



Government of the Republic of Trinidad and Tobago

Ministry of Trade and Industry

“The Importance of Credit Unions to Trade & Business Development”

ADDRESS

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

NOVEMBER 24TH, 2020

Good morning

It is my pleasure to join you today virtually at this signal event to speak on the “*Importance of Credit Unions to Trade and Business Development*”-*Connecting with RHAND*. I wish to acknowledge RHAND Credit Union and Youth Business Trinidad and Tobago for hosting this two-day event. It is appropriately themed given the critical role financial institutions, including Credit Unions, have in providing targeted and niche financing solutions and support services to facilitate trade and business development particular to the micro and small businesses.

Introduction

I can think of no better time to speak on the role and importance of Credit Unions to Trade and Business Development than now as only last week we commemorated Global Entrepreneurship Week (GEW) 2020. I take this opportunity to acknowledge the contributions made by various businesses and captains of industry in transforming the economic landscape of Trinidad and Tobago.

These contributions overtime have been as a result of meaningful collaboration between the public and private sectors. Now more than ever, there is a need to promote even more innovation, further develop successful business ecosystems, establish local, regional and international value chains and remove barriers to business growth and development. **The discussions must inevitably address access to financing for entrepreneurs including the younger generation.**

The Role of the Credit Union Movement in T&T

This Government recognizes the significant role of the Credit Union Movement in sustaining families, building communities and supporting businesses. To this end, Cabinet approved the establishment of a Ministerial Sub-committee in early 2019, to determine the future role of the Credit Union sector in national development. It was my distinct pleasure to serve on this Committee and to engage with a variety of related stakeholders in this process which is ongoing under the aegis of the Ministry of Youth Development and National Service which now has responsibility for Small Enterprise Development and Credit Unions. That Ministry is in the process of setting up a Committee to implement the Cabinet’s decisions to be established by December 2020.

There is more that we are streamlining as a Government with regard to Credit Unions.

Credit Unions are critical to the growth and development of many developing countries as they are a front line financial institution that offers a range of financing opportunities that may not be available from other traditional sources of financing. As a former banker I am familiar with the unique services offered by Credit Unions and the various niche financing solutions provided to address the needs of individuals and Micro, Small and Medium-sized Enterprises (MSMEs).

Credit unions contribute to economic growth and development of the wider community by mobilizing significant volumes of savings and providing affordable terms and conditions for loans. According to data from the Ministry of Youth Development and National Service the number of Credit Unions stands at over 120 with the Total Value of Outstanding Members' Loans in the vicinity of **TT\$10 Bn** and the value of Loans Granted Annually amounting to approximately **TT\$3 Bn**. By no means is this considered insignificant.

According to the Committee's Report on the Future Role of the Credit Union Sector in National Development, Credit Unions contribute over **5.6%** to Trinidad and Tobago's GDP and account for in excess of **4%** of the country's financial assets. Again, the Sector is therefore not an insignificant contributor to the social and economic fabric of our country, and is a welcomed partner in an era of tumultuous global shocks.

COVID-19 Pandemic

The COVID-19 Pandemic has severely impacted all countries from the most powerful to the most vulnerable by either stalling or reversing their growth trajectory. Countries are now faced with the arduous task of shoring up health care systems and resuscitating their economies. These objectives require specialized financing facilities and key financial advisory services to allow individuals and businesses to recover or restart their lives and operations.

Government Support to Credit Unions during the Pandemic

As part of the response to the Pandemic, the Government rendered support to the Credit Union Movement to mitigate the impact on its Shareholders. A tangible manifestation of this is the provision of a **TT\$100 Million** financial support facility to the Credit Union Movement to provide low interest loans to their members with a long repayment period beginning after the situation normalizes. This was further supported by another **TT\$100 Million**.

The objective of the Programme was to provide liquidity support to individuals and small businesses who qualify for credit union loans. These loans attracted a reduced interest rate of 50% of the existing credit union interest rate with funding support from the Government.

Whilst we recognize the reach of the credit union sector in bringing relief to households and sustaining industries, whether they are fledgling enterprises or those that export, let us agree that the Movement can extend, in a substantial way, its intervention in providing other business services to SMEs. I say so recognizing the minimal uptake by businesses in the COVID facilities extended. One can only look at the asset base of many of your institutions and know that business facilities to entrepreneurs can be expanded suitably tailored.

Focus on Youth Entrepreneurship, Research, Development, Innovation and Financing

In order to navigate our economy out of the negative effects of the Pandemic there must be greater focus on entrepreneurship and also youth entrepreneurship, business financing and the development of a culture of Research, Development and Innovation. These elements are key tenets of Government's National Development Strategy (NDS) 2016-2030 – Vision 2030 and the dedicated Road to Recovery Report which outlines such initiatives, among others, for the transformation of the domestic economy. Credit Unions must play their part.

National Youth Policy

A clear example of the Government's focus on youth is the establishment by the Honourable Prime Minister of a Ministry dedicated to young persons – the Ministry of Youth Development and National Service which also has responsibility for small enterprise development, as I alluded to earlier. This Ministry will oversee implementation of the National Youth Policy for Trinidad and Tobago (2020-2025) which was developed in collaboration with the Commonwealth Youth Council; CARICOM Youth Ambassadors; Trinidad Youth Council; Tobago Youth Council; Faith Based Organizations and Differently Abled Organizations.

The National Youth Policy aims to ensure youth involvement and inclusion in the decision making process in various areas of activity including political, social, economic and environmental. The Policy also speaks to creating economic opportunities for the nation's youth and areas in which young persons can engage in entrepreneurship.

Emerging Opportunities

As we in Trinidad and Tobago and the world adapt to a ***New Normal***, a myriad of opportunities for businesses exist. As Stanford economist Paul Romer once stated *“a crisis is a terrible thing to waste” – In times of crisis, opportunities emerge, and creativity, innovation, and entrepreneurship are inspired.*

Manufacturing Sector

To this end, the Ministry of Trade and Industry is resolute in growing the non-energy sector, particularly manufacturing which is the third largest contributor to Trinidad and Tobago's Gross Domestic Product (GDP), generating over TT\$30 Bn or 19.4% of GDP, and employing approximately 52,000 persons annually.

To adequately address these challenges and limitations and promote the sector, a Manufacturing Policy for Trinidad and Tobago 2020-2025 is being finalised, aimed at transforming the sector into one that is globally competitive, productive, and innovative, utilizing advanced technologies and environmentally friendly practices.

The Policy is designed to promote high-valued manufacturing in priority sectors, such as, food products (including agro-processed products), beverages (alcoholic and non-alcoholic), paper and paper-related products, pharmaceuticals and mineral products, plastic and rubber products, glass products, wood products, ferrous metals (iron and steel), and miscellaneous manufacturing (leather and craft). These are but some of the business opportunities that can be pursued by entrepreneurs who, at some stage, will welcome access to financing that the credit union's structure can facilitate.

Services Sector

The Services Sector is also an area of economic activity with tremendous potential. According to the Trinidad and Tobago Trade Policy-TTTP (2019-2023) the Sector accounts for more than 60 percent of the country's GDP and employs over 70 percent of the working population.

Consistent with Vision 2030 and the national Trade Policy the Government has a robust agenda for building the export capability of various services sub-sectors. Those sub-sectors under the remit of the Ministry of Trade and Industry include the Creative Industries (Film, Fashion, Music) and the Maritime Sector (including yachting, ship repair, dry-docking and transshipment). Financial services represent another targeted sub-sector for expansion within the country's Trade Policy including the services offered by the Credit Union Movement.

The Agricultural Sector remains full of opportunities.

Government Financing Support to Non-energy Sector

In order to promote and develop the above-mentioned sectors the Government has developed a suite of financing mechanisms to assist firms in undertaking targeted economic activities including those related to research, development, innovation and investment in capital equipment and machinery; this in addition to a myriad of available incentives.

Opportunities for Financing

The financing provided by the Government is however limited and only targeted to specific activities. This is where the opportunities provided by the state must marry the financing mechanisms from the private sector.

There is also a financing gap in terms of dedicated financing options to support MSMEs and ensure business continuity. In addition, there is also the need for financing for new entrepreneurs with innovative ideas as well as, financing for new product development, marketing and commercialization. Some of these initiatives may be deemed to be risky with long gestation and lengthy payback periods and may not qualify for financing under other conventionally used sources of financing.

It is for ventures like these that the Credit Union Movement has a decided role to play with tailored packaging and a strong business advisory role.

Transformation of the Economy

e-Commerce

As entrepreneurs reach out to the Credit Union sector for support, I want to encourage those of you here today to actively pursue an e-commerce platform for your business. The Government remains committed to providing an enabling environment for the use of e-commerce and a suitable e-payment mechanism. This has the potential to widen your market share locally, regionally and beyond.

SheTrades Hub

I must take the opportunity to highlight the SheTrades Hub which was launched in Trinidad and Tobago last month with technical assistance from the International Trade Centre (ITC) in Geneva. This Programme targets Female Entrepreneurs and provides the necessary support services to allow them to place their businesses online. This initiative will ensure that Female Entrepreneurs connect with over 3 Mn Female Entrepreneurs globally, as well as expanding their reach to many global communities.

Doing Business Reforms

The Government is focused on implementing a series of reforms geared towards streamlining the way we do business in Trinidad and Tobago. Some reforms include:

- **End-to-End electronic processing of Customs Declarations** which allows for fully electronic processing of declaration data
- **Increased interoperability** between the Ports and the Customs and Excise Division
- **Increased interoperability** between the Customs and Excise Division and the Single Electronic Window (SEW)
- **Streamlining and Expansion of new e-Services under the Single Electronic Window** to Agencies, such as the Fisheries Division of the Ministry of Agriculture, Land and Fisheries.
- The automation of **Construction Permits**
- The creation of a **Secured Transactions** regime
- Implementation of a **Port Community System** (an online platform that manages and automates smooth port and logistics processes through a single submission of data).

Conclusion

The slump in energy prices and the COVID-19 Pandemic have created challenges for our country but with that have come unexpected opportunities with new tools and platforms that can take us beyond the known horizons.

The Government recognizes that all hands are needed on deck. This involves the participation of all stakeholders including the Credit Union Movement and Entrepreneurs including our nation's young businessmen and women. In closing, I wish you a successful forum over the next two days and I look forward to fruitful collaboration with the Credit Union Movement and Youth Business Trinidad and Tobago.

I thank you.