

**“CREATING JOBS CREATING WEALTH:
MAKING GROWTH AND DIVERSIFICATION HAPPEN.”**

Address to the Chamber of Commerce

Breakfast Meeting

The Senator the Honourable Dr Bhoendradatt Tewarie

Minister of Planning and the Economy

My respect and best wishes to the Trinidad and Tobago Chamber of Commerce.

Your institution is over a hundred years old and has given a lot to this country over time and I take the opportunity to acknowledge these facts and to express my appreciation for the enduring institution which you have built over many generations. Thank you for inviting me to share a few thoughts and ideas with you.

Madame Chairperson the Chamber means business and therefore I wish to get down immediately to business at hand which is how are we going to move Trinidad and Tobago forward to greater economic progress and higher levels of prosperity. The topic that I have chosen for this morning's presentation, therefore, is "Creating jobs creating wealth: Making growth and Diversification Happen." Jobs are important because we want more people to have sustainable livelihoods and sustainable incomes. Wealth is important because we want to grow our GDP and create a society of greater inclusion and more prosperity spread across the land. We can only do that by growing investment and targeting its impact in a

systematic way both from the public and private sectors and by increasing productivity and competitiveness across the system. And I think that we all agree that making diversification happen is an absolute imperative – we need new industries, new sectors and new clusters which we must create, beginning now, to support a different kind of export economy going forward.

We need to do these things and we need to do them through immediate action and meaningful initiatives and we need to do them together – Government, Business, Labour and Civil Society working together in a grand consensus on the priorities going forward. But let us step back a bit for a moment, and put things in perspective.

I, therefore, take the opportunity this morning to focus on seven (7) points, each of which I will address briefly:

1. The current challenge
2. The opportunities before us
3. The islands in between
4. The choices we make from a range of identifiable options
5. Where we are heading and what our likely destination is in the short to medium term
6. The process and the methodology is important – how do we get there?
7. And finally what is our vision for Trinidad and Tobago and how can we make it real?

I will start with our vision for our nation first. Our vision for Trinidad and Tobago is for economic inclusiveness, in a growth economy with greater equity and a rising tide of prosperity for all. I will repeat that:

Our vision for Trinidad and Tobago is for

Economic inclusiveness

in a growth economy

with greater equity

and a rising tide of prosperity for all.

Let us embrace that: it is a positive and meaningful vision which can be achieved if we work constructively together and which will take us in the realm of sustainable development under conditions of greater peace, harmony and prosperity.

Can we achieve this vision by continuing as we have been doing in the past? Can we do the same things in the same way and achieve this vision?

I am sure that you agree with me, ladies and gentlemen, that we need a shift in thinking, a shift in mindset, a shift in policy and a shift in emphasis and focus, if we are to achieve different results. The first major challenge is to make these necessary shifts.

Trinidad and Tobago's economy is dominated by small to medium sized enterprises and the low levels of competition in the domestic marketplace are structural problems that are difficult to overcome. Also the external environment for Trinidad and Tobago's energy products has changed as new players such as Qatar and Russia have emerged and countries such as the USA are aggressively seeking alternative sources of energy. On the supply side, our oil and gas industry is at the maturity stage of its life cycle. In addition, our fiscal position has become tighter due to a less buoyant economy, as revenue has been reduced. In terms of expenditure, there are increasing pressures for greater spending on wages and social

infrastructure, including healthcare and sustaining the level of transfers and subsidies present a major challenge.

Traditionally the economic strategy has been to utilize the revenues generated from the energy sector to fuel the economic diversification and future plans of the country. Basically, energy revenues finance public sector operational cost, social transfers, Tobago, local government and Public Sector Investment. The Government recognizes that attracting investment, both foreign and domestic remains a significant requirement for sustainable development and diversification. To attract investment, the enabling environment must be optimal, sectors must be targeted and a culture of research and innovation along with entrepreneurship must be engendered. A facilitative and supportive environment though is critical and investment intentions need to meet the requirement of a transparent and coherent set of terms and conditions, which an enabling policy framework, following which expeditious decisions regarding investment can be made.

Globalization and the rise of Brazil, Russia, India, China and South Africa (BRICS) have fundamentally changed our environment, and although, Trinidad and Tobago has done fairly well economically, it lags behind the rest of the world in productivity and innovation. Closing this gap is central to economic diversification. To be competitive, Trinidad and Tobago must seek not only to become better in its current operations, but also make quantum leaps in producing innovative products and services.

For Trinidad and Tobago, global competitiveness has four (4) dimensions: being internationally competitive within the domestic market, being competitive enough in the global market to systematically expand exports, developing local based firms with global presence and attracting international firms that regard our human talent pool as a competitive asset in a knowledge based, technologically driven economy.

So if I might summarize the challenges

1. We are now in an ideas economy rather than an industrial one and a major shift has to be made
2. The global challenge of recovery growth and job creation
3. The productivity and competitiveness challenges – reasonable per capita and GDP for our size but low competitiveness ranking.
4. The global and local energy realities
5. The emergencies of the BRICS
6. Trinidad and Tobago uses substantially more resources to achieve the level of human development we need. We are now ranked 59 on the HDI
7. Finding our way to the new economy based on mass customization, IT and product design, entrepreneurs, networks and small scale production; based on talent, speed, flexibility, customization and innovation.
8. CARICOM realities
9. Central America and wider regional neighbourhood
10. The region in a changing world
11. Revenue generation
12. Expenditure and expenditure patterns
13. Dovetailing state and positive sector spending.
14. Building consensus in fractious society
15. Changing the landscape of national engagement – government, business, labour, civil society and the Opposition working together for national development.

If these are the challenges what are the opportunities before us?

1. A more productive economy, more competitive industries, expansion of exports, investment by existing players in the economy.
 - We must bring government, business, labour and civil society together to craft a participatory, mutually supportive way forward.
2. We must strive to double export in the non-energy sector in the next two years as we sign new trade and investment agreements with the countries of Central America and Latin America. The manufacturing sector currently utilizes under 70% of capacity and the services sector has real prospects for export growth especially in the knowledge and creative services such as energy, IT, Engineering, entertainment and performance and creative concepts and design.

The point I am making here is that we can do better with what we now have and do more that we are doing now, but to do that we also have to be more alert, more progressive, and more proactive.

If we doubled non-energy exports over the next two years and were operating at near full capacity in manufacturing and expanding the services sector- what would that mean for jobs, national income, growth and market, not to mention profits.

What else do we need – well we need investment. We need investment from the existing private sector- to improve productivity and competitiveness, to expand exports, to begin to conquer the world beyond CARICOM and to diversify their investment portfolio in alignment with new markets. The Government of Trinidad and Tobago will be spending between seven (7) and eight (8) billion in the Public Sector Investment Programme over the 2011- 2012 fiscal year. The private sector at home will immediately benefit from this strategic spending across the country about 75 % of these projects in construction related activity and the rest to support transformation, innovation and diversification of the economy – Would it be too much to ask the local private sector to work with the government through their institutions and as

individual investors, businessmen and entrepreneurs to invest two (2) billion dollars (about 300 million US dollars) in the economy?

I throw it out for your consideration and I offer you the opportunity to work together to target specific areas where your investment can mean profits to you. Sustainable gains for your business with significant impact on the economy and country.

From the private sector in this country we need growth in small business through entrepreneurship, Government has a strong incentive framework for that.

But we need existing companies and new entrepreneurs to invest in some of the existing strong sectors that are being supported and boosted by Government, which have the capacity for cluster formation and value chain strengthening region wide and which can capitalize on markets in the wider hemispheric neighbourhood because of agreements being negotiated and signed with other countries.

The food and beverage sector is already strong sector that has capacity to grow. Agriculture in all its dimensions is a fundamental platform of Government's diversification thrust to address imports, food inflation, agro industry, tourism growth and exports. The financial sector is also strong and there is opportunity there as well as there is in culture, the arts and ICT. We must begin a serious collaboration to capitalize on these investment opportunities.

Ladies and gentlemen, business people and entrepreneurs- it is very difficult for a company to sustain performance in the absence of growth. And to secure growth in today's world, it is necessary to take calculated risks and to grow the appetite and the ambition for this. Joint ventures may be a way to go both at home and abroad creating partnerships that allow us both to learn and to grow as companies and to become more technologically sophisticated and innovation driven.

But what about the bigger companies among us, the conglomerates and major players in the local private sector? Already you exhausted CARICOM, what do you do now? Performance has gotten you to where you are now but performance alone will not take you much further. You need to grow and you have to rethink, to restructure, reconfigure, sharpen your focus on growth and expansion and make new things happen- the focus should be on technology and innovation, exports and markets abroad, acquisitions abroad or joint ventures and strengthening cross border clusters.

If government has to think differently about development then business has to think differently about their companies, just as unions have to think differently about how they proceed and civil society needs to think about how to optimize their contribution.

Ladies and gentlemen you have to summon the collective will to accept the challenge and to be the change you want to see, taking the bull by the horns and saying this is where I will make a stand. By daring to be different and changing your thinking and perceptions of things, drawing inspiration from the universe and being a catalyst.

With the aim of diversifying the economy and reducing the reliance on the energy sector, plans have been underway involving one of this country's and even the world's most precious jewels, Chaguaramas. The North-West Peninsula, which is a 14 572 acre region which also consists of five offshore islands, is prime real estate with unbounded potential to be a magnet for local and foreign tourism, business development opportunities, the agricultural industry, the global marine industry, the sporting industry, the entertainment industry and a multitude of social and cultural events.

In partnership with the Chaguaramas Development Authority, the Ministry of Planning and the Economy is committed to fulfilling this region's potential. Construction of a boardwalk, intended to span most of the entire length of the North West Peninsula has begun its first phase. This will not only be a place of respite, but will provide myriad opportunities for small and big business along the shores of the peninsula. The grounds of Tucker Valley, which are the most fertile in Trinidad, will be used for seed production, as well as agricultural production, contributing to the agricultural economy of Trinidad and Tobago.

The richness of our master artisans, entertainers, craftsmen and creators is an abundant source for this Government's diversification drive. In realisation of this, a High Level Expert Panel to guide the implementation of Arts, Cultural and Entrepreneurial Projects and the Patriotism Project has been initiated with the goal of advancing the arts and cultural projects in a holistic, comprehensive manner and within the overall framework of investing in cultural heritage and sustainable development. At this point I would like to acknowledge the contributions of Pat Bishop who passed away while working as part of this Panel. This Panel submitted a comprehensive report of their findings and recommendations, which will be used by the government to work with the necessary stakeholders to take Trinidad and Tobago's arts, culture and creative industries forward with entrepreneurialism at the helm.

An Economic Development Board (EDB) has also been established to address the issue of continuing economic dependence on hydrocarbons by identifying new areas of focus. Right now alternative energy is occupying their attention. One of the projects the EDB is undertaking is the re-emergence of the local cocoa industry, which can be a strong competitor in the global marketplace.

The Town and Country Planning Division has embarked on a series of presentations in the communities of St. Helena, Rousillac, Caura, El Socorro and the Arima Borough of its Land Use Policy. What this intends to do is underscore that land use planning is not to be done in an ad hoc manner and a framework for planned development is in place. What the Land Use Policies took into account were the needs of the members of the specific communities, their problems, their vision for their communities, and using a collaborative approach were able to share many of the recommendations for solutions to many of the problems affecting these communities, the words “Government and the people working together for sustainable development” formed the ethos by which the staff executed their duties. Opportunities for self-employment were integrated into the plans, encouraging community members to use their lands and community spaces in a sustainable manner.

Against this background the following are identified as priorities for action during the period October 2011 to 2014.

1. Strengthening of the national database and information management system to influence national policy choices and to support evidence based decision making. This includes a comprehensive reorganization of the Central Statistical Office and a more strategic harnessing and deployment of resources within their unit.
2. Completion of a comprehensive national land use policy by the end of 2012, even as the land use policy for specific regions of Trinidad and Tobago are rolled out to support community

development initiatives and objectives and the national sustainable development agenda. This will include reform of the Town and Country Planning Division and a comprehensive land development bill for Parliament.

3. Alignment of the Ministerial agendas for high impact within the framework of the sustainable development strategy outlined in this Medium Term Policy Framework 2011-2014 and in keeping with the seven (7) interconnected pillars of government policy, namely

- People centred development
- Poverty eradication and social justice
- National and personal security
- Information and communication technologies as an enabler of development
- A more diversified, knowledge intensive economy
- Good governance
- Foreign policy alignment to national development priorities and objectives.

These three (3) items above taken together will have a major impact on the shift in policy required to put Trinidad and Tobago on a sustainable development trajectory.

In addition there will be concentrated focus, intensive effort and strategic interventions in order to enable the shift in policy required to create a safe society, a diversified economy and investment, entrepreneurial initiatives and growth with jobs.

The following areas identified for concentrated attention are:

- i. Crime reduction and containment and improvement of the general environment for safety and security. This is essential for its own sake but also important for establishing the confidence level required for increased economic activity and creation of a new, more diversified economy.
- ii. Food security through development of the agricultural sector will be a major area of emphasis in a volatile commodities market and will be the bedrock of greater national self-sufficiency which will lead to revitalization of the farming and food production sectors.
- iii. The third priority is job creation through investment and diversification and building a more productive and competitive economy. This will be achieved through diversification within the energy sector and through growth of the services, creative industries, tourism and agricultural sectors by fresh initiatives taken in the five (5) growth poles to create new economic spaces and diversified investment across the country.
- iv. Highly targeted, geographically dispersed PSIP with projects selected on the basis of four (4) principles: (i) alignment with the seven (7) interconnected pillars (ii) impact on people and communities (iii) geographical distribution (iv) alignment of PSIP portfolio with national priorities.
- v. The fourth priority will be well managed hospitals and a better quality health service to all our citizens across the country with specific actions for expansion of facilities and construction of new hospitals.
- vi. The fifth priority will be achievement of poverty reduction targets of 2% per year and improvement of the equity gap through a range of measures to promote economic and financial sustainability.
- vii. The sixth is to effect alignment between national priorities, regional priorities within the fourteen (14) local government jurisdictions and the House of Assembly in Tobago and 524 communities identified throughout Trinidad and Tobago.
- viii. The Government of Trinidad and Tobago will pursue growth targets as follows

- 3% growth in 2011-12
- 5% growth in 2012-13
- 6% growth in 2013-14

In addition, the Government of Trinidad and Tobago will strive for 90% fulfilment of our obligations under each area of the millennium development goals in this medium term framework period as we move towards full achievement of millennium goal targets in 2015.

Encouraging meaningful participation requires reducing the structural inequities that lead to inequitable access to the factors that contribute to enhanced income generating opportunities which perpetuate a cycle of poverty including education and training, and opportunities for self-determination.

The State has a critical role to play in setting the stage for such meaningful participation by ensuring that the economic development path chosen is inclusive and involves the participation of the widest cross section of the population by creating the right environment. The ultimate objective is to create a sense of belonging and ensure the basic minimum needs of the population are met which allows individuals to aspire to higher levels of self-actualisation.

In this respect, significant interventions will include the reduction of regional disparities by investing in basic infrastructure, including housing and amenities and opportunities for investment that create an environment for sustainable communities, incorporating 'green' principles into the design of living spaces. In this respect, five (5) growth poles have been identified for development.

The mainstreaming of gender into development planning will allow more women to effectively participate in economic activities and raise their families out of the poverty cycle. The promotion of wellness through the health system and individual responsibility for personal health will lead to an improved quality of life and reduce the burden on the health system and allow individuals to live more productively.

Apart from the more tangible benefits of education, a renewed effort will focus on rebuilding a good work ethic that breeds a spirit of excellence, civic responsibility incorporated into the school curriculum and creating a disciplined society with a sense of national pride in Trinidad and Tobago.

Social and economic transformation will ultimately depend on the active participation of all stakeholders. This will be achieved through the development of a Social Compact, with all stakeholders having an understanding of the important role that all parties play in the process with the appreciation that a collaborative effort creates synergies that lead to the creation of greater wealth that redound to the benefit of all.

With your help we will make growth, jobs, diversification happen.

We are on our way to making the policy shifts required and the strategies, actions and opportunities necessary to develop our society based on economic inclusiveness in a growth economy with greater equity and a rising tide of “prosperity for all”.

Do you want that? Well we have to work together to achieve it. It is up to me but it is also up to you.

