



Government of the Republic of Trinidad and Tobago

Ministry of Trade and Industry

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Trinidad and Tobago Chamber of Industry and Commerce Business Forum

Navigating the way forward

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OPENING REMARKS

SENATOR THE HONOURABLE PAULA GOPEE-SCOON
MINISTER OF TRADE AND INDUSTRY

JULY 14TH, 2022

SALUTATIONS

- The Honourable Pennelope Beckles-Robinson, Minister of Planning and Development
- Her Excellency Harriet Cross, British High Commissioner to Trinidad and Tobago
- His Worship Joel Martinez – Mayor of Port of Spain
- Mr. Shante Moore Charge d’Affaires, Embassy of the United States of America, Port of Spain
- Mr. Charles Pashley, President of the T&T Chamber
- Members of the Board of Directors of the T&T Chamber
- Mr. Ian De Souza – Chief Executive Officer T&T Chamber
- Distinguished Speakers
- Past Presidents of the T&T Chamber
- Distinguished Representatives of our Corporate Sponsors: Ansa McAl Group of Companies, DeNovo Energy, EY and Vemco
- Other Members of the Diplomatic Corps
- Representatives of other Chambers and Business Service Organisations
- Special Invited Guests
- Members of the Business Community
- Members of the Media
- Distinguished Ladies and Gentlemen

INTRODUCTION

I am pleased to deliver the opening remarks at today’s Business Outlook Forum entitled *Navigating the way forward*. Today’s forum provides a platform for businesses to understand prospects within the main sectors of the economy. While, we acknowledge the resilience of the Trinidad and Tobago economy and underscore the policy support by Government, it is discussions such as these which paint a clearer picture as to whether this country and our people are on track towards improving our technical efficiencies, incorporating technological advancements and addressing our overall readiness to be more competitive.

The truth is, this is a critical time when Trinidad and Tobago and the rest of the world are facing a fair amount of challenges. But no doubt we are in a position to confront and get a grip of these and prepare ourselves for the tremendous amount of opportunity that is possible given the right set of circumstances.

INTERNATIONAL DEVELOPMENTS

The International Monetary Fund (IMF) in its April 2022 World Economic Outlook has noted that economic fallout from the Russia/Ukraine conflict will contribute to a significant slowdown in global growth from an estimated 6.1 percent in 2021 to 3.6 percent in 2022. Rising inflation is also prompting several economists to start using the dreaded term “*Stagflation*.”

Inflation and Rising Food Prices Challenge

We acknowledge the impact inflation and rising prices are having on businesses and consumers. Inflation rates in Europe and North America are reaching 40 year highs as a result of supply chain disruptions, increased price of freight and shipping rates and adverse weather conditions among others.

The Government's response has been proactive bearing in mind the overall need to ensure fiscal stability. As at May 2022, the Government has made an accumulated disbursement of US\$980 Million (which is TT\$6.5 Billion) under the two (2) facilities namely, the FOREX Facility for Manufacturers (US\$450 Million) and the Forex Allocation System (FAS) for the importation of raw materials, basic food items and essential goods (US\$530 Million). The Government has also extended the loan guarantee facility for SMEs through the local banking system and is keeping its commitment to accelerate the payment of VAT Refunds. Together these measures have ensured that local manufacturers and importers involved in retail and distribution have the ability to source goods to keep their businesses afloat.

We have also suspended the CET on a range of items and zero-rated a range of food items and will continue to work with the private sector to mitigate the impact of price increases on the population.

REGIONAL POSITION

The Region is not immune from the performance of the global economy. The Inter-American Development Bank in its April 2022 outlook has cut the Latin American and Caribbean region's GDP growth from 2.1 percent to 1.2 percent in 2022.

In response, CARICOM at the highest levels have committed to accelerating economic cooperation. Heads of Government only last week at their Thirty-Third Inter-Sessional Meeting agreed to establish a Ministerial Task Force (MTF) on Industrial Policy chaired by Suriname, with a supporting technical working group to focus on the development and implementation of the Policy. Heads also mandated the CARICOM Secretariat to undertake further work on identifying ten (10) major non-food items imported into the Region for which there is production capacity and significant demand. It is envisaged that these priority products will create investment and trade opportunities within the Community.

DOMESTIC ECONOMIC PERFORMANCE

The Honourable Minister of Finance would have shared with the national community during the mid-year review our good news that the Gross Domestic Product (GDP) of the country has bounced back from a low of TT\$140 billion in 2020 to TT\$180 billion in 2022, a significant increase of TT\$40 billion.

The IMF at the conclusion of its 2021 Article IV Consultation has also noted that a strong economic recovery is projected for 2022, with real GDP growth expected at 5.5 percent, reinforced by the continued policy support and the anticipated recovery in oil and gas production. Only on Tuesday, the Honourable Minister of Energy and Energy Industries spoke about the increasing prospects for the energy sector which is important given the indispensability of that sector to the overall performance of the domestic economy.

The Central Bank in its June, 2022 Monetary Policy Report, has noted that within the non-energy sector, there has also been a gradual recovery. Business lending has continued to accelerate, expanding by 7.4 % in March 2022, driven by increased loans to the construction, manufacturing and other services sectors.

These indicators mesh well with the narrative contained in the June 2022 edition of The Banker Magazine, which noted that as Caribbean economies recover from the worst effects of the global pandemic, the region's banking sector has delivered strong growth in key metrics. Local banks have once again performed solidly with First Citizens Bank being the third best performer among the Caribbean's top 30 banks. The strength and resilience of our financial system augurs well for the commercialisation of new business opportunities.

Economic Imperatives

The Government is acutely aware that while Trinidad and Tobago, is benefiting from increased production and prices of oil, gas and petrochemicals, amid global uncertainties, it cannot rely on any such windfall indefinitely. As a consequence, it is focused on the implementation of reforms aimed at furthering diversification, attracting investment, building competitiveness and increasing exports (energy and non-energy).

ATTRACTING INVESTMENT

As we seek to transform the economy and create a better quality of life for our citizens, local and foreign investment is critical for creation and expansion of businesses, increased exports, generation of employment and new sources of revenue. Investment is also necessary to create a solid platform for the continued development of business enterprises from micro to large scale.

There are two major initiatives which are expected to make the investment climate in Trinidad and Tobago more attractive:

- Implementation of a new Special Economic Zones Regime
- The Establishment of the Trade and Investment Promotion Agency

Special Economic Zones

The implementation of the much talked about Special Economic Zones (SEZ) regime will incentivize traditional (such as manufacturing and warehousing and distribution) and emerging sectors inclusive of agro-processing, information and communications technology, renewable energy, and business process outsourcing in designated areas across Trinidad and Tobago.

Through this Regime, private sector players have the opportunity to become Operators of Special Economic Zones and by that I mean, they can be the builders and owners of new economic zones including industrial parks. These zones can be characterized as either a Free Port, Free Trade Zone, Industrial Park, Specialised

Zones, Development Zones or Single Zone Enterprises; with participants benefiting from associated financial and non-financial incentives.

The rationalization and technical preparation of the Regulations to operationalize the Regime is expected to be completed by end August 2022 and we hope to have the Special Economic Zones Authority operational by year end latest.

Trade and Investment Promotion Agency

Another promising institutional effort by the Government is the establishment of a Trade and Investment Promotion Agency. The intention is to strengthen and modernize this country's export and investment promotion arrangements into a single agency. This will simplify doing business with Trinidad and Tobago by creating one interface for investors both local and foreign, and making it easier for the country's trading partners to conduct business with us. Additionally, this Agency will establish Trade Facilitation/Commercial Offices and where necessary, Commercial Officers with responsibility for Trade and Investment Promotion within T&T Embassies and Missions to deepen our economic diplomacy and commercial interface with the rest of the world and in particular, our key affiliates.

The main outcome to be derived from this initiative is the development of a more diversified, resilient and sustainable economy through the internationalization of Trinidad and Tobago as we seek to rebrand and tell the world our story.

Response to Climate Change

Let me digress a bit, we are all witnessing the daily challenges associated with climate change and its negative effect on us as a small island economy. Globally the demand to address climate change has increased significantly and as a Government, we are committed to the maintenance of our pledge at 2015 Paris Climate Change Conference to reduce our CO2 emissions and to alter our energy mix to include renewables. Our businesses are also being affected, therefore the private sector must follow suit through the adoption of sustainable practices, producing more eco-friendly products and lead in the utilisation of environmentally friendly technologies and inputs.

In November of this year, Trinidad and Tobago will host international and regional participants for the Caribbean Investment Forum (CIF), ***“Transitioning to a green economy”***, in collaboration with the Caribbean Export Development Agency (CEDA), the Caribbean Association of Investment Promotion Agencies (CAIPA), the Caribbean Development Bank (CDB) and the CARICOM Secretariat.

The major objectives of this event include (1) Attracting investment into priority sectors needed to support the transition of the Region to a greener and SMART-er economy; (2) Raising the visibility of the Caribbean region as an investment destination; and (3) Bringing the regional investment community together to engage with and ultimately build business relationships with extra-regional investors and businesses. This event is already well subscribed and coming out of it, we expect investments which would result in bankable projects throughout the Region.

BUILDING COMPETITIVENESS

Creating the Future Workforce

The World Economic Forum in its recent “***Future of Jobs Report***” has underscored the need for Governments to prepare the next generation in streams of education that fit their national development goals. My colleague the Minister of Education is actively engaged in the transformation and revolutionising of the education system where necessary, to ensure that the resultant human resource capacity of the nation is well equipped to function in the new economy.

The MTI is also doing its part. For example, a skills gap assessment conducted by the Ministry in 2021 recognised that one of the impediments to the growth of the manufacturing sector was the shortage of skilled labour. In June 2022 we launched the Apprenticeship Programme for the Non-Energy Manufacturing Sector in Trinidad and Tobago aimed at upskilling over 300 persons with theoretical and practical competencies. We expect to do the same for the wood working Industry which we hope to expand and prepare for increased exports.

Again, the Government will continue to do its part to provide our future work force with the skills required to ensure that your firms are able to build and strengthen your competitive edge.

Digital Transformation

Digital transformation is an area of priority to bolster our competitiveness. In this regard, the Government is implementing a host of initiatives and projects to ensure that our service delivery is drastically improved to facilitate businesses and individuals. A holistic approach is being undertaken and it is expected that the private sector will increase their investment and adoption of technology in order to continue to compete globally.

The Ministry of Finance and the Central Bank of Trinidad and Tobago has collaborated to develop a suite of Fintech policies to improve efficiency and financial inclusion. An Electronic Money order and a Fintech Innovation Hub have recently been launched which are building capacity in digital payments. The focus on Fintech sector will further enhance domestic financial development, foster financial inclusion and diversify financial products.

Trade and Business Information Portal

The Government is also seeking to improve the competitiveness of businesses through the provision of better data and commercial intelligence.

In May 2022, the MTI launched the Trade and Business Information Portal which has already been visited by over 70,000 persons across 85 countries in 6 continents. The Portal allows companies to identify export and import opportunities, compare market-access requirements, monitor national trade performance and make well-informed trade decisions; enhancing ease of doing business.

DRIVING EXPORTS

Trinidad and Tobago's export performance has substantially improved in 2021 when compared to 2020 (the start of the pandemic) and even 2019 (immediate pre-pandemic). For 2021, total exports increased by 56.4% from TT\$37,261 million in 2020 to TT\$58,260 million in 2021. Non-energy exports increased by 30.5% from TT\$11,942 million to TT\$15,582 million in 2021. Non-energy manufacturing exports increased by 46.1% from TT\$7.3 billion in 2020 to TT\$10.7 billion in 2021. Energy exports increased by 68.6% from TT\$25.3 billion in 2020 to TT\$42.6 billion in 2021.

The Government is particularly focussed on driving exports in manufacturing as it is an important and dynamic sector in the domestic economy and is poised to be a viable catalyst for achieving economic transformation, expansion and diversification.

Through various interventions, the Government has sought to strengthen the institutional capacity, the production capacity and the competitiveness of local export firms. One such intervention is the Export Booster Initiative (EBI) which has performed creditably in its first year. We are also focussed on formalising our services sector and increasing our exports therein.

ENHANCING REGIONAL FOOD SECURITY

Arising out of the recent CARICOM Heads of Government Meeting and in order to advance the Regional Agri-Food Systems Agenda:

- The Council for Trade and Economic Development (COTED) has been mandated to conclude, by the end of July 2022, various initiatives and programmes, aimed at the removal of Non-Tariff Barriers to Intra-Regional Trade. Whilst this directive relates to Agriculture, we recognize the need to expand this initiative in other areas of production.
- The CARICOM Private Sector Organization (CPSO) has also been mandated to accelerate implementation for its various agricultural investment projects.

In addition, to advance the region's food security, and following on Guyana's initial Expo, our Government will be hosting the "Trinidad and Tobago Agri-Investment Forum and Expo 2022" which will be held on August 19 - 21, 2022. This initiative is the ideal platform to stimulate conversations among key stakeholders, potential foreign and local investors, farmers and distributors to amplify investments and achieve the vision set by the CARICOM Heads of Government to reduce the regional food import bill by twenty-five percent (25%) by 2025.

CONCLUSION

On this 60th year of our country's independence, we must acknowledge how far we have come as a nation on account of the ingenuity of our people as well as the role that our Chambers of Industry and Commerce and the TTMA have played in shaping and accelerating our growth and development. Certainly over the last 60 years you have stepped up to position us to where we are today and for this we thank you.

Let me assure you that this Government remains committed to improving the business climate by addressing the issues that matter most. This is a time for partnership; businesses, our government, the governments of the region and the banking sector working in unison to improve the wellbeing and economic fortunes of our countries and the lives of all citizens through opportunity.

Given the experience and diversity of the distinguished presenters here today I am certain that all participants will gain valuable insight into what is required for a positive business outlook. I wish you all a successful and engaging Forum. May God continue to bless our beloved nation.

I thank you.