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THE BUSINESS CLIMATE IN TRINIDAD AND TOBAGO  
THROUGH THE EYES OF THE PRIVATE SECTOR

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The views expressed herein are those of the author and do not necessarily reflect those of the Organization.

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**THE BUSINESS CLIMATE IN TRINIDAD AND TOBAGO  
THROUGH THE EYES OF THE PRIVATE SECTOR**

**1.0 Introduction**

The private sector is increasingly called upon to trigger economic development in the Caribbean. Governments use investment incentives to stimulate private sector activity and promote privatization as a way to increase efficiency and solve public sector deficiencies. A larger role for the private companies in the development process seems to be regarded as being desirable and inevitable.

How is this trend perceived by the private sector itself, and how does it view the Government policy and the market situation in the light thereof?

**2.0 Survey structure**

This paper is based on interviews with the executive officers of 20 companies in Trinidad and Tobago. The sample comprised manufacturers, financial institutions, service companies, distributors, transport and development organizations. The respondents were asked to comment on how they perceived the business climate in relation to the macroeconomic policy, investment incentives, labour, trade unions, the market, the economy's medium-term view, legislation, infrastructure, financial services, regional and international agreements on trade and cooperation, free zones and privatization. They were also asked to indicate what they regarded as major threats and problems for business expansion, and in which areas they saw major opportunities. In addition, several respondents came up with suggestions for improvement of the investment climate.

**3.0 The outcome**

The vast majority of the people approached were cooperative. With one exception, all the respondents were men. Most of them gave a view, depending on their line of business and their position in the company, which caused inevitable gaps in the response since, most executives have experience in only part of the areas discussed. Some, who had an additional job in an interest-group or in a policy advisory committee to the Government, gave a view that did not necessarily coincide with that of their company. On some points there was no clear opinion expressed or respondents took a neutral position, which explains the empty spaces in the response table (see Appendix 1). Hereunder follows a point-by-point outline of the major issues discussed, the views expressed by the majority and the main deviating opinions.

**3.1 Macroeconomic policy of the Government**

The macroeconomic policy of the Government received almost full support from the respondents. On the required pace of adjustment, however, there was a split in opinions. Some considered the pace too slow, as they argued that the total discomfort of reform remained the same, irrespective of the pace at which reform was pursued. They advocated more vigorously conducted reforms and referred to Jamaica, where too much graduality had prevented the expected results of economic stability and growth. The other group thought, that a slower pace would facilitate closer monitoring and steering of the reform process, and generate more time to study the actual impact of the policies and to prepare for its consequences. Due to the fast pace of restructuring, there was no safety-net put into place to alleviate the unemployment resulting from retrenchment. In addition, allegedly, middle managers could have triggered further economic growth, if there had been a mechanism in place to provide them with venture capital. In both groups, however, people shared the feeling, that Trinidad and

Tobago had not much choice but to accept the policies induced by the International Monetary Fund (IMF) and its pace of implementation, given the foreign debt problem of the country.

One respondent, however, saw the Government's policy and the related opening up of the borders, as forced upon the Caribbean countries by the United States of America via the IMF, in order to ensure access to these markets and hence solve its balance-of-payments problem.

Another believed that the IMF policy served the multinationals' interest and not the interest of Trinidad and Tobago.

Several indicated the need for the Government to pursue more vigorously the reduction in recurrent expenditure in favour of capital expenditure.

### 3.1.1 Interest rate policy

The relatively high interest rate paid on Trinidad and Tobago dollar loans was considered a disincentive, for both new investment and reinvestment. For companies, particularly those with little tangible assets (for example, service companies), borrowing was reported to be costly. The manufacturers indicated the rate as high, but fair. The high interest rate stimulated companies to borrow in the recently developed United States dollar market. However, cheaper funds abroad could only be accessed by the larger companies, leaving the smaller ones to suffer high local borrowing costs.

It was remarked that the interest rate was only used as an instrument to support the currency and to prevent the psychological effect of a devaluation, which would imply, according to some, that the Government did not see a serious possibility for any small business to develop, since they were the ones in need of low start-up interest rates.

One noted further that the wide gap between the lending and deposit rates reflected the need for more competition in the banking sector.

### 3.1.2 Foreign exchange rate policy

In general, the policy was regarded as satisfactory. The floating of the Trinidad and Tobago dollar in April 1993 had given a boost primarily to the exporters.

One person suggested that a floating rate was not necessary for Trinidad and Tobago, and advocated the introduction of the United States dollar as the country's currency.

A major shortcoming reported in the legislation was the obligation to settle all payments and receipts in the Trinidad and Tobago dollar for parties dealing only with foreign currency. Companies paying the United States dollar for their input and receiving the United States dollar for their output, incurred a 3 per cent exchange loss on each transaction in this way.

### 3.1.3 Taxes

The majority held the view that corporation taxes were too high, in comparison to what was obtained for it. Added to that, the tax system was inefficient, due to the massive related paperwork. It was said that the high tax level invited companies to avoid tax payments by holding two sets of books and over-invoicing. Bringing down the tax rate to a substantially lower level, like 20 per cent, was suggested as a measure to make the trouble of tax avoidance

unprofitable and hence increase the taxpayers' base. By this measure, the Government need not fear a decrease in revenue, but might even experience an increase.

Companies that had access to foreign credit felt penalized by the 15 per cent withholding tax on money borrowed abroad, and therefore advocated its abolishment.

Another criticism concerned the long time it took to get a refund of the 15 per cent Value Added Tax (VAT). The recorded time was about six months, which could be very costly for a starting entrepreneur who could not yet utilize tax-credits.

#### 3.1.4 Investment incentives

In general, it was noted that there were too few incentives; some respondents were even unaware of their existence. Several incentives, nevertheless, were widely used, such as the lower corporation tax for extraregional exporters and the tax-holidays for hotel projects. In addition, the export allowance for promotion and assistance was mentioned as familiar. A complaint was that most incentives were directed towards the manufacturers and almost none to the service or transport sector.

One respondent argued that the existence of incentives signified that the taxes were too high. Instead of giving starting companies a tax-holiday, and so effectively leaving the burden with tax payers, he favoured a significantly lower and non-discriminating corporate tax.

### 3.2 Infrastructure

Everybody seemed to agree that the physical infrastructure was in a deplorable state, but the opinions varied as to the extent to which it impeded investment.

Expansion and increased maintenance, for both the water supply and the road network, were deemed urgently necessary. Other candidates mentioned for infrastructural improvement were Piarco International Airport and the electricity supply. A shortage of housing was also noted.

The health system and the education system were noted to be deteriorating due to both an economic and a social problem. As one respondent put it: the social problem in education is reportedly caused by the after-independence mentality of 'everybody equal', boiling down to 'everybody equal at the lowest level'. Hence leading to a decay in quality and quantity of graduates.

The port service in Point Lisas was found to be adequate, and reportedly better than the service at the Port-of-Spain Port. The latter was highly under-utilized, due to the economic depression and the competition from the port at Point Lisas.

After partial privatization the telephone service had improved.

The infrastructure at the industrial estates, with reasonable leasing rates, was found to be a positive factor.

One respondent mentioned that he thought the overall infrastructure inadequate to establish a financial centre or to become the springboard to Latin America. While the infrastructure seemed acceptable at current levels of economic performance, bottlenecks might emerge as soon as the economy expanded again.

### 3.3 Crime

Everybody agreed that crime was one of the major problems in Trinidad and Tobago, and that it should be treated with the highest priority by the Government. It was believed to be more of an impediment to foreign than to local investors. A few reported increased costs due to safety measures as well as increased robbery. Social unrest escalating in a replay of the 1990 uprising was even envisioned by some.

### 3.4 Labour and the unions

#### 3.4.1 Labour

Everybody appeared satisfied with both the quality and quantity of labour. There was, however, mentioned a shortage of middle managers in marketing, and an increase in illiterate people.

Regarding the remuneration to labour and its competitiveness, the opinions were divided. Although the floating of the Trinidad and Tobago dollar in April 1993 brought with it a 30 per cent devaluation, some still thought the wages were too high when compared to Latin America. The oil and energy sector were said to pay relatively generous salaries, and might need to restrain any increases. One respondent advocated the need to hold profit and dividend distributions as well, and to follow an active incomes policy. This policy should address the redistribution of income to the poorest in the society, by providing a safety net.

#### 3.4.2 Unions

The general feeling was that the unions had a role to play and were more reasonable than was sometimes reported in the newspapers. In negotiations there was always a satisfactory outcome to both parties. It was recognized that the negative publicity could discourage foreign investors. Some believed, however, that international companies had enough experience with unions elsewhere in the world to make this not a decisive obstacle. Others urged the unions to look around at what was happening in the world and direct their policy towards an increase in job security and productivity. Their opposition to the privatization process furthermore prevented the Government from more disclosure to the public which harmed the process and its outcome.

### 3.5 Government regulation and legislation

Without exception, all respondents were displeased with the Government regulation and legislation. Major points of criticism are outlined hereunder.

#### 3.5.1 Legislation

The general complaint heard was that the more than 50-years- old legislation was no longer applicable to these modern times. It was based too much on conventional wisdom rather than on study. Necessary amendments were understood to take too long to become effected, due to lack of legal drafting staff. The existing legislation was not transparent, sometimes contradictory, and clear lines of authority were missing. A need for deregulation was indicated.



#### Foreign Investment Act 1990

The criticism of this Act concentrated on two issues. Firstly, was the obligation, as outlined in Section 10 of the Act, for foreign investors to pay all shares and land investments in foreign currencies through an authorized dealer. In case the seller of the shares or the land wanted to receive foreign currency, a double exchange loss was incurred. Secondly, the restraint on land acquisition by foreigners reportedly required lengthy procedures.

#### The Retrenchment and Severance Act 1985

Although this Act made provisions for severance pay in the event of redundancy, in practice non-compliance was not punished. This was said to create little confidence in both employers and Government.

Other acts that were due for urgent revision were the Corporation Act, and the Insurance Act, regulating the supervision of the insurance sector. The current Securities Industry Act raised legal questions since the board members were the stockbrokers themselves.

One person said the Venture Capital Act should be passed to give a stimulus to investment.

#### **3.5.2 Interaction with public officials**

Government was said to seek too little consultation with specialized organizations on topics where this could have been propitious. Overall communication with officials was considered tiresome, one respondent citing that, it took three months to get an appointment with an official of the Central Bank. The attitude of the officials was also a point of concern, and it was said that a mentality change in civil servants should be pursued, in order for them to act as servers rather than as gods. In addition to an attitude change, one also indicated that a further cut in bureaucracy, especially in connection with the issuance of licenses and approvals was desirable.

Several people marked customs' action as slow, obstructive and unclear. No manual of the procedures to be followed was available.

The Ministry of Agriculture was reportedly not helpful to anyone who needed their services.

#### Housing and Land

The procedures in the departments of Land and Survey, and Town and Country Planning were so lengthy that many local companies started construction anticipating a building permit. For a permit, up to 22 different approvals were needed. For foreign companies that were less likely to break the law, in this respect, this was a major impediment.

#### **3.5.3 Investment promotion institutions**

Institutions to promote investment were not considered adequate in their current form. Procedures were reported to be unclear, tiresome and repetitive. Many respondents were still hoping for the long discussed one-stop-shop to be put in place. The establishment of the Tourism and Industrial Development Company of Trinidad and Tobago (TIDCO) could be a step in the right direction, but its instalment was too slow and surrounded by controversy.

#### 3.5.4 Export and import regulation

One manufacturer advocated a domestic anti-dumping regulation to protect against the dumping of foreign subsidized products. The 5 per cent duty on imports of raw materials was also said to hurt the manufacturing industry and make the manufacturers' exports even more uncompetitive. Exporters protested further about the delay in export rebates.

### 3.6 Financial institutions

#### 3.6.1 Stock Exchange

Most of the companies currently listed on the stock exchange were former foreign companies that were nationalized or localized. The problems surrounding the stock exchange were said to be related to its organizational structure and to the environment in which it had to operate. Regarding the structure, the main point of criticism was the board that consisted of members which were the stock brokers themselves. This permitted manipulation, which undermined the confidence of the investors. The other factors mentioned were the limited capitalization, the primitive trading system, the lack of venture capital and the lack of information.

A suggestion for improvement was the creation of a speculative market with cheaper stocks, and an impartial monitoring and servicing body. Access to listing at the exchange should also be relaxed. Real-time and cross listing were also advised to improve the functioning of the exchange. Increased intervention of the Government was mentioned as necessary to reanimate the exchange. One of the interviewees suggested that it force the newly privatized companies to list their shares, and encourage listing via tax-benefits and other incentives, to boost stock exchange activity.

The regional stock exchange was reportedly unsuccessful due to the lack of transparency of, and knowledge about the markets in the other countries, and due to the foreign exchange risk incurred by the investors. Some saw a future for a Caribbean exchange, on the condition that the restrictions on currency movement were removed.

The bond exchange that recently opened up might be improved if the trade was computerized, since the current need for physical presence at the exchange made trading cumbersome.

A respondent actively involved in the local stock market saw a larger role for the exchange in the future, as the economy expands. Companies that survive the shake-out and that start producing on a global competitive base, undoubtedly would need new capital. Currently these companies were protected and financed on rather favorable terms by the local banks or on a small scale by private capital. However, after Trinidad and Tobago had become fully exposed to global competition that would not suffice.

#### 3.6.2 Banking sector

Service by the banking sector was said to be satisfactory, with the range of products constantly broadening. The conservative lending policies were giving place to more competitive ones. Lending in United States dollars was an area which could have been further explored, as well as the provision of venture capital, and the extension of mezzanine development capital for starting entrepreneurs.

Trinidad and Tobago, as a financial centre of the region was considered by some as an illusion, given the advantage of other countries like Barbados, with

respect to laws, offshore industry and infrastructure. Others mentioned Jamaica as being far ahead in becoming the financial centre of the Caribbean. The banking sector, however, saw sufficient opportunities and niches which could be exploited. It pointed to the broad range of financial services that were available, covering development financing, commercial banking, investment banking, mortgages, secondary mortgages, unit trusts and mutual funds. A process of establishing new alliances with major international financial institutions was further mentioned as a development that should improve and broaden the banks' services.

### 3.6.3 Insurance

Comments on the insurance business in the region could be divided into two categories. One related to the premiums and the other related to the future of the insurance companies in the region.

#### Insurance premiums

Due to natural disasters in the last years and the increase in crime, premiums had increased substantially. Some companies therefore turned to self-insurance, insuring only third party risk while setting aside funds for their own risk.

#### The future of the insurance industry

The insurance market was overcrowded, with many weak players. Mergers and consolidations were expected, not only between insurers but also with banks.

### 3.7 Trinidad and Tobago and international agreements

Unanimous, bilateral and multilateral agreements were welcomed by those interviewed as major contributors to economic development and growth. Bilateral agreements especially with Venezuela, Colombia and Mexico, should be sought. Nevertheless, the ideas people had about North American Free Trade Agreement (NAFTA) and Caribbean Community (CARICOM) diverged.

#### 3.7.1 NAFTA

Most respondents shared the opinion that Trinidad and Tobago should join NAFTA. An opposing view came mainly from those who saw no competitive advantage (particularly in the food industry), for Trinidad and Tobago compared to the other NAFTA members. They feared that the opening up of the country would lead to a flood of cheap imports which would consequently kill the local manufacturers, hence their advice to stick to the import-substitution model. Skeptics thought that even if there was a competitive advantage, it would probably have been overruled by unilateral protective measures by the other more powerful NAFTA member States.

Advocates of entry stated that staying out would make it very difficult to access the North American markets, the main export market for products from Trinidad and Tobago. In order for the latter not to be only a recipient, but also a player, investment was deemed necessary. Several respondents thought it was necessary to urge for protection for certain industries since trade agreements typically operated better if equal partners had negotiated them. Fostering of the vulnerable home industry, in the early years of the agreement, should be defended in the bargaining process.

A multidisciplinary group should negotiate entry to NAFTA. It should conduct a study to ascertain what degree of adjustment was needed and what would be the expected return before getting involved in NAFTA. In this context, the

list of exclusions attached to the bill should also be carefully studied. Some protection to foster industry was put forward as an issue for inclusion in an agreement.

Although it was recognized that the negotiating position for entrance would be stronger if all CARICOM States would apply at the same time, sole application of Trinidad and Tobago was considered necessary, given the unpreparedness of most of the other CARICOM States. In the talks with the NAFTA States, however, the regional interests should be taken into account, so that sole entrance of this country would not affect the existing levels of economic activity within CARICOM.

One manufacturer, though in favor of joining NAFTA, expressed his doubts about the usefulness in the short term, because the United States and Canada tended to require strict quality and security certifications. These certifications were usually not attached to export products from the Caribbean, because of the costs involved. In future, certification of products for the American market was something that would have to be pursued.

### 3.7.2 CARICOM/Association of Caribbean States (ACS)

The opinions were quite divided with respect to the functionality and the future of the Caribbean Community.

Across the board, all supported the philosophy of CARICOM, but a lot of people thought the pact did not function well, due to insularity, the lack of will on the Governments' side, the lack of freedom of movement of people and money and the endurance of barriers among the member States. Several examples of its malfunctioning were mentioned. For trade between Trinidad and Tobago and Barbados, import and export licensing still existed. Furthermore, Barbados was said to use a 10 per cent penalty on asset acquisition by foreigners which was also applicable to CARICOM citizens. The similarity of the islands' economies was said to impede the functioning of the Common Market, since there were few complementarities to be exploited. Logistics among the islands were bad, and local currency trading was difficult. One respondent commented that the report of the West Indian Commission should have been followed up more closely.

For local manufacturers the wall around CARICOM provided a tariff protection from manufacturers outside the Community, giving them the opportunity to increase their profits. This would, however, change with the full introduction of the Common External Tariff (CET).

Few respondents had clear expectations regarding the future of the ACS. One stressed the fact that CARICOM was born out of the import substitution paradigm. Now that the policy changes in Jamaica and Trinidad and Tobago made the wall around the Community no longer sustainable, the other member States would have to change policy accordingly to make the ACS a success. Pessimists saw CARICOM and ACS mainly as a forum for discussion, without leading to any concrete outcome or benefits. Several respondents thought this regional group made sense only on a cultural and sports level, but not on an economic level.

### 3.7.3 Lomé and Caribbean Basin Initiative (CBI)

Lomé was reported to have created benefits especially for the manufacturing industry, for example in case of the 15 per cent price advantage for the African Caribbean and Pacific (ACP) suppliers compared to the European Community (EC) suppliers, and for export to the French islands in the Caribbean. Nevertheless, some respondents thought that Lomé and CBI could have been more beneficial, if Trinidad and Tobago had been better organized.

Although Lomé was beneficial, its quota structure was also said to cause a problem in finding new investors. These quotas implied a restraint on production and limited autonomous growth prospects. Hence the local manufacturer became less attractive for investors.

The concern was shared that Lomé would become less beneficial, firstly because the European Union (EU) was changing its approach to give relatively more to the poorer ACP countries; and secondly, because of the policies of the General Agreement on Tariffs and Trade (GATT). Respondents indicated that the private sector in Trinidad and Tobago had anticipated the extinction of these preferential access treaties, and was preparing for the global markets.

### 3.8 The Free Zone in Trinidad and Tobago

The idea of Free Zone seemed widely accepted as a positive development, in spite of the negative publicity that it received in the beginning. The delay in the implementation of the Free Zone made most respond with caution. This delay was reportedly caused by the poor legislation, the lack of physical facilities and the unclear customs regulations. The expectation was that new capital intensive industries, especially, would come to the free zone to benefit from the relatively cheap energy provision. Although room was made for banks and insurance companies in the Free Zone legislation, the Financial Act prohibited their incorporation in the Free Zone. Currently, the Free Zone was used by a teleport, an iron ore processing plant of NUCOR (using the cheap natural gas), and a food manufacturer, producing on its own premises. A fish and shrimp company would start operation this year. In the meantime, another company with its production plant in Brazil was considering establishment of a repackaging centre for smaller lots to be distributed in the region.

It was now possible to start free zone activities on premises outside the designated area at Point Lisas. This addressed the problem of resident companies that considered investments at a new site in the designated area not commercially feasible.

A disadvantage of operating in the Free Zone was that companies located there were considered extra-CARICOM suppliers, which restricted the benefits to extra-CARICOM exports only. Another point raised was that only companies exporting 90 per cent or more were eligible for use of the free zone.

Several expressed the view that the Free Zone became unnecessary, due to the reforms that were implemented.

### 3.9 Privatization

Divestment of public sector companies was recognized, by all respondents, as the right step to improve their service and efficiency, and cut the bureaucracy while creating leverage for the Government to address those problems that were neglected. There were, however, recorded nuances; what companies to divest and to what extent.

In the privatization process some preferred to distinguish between typical non-profit organizations, such as justice and utilities and profit organizations. The first were regarded as more the domain of the Government, because commercial rates for basic needs could not be paid by all citizens. The typical profit organizations could be taken care of by the private sector. In the case of (unprofitable) institutions, like LIAT and the West Indies Shipping Company, originally established to promote regional trade and interaction, the consequences of divestment should be carefully considered.

Several persons criticized the Government for the lack of disclosure in the divestment process, which was judged as intended to prevent the undesirable intervention of the unions.

Within the private sector, some companies indicated that they might be interested in taking over specific privatized companies. It was also suggested that the competitiveness of the new privatized companies could be improved by allowing access to the market by others, and so abolish monopolies.

One person questioned the capability of local managers to lead the privatized firms, and posited that foreign expertise would have to be brought in. Furthermore, divestment should be done one case at a time, in order to learn from previous cases and correct possible mistakes. During the process potential corruption should be addressed.

### **3.10 Medium- and long-term views**

For the short-term, most respondents saw few improvements in the economic situation. In the medium term, they envisaged sustainable growth, on condition that the Government pursued consistent policies. The coming two years would first have to be used to solve the country's debt problem. Seeking debt forgiveness was not regarded as desirable, since it would imply Trinidad and Tobago forgiving debt outstanding with Guyana.

A positive sign was seen in the TT\$ 44 million monthly increase in exports from the manufacturing industry.

One respondent was positive about the future and noted that the economy was turning around, although it took time for the public to see the results. He indicated that in any process, numerous new problems arose for every problem solved.

If all available resources, especially gas and the pool of educated people, were economically used, there was reason to have faith in the future.

## **4.0 Opportunities, suggestions, problems and threats**

The respondents were asked, whether they saw any major opportunities, problems or threats in relation to the economic development of Trinidad and Tobago and, whether they had any suggestions which did not surface during the first part of the interview. Hereunder are summarized the main responses:

### **4.1 Opportunities and suggestions**

Joint ventures with foreign companies were desirable and should be pursued more vigorously in order to bring in trade expertise and access to finance, technology and markets. Latin America was an underdeveloped market, with respect to the insurance business, where Caribbean companies could only get access by forming joint ventures with local companies.

Trinidad and Tobago should exploit its natural resources such as natural gas, energy, petroleum and petrochemicals more aggressively, and take advantage of its strategic location. Simultaneously, downstream industries could be developed. Given the high capital investment needs, it should be accepted that the energy sector will probably remain under foreign control.

The agricultural sector had potential in exotics. To stimulate agriculture the land tax should be revised, since now the tax on commercial land was equal to tax on agricultural land.

Guyana, as a natural resource-rich country could be the basis of a new Thrust to be developed in Trinidad and Tobago.

Debt-for-equity swaps had become easier after the Exchange Control Act was amended in 1993 and could be innovatively used in order to reduce sovereign debt and stimulate economic growth.

Niches should be sought, while technology and management should be improved, for example, in the marine business.

Light manufacturing could develop in case of freight inefficient products, like PVC pipes. Tourism-related infrastructure and training should be developed.

Tourism had to be pursued further in Tobago, taking into account the new competition from Cuba.

Possible areas for development might be in assembly, garment stitching, and the software industry.

Opportunities in the computer business and in the communications field should be examined and worked out taking the mature well-skilled workforce into account.

The Trinidad and Tobago Government should concentrate on creating a new environment attractive for investors, offering them a stable climate to do their business, whereby Trinidad and Tobago receives the royalties and tax.

A larger safety net should be established for the unemployed. Jobs could be generated in construction, directed at infrastructure and housing, and services especially in tourism.

Development and/or venture capital were mentioned as needs for starting entrepreneurs. One target group for this was the retrenched middle managers who had the know-how and vitality to set up a viable business. The banks should be encouraged to provide venture capital for new investments.

There was need to increase the access to information on products, markets, health, technology, social organization and environment, to facilitate policy-making by companies. It was suggested to cut corporate tax and encourage the private sector to spend these funds on training staff and creating jobs in distribution, sales, service and tourism.

It was proposed to make Spanish a mandatory second language in school, since more and more companies were requiring Spanish-speaking staff, in preparation for trade with the South American continent.

Initiative from citizens, including self-help, needed to be encouraged. The Government could not be solely responsible.

A fierce opponent of the liberalization policy suggested that, rather than listening to the United States, the IMF and the EU, the Caribbean islands should make their own plan. This plan should focus on generating revenues without trade liberalization and concentrate on those products which earn foreign exchange. Furthermore, this plan should determine what level of protection is deemed necessary to guarantee employment and it should investigate how self-sustaining and profitable the region was.

A food manufacturer suggested abolishing of the obligation to buy sugar and milk from Trinidad and Tobago at higher prices than were available on the world market. This would at least be something to counterbalance the negative aspects of producing locally.

#### 4.2 Problems and threats

Generally, the main problem remained one of development of small island States which lacked economies of scale. Most respondents thought that some protection for these countries was justified.

The national market was deemed to be too small to be a viable playing field for any industry that required some larger scale of operation. The 1.2 million population with a bare 33 per cent in the higher income category, simply did not have the required purchasing power. Some people were, however, puzzled by the explosive supply of newspapers, television and radio stations and cable networks, that seemed not justified by the small market.

Some companies mentioned a further devaluation as a major threat. Another 1990 uprising, illicit drugs trafficking and unemployment were frequently mentioned. Unemployment might lead to social unrest.

One respondent complained about the level and orientation of students graduating from the University of the West Indies (UWI). He deemed necessary a change in the philosophy of teaching in UWI, in order to focus more on export instead of import substitution.

Some people were afraid that the Trinidad and Tobago Manufacturing Association's (TTMA) lobby with the Government would succeed in pushing through anti-dumping legislation to restrict imports, reversing policy again.

For the foreign investor, crime was seen as an impediment, and for the constantly raided smaller entrepreneur a matter of life and death.

The high external debt was seen as a problem as it impeded easy access to the international financial markets.



Private sector companies' opinion on selected economic and social issues in Trinidad & Tobago

(PnsSat2.wk1)

(*)	Sector	Macro										Stock Exchange	Funding				
		Policy	Interest Rate	Forex Rate	Policy	Taxes	Investment Incentives	IMF policy	Infra-Structure	Port Services	Labour Wages			Unions	Gov't Regulation	Capital Repatriation	
1	interest group	++															
2	accountant	+	++	++	+	++	+	++	+	++	+	++	+	++	+	++	+
3	lawyer	+	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
4	advertising	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
5	dev't org.	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
6	dev't org.	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
7	banking	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
8	banking	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
9	banking	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
10	insurance/finance	+	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
11	finance	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
12	finance	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
13	finance	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
14	distribution	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
15	distribution	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
16	transport	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
17	manufacturing	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
18	manuf. food/soap	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
19	manuf. food/beverage	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
20	manuf. food/beverage	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++

(*)	Sector	T&T to		CARICOM		CBI		Free Zone		T&T Market		JV-Talks		Privatization		Debt Conversion		Major Threats	Opportunities	Problems	Suggestions
		NAFTA	ACS	ACS	LOME	LOME	Zone	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market				
1	interest group	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
2	accountant	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
3	lawyer	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
4	advertising	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
5	dev't org.	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
6	dev't org.	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
7	banking	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
8	banking	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
9	banking	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
10	insurance/finance	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
11	finance	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
12	finance	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
13	finance	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
14	distribution	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
15	distribution	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
16	transport	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
17	manufacturing	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
18	manuf. food/soap	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
19	manuf. food/beverage	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X
20	manuf. food/beverage	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++				X

(\*) : The names of the companies are not displayed in order to secure confidentiality

Meaning of the indicators:  
 --- : very bad  
 - : bad  
 0 : neutral  
 + : fair  
 ++ : good

