



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

The Role of Trade in Economic Development

REMARKS

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Good morning,

It is indeed a pleasure to be here at the 8th Annual Business Development Seminar of the University of the Southern Caribbean focused on “the Role of Entrepreneurship and Trade in Economic Development”. The University of the Southern Caribbean must be commended for consistently hosting this annual seminar which creates an opportunity for the strategic engagement of academia, technocrats, students and other stakeholders with the intent of understanding and advancing the economic development of Trinidad and Tobago. As the Minister of Trade and Industry, it is inspiring for me to participate in this forum once more and to articulate the Government’s perspective on the role of trade in economic development. Entrepreneurship and trade together form an important nexus and while several speakers before me examined the role of entrepreneurship, my contribution will focus on the role of trade in economic development.

Trinidad and Tobago’s economy, like most others, is affected by global and regional events which are considered in the formulation of national economic development activities. As a government, our discussions must take into account the range of specific interventions at the regional and international levels which impact the country. Some of these considerations include e.g. the implications of Brexit (the UK’s departure from the European Union), China-United States relations, tariff issues and policies on immigration, trade and investment. It should be noted that the Government continues to monitor events in the United States closely at this time to ensure our interests are not adversely affected.

Regionally, events in modern Cuba, neighboring energy rich Guyana and Latin America are also considered in the formulation of state policy. These circumstances generally inform and guide strategy including Vision 2030, the National Development Strategy of Trinidad and Tobago. Apart from shaping national strategy global occurrences present opportunities for development and also challenge decision makers to capitalize on trade and growth prospects in new and emerging markets.

While international trade can boost economic development, reduce poverty, broaden the productive base, generate foreign exchange and encourage competition; these benefits can only be actualized through a robust business sector. The Government understands its role of stimulating business activity and facilitating increased competitiveness to impact trade performance, and as such is taking the necessary action to remove any excessive barriers in order to expand business opportunities for local companies and also to increase our exports. The National Development Strategy clearly identifies desired outcomes aligned with trade and development including an enhanced environment for investment and trade, an improved business environment that fosters entrepreneurship and high value added competitive exports with the intent of building globally competitive businesses.

The focus of the Government is to move with urgency in relation to the generation of greater business activity, open trade and access to new markets by local businesses. This outlook will further enable export diversification by improving the performance of economic sectors and result in the creation of employment opportunities, increased per capita incomes and improved livelihoods.

You will be aware that our economy is primarily industrial, focusing on the production of petroleum, natural gas and petrochemicals. Oil and gas account for about 40% of GDP, 80% of exports and 3.5% of employment. Non-energy exports account for roughly 20% of total exports and manufacturing accounts for around 9% of GDP and 8% of employment. While the services sector comprises only 12% of total exports and contributes approximately 56% of GDP. Diversification in this regard, is a major national agenda item concomitant with the impetus to expand the non-energy sectors. Permit me to share with you some of the specific measures being pursued by the Government of the Republic of Trinidad and Tobago at this time.

Through the Ministry of Trade and Industry, Government is currently developing strategies and policies to aid the development and growth of targeted sectors including manufacturing, commercial maritime and the creative industries as all these possess considerable export potential to markets in Chile, Panama, the European Union and the United States.

These activities, however, must be in compliance with the rules governing world trade set by the World Trade Organisation. In October 2017, Cabinet approved the National Implementation Plan for the WTO Agreement on Trade Facilitation, including specific commitments regarding future obligations and technical assistance and capacity building support. These implementation activities relate to legislative, procedural and regulatory reforms all geared towards the creation of a reliable, efficient and cost-effective trade environment. The projects will involve inter alia the development of mechanisms and procedures to facilitate the expedited release of goods, risk management, post clearance audits and establishment and publication of average release times.

Formulated trade facilitation and export strategies are intended to, in the long run, increase the value exports from the non-energy sectors such that these exports account for 40% of total export earnings by 2030; increase the number of new products exported to targeted markets and facilitate an increase in the export of services. The National Export Facilitation Organization better known as exporTT plays a frontline role in this regard leading in the implementation of

activities to generate export growth and diversification in the goods and services sectors, increase international competitiveness and develop new exporters.

In this regard, the Ministry of Trade and Industry, in partnership with the private sector, has supported a number of trade missions to advance entry into markets for both goods and services. Territories visited to date include Cuba, Guyana, the Dominican Republic, Chile and more recently Panama and Costa Rica. There are also others missions scheduled to Columbia, Jamaica and Haiti. These are being executed with the long term vision of improving the value and performance of services and non-energy exports while positively impacting the business environment, competitiveness and the country's global performance rankings.

Recognising the importance of manufacturing as a primary driver of our nation's recovery and the provider of a variety of entrepreneurial opportunities, we are also developing and implementing policies and supporting strategies to guide the sector's development and facilitate the industry's needs. The Ministry of Trade and Industry is working on a Manufacturing Sector Policy which is intended to enhance the sector's human resource capacity; address administrative, capacity and institutional constraints; to promote research, development and innovation; to improve access to finance for SMEs in the sector; and also to strengthen strategic partnerships among public and private sector stakeholders.

Manufacturing and other targeted sectors are also stimulated through incentives and opportunities which support continued diversification of the economy. Implemented by the Ministry of Trade and Industry, is a new \$25 million Grant Fund Facility for small and medium sized businesses already established for businesses engaged in processing and manufacturing providing funding up to \$250,000 per business. This is complemented by a re-engineered Research and Development Facility administered by exporTT. The RDF as it is more commonly known provides funding for projects of up to a maximum of US\$1 million over three phases, from feasibility to product development to commercialization in keeping with the Government's efforts to attract high-value, technology-oriented investments. The facility supports innovation in both manufacturing and services and will span the phases of technical and commercial facilities, product and service development and actual commercialisation, ensuring in particular that the product or service can get out to the export market.

Support to this sector is further bolstered by initiatives at the EXIM Bank. The New Foreign Exchange Facility in collaboration with the Central Bank will capitalize EXIM Bank to the tune of US\$100 million for the benefit of eligible manufacturers and exporters to access raw materials and other essential inputs creating opportunities for resources through which the local private sector can ramp up production and enter new foreign markets. Other facilities for trade financing and discounting arrangements will also assist in this regard.

Ladies and gentlemen, compared to manufacturing and agriculture, employment in services is also quite high, employing roughly 80% of the national labour force. Strengthening and formalizing the services sector is crucial because of its potential to create value-added and knowledge-based opportunities that are aligned with Trinidad and Tobago's strong human resource and skills development capacity.

While significant strides have been made with our free zone arrangements involving the establishment of back office operations and business process outsourcing activities there is room for further growth in the services arena all of which are exportable. The Government understands this and has committed to develop service areas demonstrating significant potential including Tourism, Health and Wellness, Energy, Creative Industries, Information and Communication Technology Services as well as Professional Services, Educational, Financial and Medical Tourism Services. Our dynamism in services is demonstrated for instance by CreativeTT's recently launched Live Music District Project which will provide up to 700 new performance opportunities across 30 venues in the city of Port of Spain over a four month period creating economic activity while also catalysing music-tourism in the capital.

Despite Trinidad and Tobago's economic success, e-commerce has not blossomed as expected. E-commerce, is a vital platform of economic growth which can serve to enhance the competitiveness and efficiency of firms and create new economic opportunities in trade. Increased usage of the internet provides avenues for economic diversification, promotes entrepreneurship; encourages cost savings, increased efficiency and also assists MSMEs in offering niche products and services to the local and global markets. The National E-Commerce Strategy 2017-2021 recently approved by the Cabinet and being implemented by the Ministry of Trade and Industry will create an environment that supports and promotes E-commerce for local businesses to serve domestic and international consumer markets. A Committee has been appointed and has commenced work on the strategy's implementation.

Complementary policies and strategies address one part of the problem. The need for proper institutional reforms to provide the foundation for the proper usage of these policies is another issue. Without access to finance and foreign exchange, a facilitative business environment or affordable interest rates, local businesses still cannot grow to the point where they can take advantage of trading opportunities. This kind of thinking has led us to focus on the business environment, banks and the ease of doing business. In this regard I cite just one example, we have been pursuing the development of the Single Electronic Window (SEW) called TTBizLink. This public sector success story is a secure, user-friendly, IT-based trade facilitation tool, which already provides real time approvals for over forty-seven (47) different e-government, business and trade related services significantly reducing transaction times.

The National Aid for Trade (AfT) Strategy 2016 – 2019 which matches donor funding with the country's needs with the intent of building trade capacity and infrastructure is very important at a time when the country's resources require prudent management. The strategy provides the Government with a structured programme of trade related project interventions. This is supported by donors and a framework for mobilizing resources to address national trade priorities while providing our exporters with greater access to resources to address critical constraints that hinder their capacity to trade.

The Metrology Act and the upcoming commissioning of the Trinidad and Tobago Bureau of Standards' Mass Comparator Facility for instance will add value to the country's infrastructure by improving the quantification processes necessary for the conduct of transactions. This will further facilitate the ease of doing business and assist in meeting the changing needs of businesses by providing assurance to both consumers and producers. Both mechanisms will also provide the quality reference point and the universal language for exchange of goods and services as Trinidad and Tobago continues to expand its stock of measurement infrastructure to match the growing demands on industry.

The Cabinet approved National Quality Policy when approved by Cabinet will support the establishment of an enabling quality infrastructure for businesses and local enterprises in reaping the benefits of global trading opportunities while also impacting our competitiveness. Recent efforts to further mobilise resources at the Fair Trading Commission (FTC) including the appointment of the FTC's Commissioners only last week also signal the continued inclusion of businesses in activities intended to expand trade and add value to the local business environment.

In creating an enabling business environment several trade facilitation agreements also support expansion. Additionally, a variety of supplemental initiatives at the Ministry of Trade and Industry provide incentives and opportunities which support as said before continued diversification of the economy with sustainable activities. Entrepreneurs are encouraged to exploit these options to help grow business and trade.

As the world shifts, influential international trade partners recalibrate relations and adjustments in production occur, the country must continue to adjust its response to the dynamic global trading environment cognizant of the benefits to be accrued from exploitation of international trading opportunities. This requires input from all fronts and a concerted effort to recalibrate our businesses and our trading relationships. While the Government must lead, committed collaboration by all is critical to the transformation of Trinidad and Tobago's trading environment.

In closing, I wish to thank the University for the inviting me once again to this event. To the students and faculty, I wish you every success and encourage you to continue your active involvement in the country's development. It is anticipated that the intent of the symposium to emerge with workable solutions as we strive to diversify the economy will be achieved.

I thank you.