



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

# *Economic Forum*

**PENAL-DEBE  
CHAMBER OF COMMERCE'**

.....  
ADDRESS

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

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22 MARCH 2016  
FUNSPASH WATER PARK, DEBE

Good evening to you all!

I am heartened that the Penal-Debe Chamber of Commerce—one of the most active local business organizations, has seen it fit to organize this Economic Forum which brings together government—both present and past, the private sector and academia to engage in fruitful discussions.

I trust that our discussions at this forum will elucidate how government policies have affected and will affect citizens and businesses, what options we have available to ensure that employers do not continue to contribute to the unemployment levels and that ex-workers are able to find work, both in other organisations or on their own by becoming entrepreneurs. Most importantly, that we create the foundation for a new paradigm in which Trinidad and Tobago returns once more to growth and prosperity.

Six months ago, the general tone of my remarks was aspirational — things that the Government and I as Minister of Trade and Industry considered important and had planned to do given the local and global economic circumstances that existed then. Today, things are different.

Notwithstanding that, what the government is required to do has not changed fundamentally; what matters now is how we do it. Today, there is absolutely no room for waste and inefficiency. As a Government, we are aware of the changes around us, we must utilize our resources effectively, work within strict timelines, ensure value for money, and most importantly, ensure that the population understands clearly what we are doing and how it affects them.

An example of our commitment to meeting the changing demands is the recent launch of the National Tripartite Advisory Council, which seeks to facilitate tripartite engagement, dialogue and consultation and to promote consensus building and democratic involvement among key stakeholders on national development issues.

In addressing the pressing macro-economic issues of employment, foreign exchange availability and growth, and Government's commitment to maintain an environment of stability, to create employment and to stimulate trade and investment that is before us for discussion this evening, I would like to first set the stage using the report from the International Monetary Fund team that recently assessed our economic situation. This point of reference allows us to appreciate an objective assessment of our present situation which will duly inform our understanding of Trinidad and Tobago within a global context.

## **IMF REPORT**

The IMF team acknowledged the shock on Trinidad and Tobago's economy as a result of mainly falling energy prices and projected that GDP will fall 1 percent in 2016. As a consequence they noted that declines in energy-based revenues will constrain the Government's ability to act as an engine of growth, and non-energy growth could start to recover, given the modest boost in energy production. Additionally, the Report goes on to say that the financial system remains sound, but specific legislation reform has been lagging. What remains key to unlocking the country's growth and diversification potential are structural reforms. These "structural reforms" can simply be measures that aim to raise productivity by improving the technical efficiency of markets and institutional structures, or by reducing impediments to the efficient allocation of resources. What is important at this time is that we need to assess and administer these reforms ourselves.

Since assuming office six months ago, the Government has already taken some difficult but necessary steps in the face of sharply lower energy revenues, including widening the VAT tax base, reducing the number of Ministries with a view to streamlining the civil service, and instituting spending cuts. The Government has also signalled its intention to not only enhance the efficiency of revenue collections through the revenue authority and expand revenue streams but also rationalize and reverse the unsustainable increases in spending on transfers and subsidies over the last several years.

### **VAT AND FOOD PRICES**

As you know, according to Legal Notice No. 17 dated January 29th 2016, Schedule 2 of the Value Added Tax (VAT) Act was amended. However, several basic items and services maintained their zero-rated status. The categories of items that continue to be zero-rated include, inter alia:

- Basic food items;
- Unprocessed fruit and vegetables;
- Selected medicaments and toiletries;
- Selected musical instruments;
- Selected electronic devices and apparatus used in Information and Communication Technology (ICT);
- Selected equipment and machinery for use in industry

### **FOREIGN EXCHANGE**

The availability of foreign exchange continues to be one of the most perplexing issues for the Government. The fact of the matter is that the recent sharp falls in energy prices have reduced the supply of foreign exchange. However, since September 2015, the Government through the Central Bank has made approximately US\$1.1 Billion dollars (excluding March 2016 injections) available to authorized dealers (bearing in mind that the average price of oil over the last six months was US\$39pb). The actual distribution of foreign exchange to individual firms is of course the responsibility of individual dealers and banks based on their lending policy. The quantum of foreign exchange which has been supplied to the financial system is on par with the previous period (US\$1.27 Billion during the period October 2014-March 2015 when the average monthly price of oil was US\$68pb). It may therefore be reasonable to surmise that a great deal of speculative and precautionary motives are putting unnecessary pressure on the exchange rate.

### **DIVERSIFICATION**

The Ministry of Trade and Industry has primary responsibility to drive the development of the Maritime and Creative Industries, we also support other Ministries in the expansion of the Financial, Agro and Fish Processing, ICT and Tourism Sectors.

In the Maritime area, we have recently conducted extensive discussions with the major stakeholders and have prepared an Action Plan to drive the development of this sector over the Short, Medium and Long-Term.

For the next two years, the Ministry will lead efforts in developing Ship Repair and Dry Docking, Bunkering, and Transshipment. Over the next 3 to 5 years, we will then focus on the creation of an open ship registry, and Special Economic Zones to facilitate maritime investments. In the long run (over 5 years), 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 and establish new economic infrastructure for agro-processing. In this regard, Cabinet has only recently approved the development of an Agro-Processing Industrial Park.

### **EXPANDING MARKET ACCESS**

This Government recognizes the importance of local manufacturers and service providers being able to penetrate markets within and outside CARICOM. Quite simply, more exports mean more jobs which as we know, is needed more than ever in these challenging economic circumstances. We intend to focus on markets in Guyana, Suriname, UK, Central America and Cuba. With respect to the latter, we plan to operationalize a 10 Million Canadian Dollar Line of Credit which will encourage local manufacturers to export more to Cuba by overcoming credit risks.

Only this week we were witness to the visit of a US President to Cuba in almost 90 years – a powerful symbol which marks the beginning of a new era and the importance of the Cuban economy in the Americas. This will result in significant business and investment opportunities in the future, and we are well positioned to take advantage of them.

### **CONSUMER AFFAIRS**

While the entire population is trying to adjust, an essential part of empowering the citizens of Trinidad and Tobago - who are all consumers, is by building awareness and educating the population on their rights as consumers, and also promoting targeted action to ensure that everyone plays by the rules.

In an effort to ensure that the economic interests of both consumers and businesses are protected, the Consumer Affairs Division of the Ministry continues to engage in projects and research studies in order to provide pertinent pricing information. For example, the Division will embark on a project - 'Pricing from Source to Consumer' - which entails reviewing all the factors and costs which contribute to the final selling price of selected food items. From this exercise, we expect to derive an acceptable and reasonable price range for the items identified, which will empower consumers in making informed decisions.

The Division continues to monitor prices on a regular basis so that this information can be provided to you in a timely manner. Our current price monitoring activities include the conduct of a monthly Retail Food Price Survey, a monthly Poultry Survey and a quarterly Hardware Survey, and the results published in the media, the Ministry's websites and social media, with the objective of empowering the consumer.

### **OTHER GOVERNMENT INTERVENTIONS**

The Minister of Labour and Small Enterprise Development launched the National Retrenchment Register a few days ago to help understand the scale of the problem and to allow workers to find alternative sources of employment. It is one of several initiatives being undertaken by the Government to address the serious issues of unemployment and business closures. In addition, the government proposes to engage the participation of the major private sector organisations (Trinidad and Tobago Manufacturers Association, American Chamber Industry and Commerce, Trinidad and Tobago Chamber of Industry and Commerce) and large private sector firms at a Jobs Expo for Retrenched Workers on 05 April 2016. As part of this initiative, we will work with the TTMA to optimise the use of its Careers platform which functions as a virtual connection point for:

- persons in the labour market who are seeking employment in the manufacturing and related sectors

## CONCLUSION

Despite the significant challenges faced at this time, Trinidad and Tobago still has enormous strengths, including a well-educated work force, a stable political system, the largest manufacturing sector in the Caribbean, strong financial systems and several exportable services (such as maritime and energy services and the creative industries).

Therefore, Trinidad and Tobago is still better off than many other countries, even amongst energy exporting nations. We are not where we were before, but the mechanisms and resources are there, and if used wisely and equitably, can result in more opportunities for employment, higher wages and increased investment and business. This administration will not be waiting for outsiders to tell us what we are doing wrong. We know what needs to be changed, and we have started and we do expect to accelerate our efforts bearing in mind that moving too fast can have deleterious social implications which in the long run will require a greater diversion of scarce public resources.

Health, education and security of our nation will not be compromised! You can all look forward to the Mid-Year review by the Minister of Finance.

Individual and collective responsibility is required by all if we are to survive and thrive once more.

I thank you.