

FEATURE ADDRESS
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MINISTER OF TRADE AND INDUSTRY

AT THE

CHAMBER OF INDUSTRY AND COMMERCE FORUM:
*PRIVATE SECTOR OPPORTUNITIES IN
THE SPECIAL ECONOMIC ZONES*

Columbus Circle, Westmoorings

19 September 2024 | 9:00 a.m.

Salutations

- Mr. Randall Karim, Permanent Secretary, Ministry of Trade and Industry
- Ms. Kiran Maharaj, President of the Trinidad and Tobago Chamber of Industry and Commerce
- Wade George, Executive Chairman, Ernst & Young Caribbean
- Sekou Alleyne, T&T Trade and Investment Promotion Agency
- Board of Directors of the Trinidad and Tobago Chamber of Industry and Commerce
- Specially invited guests
- Members of the Media

Good morning ladies and gentlemen,

It is my pleasure to share more with you this morning about our new Special Economic Zones regime. I would first like to thank the Trinidad and Tobago Chamber of Industry and Commerce and Ernst & Young (EY) for organizing this forum. Events such as this are a clear indication of the commitment of the private sector to better understand and participate in this new regime, which requires rigorous promotion and sensitization if it is to be successful.

International Context

According to the United Nations Trade and Development (UNCTAD), there are over 7,000 SEZs in 145 economies employing over 100 million people.¹ SEZs are a popular policy tool by governments to boost industrialization and attract investment

¹ <https://unctad.org/news/new-global-alliance-special-economic-zones-boost-development>

across the globe; however, their success and impact are not a fait accompli with mere policy formulation and passage of legislation. For SEZs to be successful, it is critical that the process be driven by constant collaboration among all stakeholders, just as we are doing today.

Domestic Background

The former Free Zones regime under the Free Zones Act, was initiated following a drastic reduction in revenue as a result of the collapse of oil prices in the 1980s, and the consequent contraction of Trinidad and Tobago's economy. In the decades that followed, the programme did not perform as we would have liked it to, which, according to the World Bank, was largely due to weak and ineffective policy, legal, regulatory and institutional framework.

In 2017 a National Special Economic Zones Policy was developed consistent with international best practice; this was revised in 2019 as a result of Trinidad and Tobago's commitments upon joining the

OECD's Base Erosion and Profit Shifting (BEPS) Framework. Work on the SEZ legislation and incentive framework followed with support from the Chief Parliamentary Counsel and the Ministry of Finance, resulting in the partial proclamation of the SEZ Act in January 2022, and the appointment of the Board later that year. Two years on, and we now have full proclamation of the Act (as of 05 July 2024), robust Regulations, a New Incentive Framework and a fully operational SEZ Authority.

Benefits for Private Sector

Our intention is that the Incentive Framework be consistent with international best practice and enhance the attractiveness of the business climate of Trinidad and Tobago, while *also* protecting the domestic revenue base to the greatest extent possible.

Let us keep in mind that while this new programme will benefit firms, it can and should only do so if there is also a tangible benefit to the Government and the citizens of Trinidad and Tobago.

The SEZ incentives will cover all three types of SEZ entities: SEZ Operators, that act as landlords of Special Economic Zones; SEZ Enterprises, that conduct business within those spaces managed by Operators; and Single Zone Enterprises, which are large stand-alone operations.

Recent Developments

To ensure that the new programme is off to quick start, Cabinet has recently designated several spaces as Special Economic Zones after careful consideration. These will be announced in the not-too-distant future in the upcoming National Budget Presentation. Further Designations of spaces will continue thereafter.

These areas will be spread throughout Trinidad and Tobago, to encourage new investment and create jobs that would not have otherwise been available. The jobs created will not only exist within the Zones, but will trickle down to the local communities and help

create new opportunities for small business owners and aspiring entrepreneurs.

In addition to the 15 percent Corporation Tax, there is a generous portfolio of concessions and exemptions on import duties and Value Added Tax, as well as other taxes such as Property Tax and Stamp Duty. Along with fiscal incentives, the Ministry is very well aware of the need to reduce the red tape involved in doing business. Together with the Customs and Excise Division, the Inland Revenue Division, Town and Country Planning Division, and the Environmental Management Authority, among others, we hope that SEZs will be models of efficiency and productivity that can be replicated throughout our economy.

The reality is that not every business in Trinidad and Tobago will be eligible to participate in the SEZ regime as it is meant to incentivize **NEW** investment activity in the production of new goods

and services as opposed to the standard investments to upgrade plant and machinery associated with existing businesses.

The Future

As you all know, the Government recently merged investTT, exportTT and creative TT to form the Trinidad and Tobago Trade and Investment Promotion Agency (TIPA). TIPA will strengthen and modernize the country's export and investment promotion institutional arrangements to be on par with other bodies, both regional and international. We envision TIPA and the SEZ Authority working together to promote this new regime and promote Trinidad and Tobago as a place to do business and earn profit.

In today's global business and investment climate, the strategic focus, the regulatory and governance model, and the incentive package offered remain the key ingredients of a successful SEZ. However, we also face emerging challenges resulting from the sustainable development imperative, the new industrial revolution

and changing patterns of international production. These require us to forge stronger partnerships so that the needs of the private sector are front and center of the development agenda and policy directives of the Government.

I salute the efforts of the Chamber of Industry and Commerce for continuously working with the Ministry of Trade and Industry to highlight our successes and to work to improve our current economic reality. The SEZ regime is meant to transform and grow the domestic economy and will only be a success if there is strong public/ private sector collaboration.

Conclusion

The Ministry of Trade and Industry is committed to bolstering its valued relationship with the private sector. Through greater collaboration and conversations on initiatives such as the Special Economic Zones regime, we will ensure that our country, our citizens and our businesses move forward together.

I thank you.