the Technical Working Group for consideration by the Cross-Agency Implementation Committee. These reports will be brought to the public domain through the Joint Select Committee platform where the MTI will report to the public on the outcomes, impacts and activities of the TTTP. This is in addition to the public sensitization envisaged in the Policy to foster buy-in from all stakeholders particularly the general public and civil society, which is critical to successful implementation.
61. This M&E strategy recognizes and allows for the malleability of the Trade Policy as the dynamism of the trade environment may produce new priorities or exogenous shocks that the country must respond to. This ensures that the Trade Policy, and by extension Trinidad and Tobago, remains on track to achieve its objectives.

The Way Forward

62. Over the next five years the country's trade-related industrial policy-setting will be guided by the understanding that beyond the intra-regional market, the wider-Caribbean, South and Central American and Asian economies and of course our diaspora USA market provide the most viable options for facilitating the process of export expansion and diversification. This economic

restructuring is necessary to build the resilience of the Trinidad and Tobago economy.

63. In the medium to long-term, the Trade Policy sets Trinidad and Tobago on a course for delivering broad-based export growth, particularly in high-value exports. To do so, this country must increase production and trade in emerging areas with comparative advantage in both the goods and services sectors.
64. The Trade Policy identifies key sectors for export diversification as well as key markets for Trinidad and Tobago's exports. It is in our hands to build on the elements of the policy framework to support development in these sectors and markets.

Conclusion

65. Within the Policy a number of Ministries and public sector agencies have been identified. These entities are central to the implementation process. So too is the private sector, which will play a critical role in the industrial restructuring and export diversification process. These public and private sector organizations are embedded within the framework of policy intervention.
66. This moment requires that we all do our part. At a time when Government is asking businesses to be innovative and think outside of the box, this Policy provides "out of the box" recommendations for facilitating and enhancing the trade and business environment.

67. The Policy shows that our trade development thinking must go further. It must embrace local economic development and regional trade expansion objectives, but it must extend further – to put Trinidad and Tobago, its trade policy and its export products and services in the frame of global trade and development.
68. We have aligned the goals to the stated vision for this country and region, conducted the empirical analysis and determined where we must go to achieve our policy objectives. Most importantly, drawing on the lessons of the past, we have assessed **how** we will achieve these goals and set ourselves on a practical and feasible course for implementation. This is supported by the Action Plan and Monitoring and Evaluation Plan that forms part of this Trade Policy.
69. I am pleased to present this body of work to you today. A policy for development. A policy for advancing trade. A policy for the future. A national trade policy for Trinidad and Tobago.

Ladies and gentlemen,

I thank you.