

**Remarks to be delivered by His Excellency Mervyn Assam, Ambassador with
Responsibility for Trade and Industry**

at the

Pre-Mission Seminar: Engaging Cuba in Commerce

**“Trade Relations between Trinidad and Tobago and Cuba: Past, Present and
Future”**

Your Excellency Guillermo Vazquez Moreno, Ambassador of the Republic of
Cuba

Members of the Board of Directors of Chamber of Industry and Commerce

Members of Chamber of Industry and Commerce

Members of the Media

Distinguished Ladies and Gentlemen,

Good morning,

I am extremely honoured to be invited this morning to speak to you about the bilateral relationship between Trinidad and Tobago-Cuba, from its beginning through to the future we envision. Specifically, I would like to highlight the outcomes of this relationship such as the Basic Economic and Technical Cooperation Agreement and the role the Trade Facilitation Office. I will also touch on the current state of play of CARICOM-Cuba Agreement and of course the future for Trinidad and Tobago business interests in the current Cuban economic context.

“Adherence to the principle of hemispheric economic solidarity logically impels us to further step, economic boycott is not the most realistic nor indeed the most productive attitude to be adopted with a country whose economic and social system we do not share...economic intercourse can never be permitted to degenerate into a medium for attempts at subversion...at all events...reconciliation with the estranged is the ineluctable choice rather than ostracism”...words by The Prime Minister of Trinidad and Tobago in 1970, approximately eight years after the US’s blockade on Cuba. This had set the tone for Trinidad and Tobago’s relations with Cuba.

Two years later, Trinidad and Tobago established formal diplomatic relations with Cuba, a move considered both boldly diplomatic and highly political in the face of increasing tension at the height of the Cold War. We have held true to these principles as it relates to Cuba. In fact this relationship predates the establishment of CARICOM in 1973.

The Basic on Economic and Technical Cooperation Agreement between the Republic of Trinidad and Tobago and Cuba signed in 1999, among other things, is aimed at promoting trade and investment between the parties, with a view toward enhancing access to each other’s markets and also promoting participation in the global economy. This Agreement, through the establishment of a Trinidad and Tobago/Cuba Joint Commission has

convened three meetings, the last of which was convened in Havana, Cuba on the 9-10 December 2009 leading to bilateral cooperation in Agriculture, Cultural Cooperation, Energy, the Environment, Higher Education, Labour, Tourism, Sport and Social Development. In the area of Sport for example Trinidad and Tobago has benefited from the expertise of six (6) coaches from Cuba in the fields of athletics and baseball from 2006 to 2008.

In 2003, Trinidad and Tobago also signed a Technical Cooperation Agreement with Cuba for the recruitment of healthcare professionals from Cuba. Although it is clear that this Agreement has merits in its own right however, it has also laid the foundation for further cooperation in the spheres of Tourism and Culture and possibly further opportunities for both countries in concluding Agreements in the areas such as Investments and Air Services. The onus is on you though, to ensure that the commercial opportunities derived from such Agreements are fully exploited.

Our trade relationship with Cuba is governed by the CARICOM-Cuba Trade and Economic Cooperation Agreement signed in 2000. This Agreement provides for duty-free treatment on a number of goods and includes special trading arrangements for agricultural products, the establishment of financial arrangements to facilitate the progressive

development of two-way trade between the Parties and the promotion of programmes such as business missions and other activities related to the implementation of liberalization. The Agreement also provides for further negotiations between the parties in 2001 to convert the Agreement to a Free Trade Agreement (FTA), as well as for future negotiations on Trade in Services.

In 2006, CARICOM and Cuba commenced negotiations for preferential access for additional products, however these discussions remained in abeyance until 2014. Nevertheless, Trinidad and Tobago is of the view that liberalising more tariff lines to Cuba will make available a greater variety of goods, which is necessary for cheaper consumer goods as well as production input.

Trinidad and Tobago enjoys a surplus trade balance with Cuba, with this surplus reaching TT\$134.9 million in 2010. Since 2006 Trinidad and Tobago has enjoyed a strong positive trade balance with Cuba with this peaking at \$278 million in 2013 but registering a low of \$5 million in 2009.

The establishment of a Trade Facilitation Office (TFO) in Havana in 2007, sought not only to formalize but also operationalise our bilateral trade relationship. As you are aware, the TFO was expressly established to

address Cuba's unique market entry requirements, to promote trade and investment opportunities and to provide support to local manufacturers and exporters seeking to penetrate the Cuban market. Potential exporters of goods and services can access advisory and matchmaking services, identify business opportunities and engage in trade promotion through the TFO. The office also acts as a link between exporters and Cuban State Agencies, which have a central responsibility for exports and imports. ExporTT is now involved in supporting and supplementing the role of the TFO.

I wish to express my endorsement of the efforts, the private sector, in rekindling its interest in Cuba. As Ambassador with responsibility for Trade and Industry, I was quite pleased to learn of the success of the recent trade mission spearheaded by exporTT and it is indeed encouraging to see that the Government's efforts to facilitate greater economic and trade relations with non-traditional markets are coming to fruition. This to me is another step in the right direction.

Cuba has taken steps to signal to the world that they are open for business with the enactment of Law No. 118, their new Foreign Investment Act. Cuba is well aware that they need to provide the enabling environment to attract inward investment. Fundamentally, this is part of their state-guided policy on investments aimed at diversifying and expanding export markets, access to advanced technologies and substitution of exports allowing for

both foreign direct investments and portfolio investments. Where foreign investments need to be approved, an “authorization” is issued by the Ministry of Foreign Affairs and Foreign Investments. What this law ought to signal to you would be investors, is that Cuba is open for business. What’s “New” about this law you ask? Most notably, it cuts the taxes on profits by 50% and eliminates the prior 25% tax on labour costs, while investors in joint ventures get an eight year exemption from taxes on all profits. The law also explicitly allows 100 percent foreign ownership, which, though previously legal, was never allowed in practice. Investors are also able to invest in real estate for residential and other private purposes.

Essentially, the stage has now been set and, it therefore remains for interested firms to grasp these opportunities. We have an Embassy in Cuba with the expressed purpose of seeking out business opportunities for you, we already enjoy a favourable trade balance with Cuba and the Cuban government is increasing incentives to attract your business and investments. I therefore, challenge you to exploit these opportunities to the fullest extent possible.

During my visit to Cuba in March this year to sign the Trinidad and Tobago-Cuba Tourism Agreement, I was quite surprised to learn that for the first quarter of this year, Cuba had already attracted over 1 million visitors to its shores. This Agreement is expected to facilitate the cooperation of parties

in tourism capacity building, technology transfer, research, marketing and promotional activities, as well as preservation of cultural and natural heritage. It is also expected that the Agreement will foster the promotion and sustainability of critical air and sea transport, as triggered by the growth of the tourism sector, as well as employment and skills development. This underscores the point that I made earlier regarding the prospect of an Air Services Agreement. I also understand that the Ministry of Transport is in consultations with Caribbean Airlines to include Cuba as a possible destination.

You may recall that a delegation from Cuba did participate in the Trade and Investment Convention (TIC) in 2014 and we're hoping to welcome a similar delegation from Cuba in 2015.

Owing to our small market size and a natural consequence of our colonial past, Trinidad and Tobago has always maintained an economic policy which hinges on "Export-Led Growth". This position has been built on the understanding that a stronger export sector derives a number of benefits in the form of increased production, employment and income levels, generate investment and have a positive overall effect on poverty reduction and broad based socio-economic development. Therefore, I cannot overemphasize how crucial it is for Trinidad and Tobago to diversify by creating more specialized knowledge-intensive products.

The government has identified as part of the Medium Term Policy Framework, building international competitiveness by stimulating new areas of economic growth and moving up the value chain. This places a premium on creating high value jobs and generating wealth across all regions of the country. Therefore, it is my hope you are engaging in increased research and development activities to be able to create and maintain a competitive advantage. Remember: "*The industry is the arena in which the competitive advantage is won or lost,*" this is according to the guru of the competitiveness theory, Michael E. Porter.

It has already been established that our route to development is through engaging in international trade. However in going forward new thinking into more knowledge intensive products and new markets should inevitably be our focus.

As you are well aware, we continue to witness policy shifts in international trade and trade agreements that are moving away from trade preferences to ones that are based on reciprocity. Therefore, you, the private sector, will not be singled out for any special treatment or entitlements. We want to move beyond being a CARICOM exporter, it has been said that Trinidad and Tobago can be considered artificially competitive that is, competitiveness based purely on the preferential tariffs enjoyed with

CARICOM and the domestic energy subsidies. Trinidad and Tobago manufactured goods have saturated CARICOM markets, so apart from diversification to more sophisticated high end products as referred to earlier you ought to strategically align your organization to diversify its target markets if you are seeking growth.

Against the backdrop of falling oil prices, logic dictates that there be a corresponding shift in approach. Our survival depends on it. Whether we agree with Moody's downgrading of our credit-rating or not, some harsh realities do stand out such as:

- The decline in oil prices and limited economic diversification weigh heavily on our economic growth prospects. According to Central Bank's Annual Economic Survey in 2013 exports in the non-energy sector amounted to \$1,915.40 million while imports in the non-energy sector for that same period amounted to \$3,978.90 million, while energy sector exports and imports for the corresponding period were \$10,854.20 million and \$4,891.90 million, respectively.
- The low level of economic resilience because of our limited economic base.

The Ministry of Foreign Affairs, along with the invaluable support of the Ministry of Trade, Industry, Investment and Communications, has championed this unrelenting pursuit for non-traditional export markets for Trinidad and Tobago goods and services. We, policy makers see this search as ineluctable in breaking the cycle of economic vulnerability. Certainly, the persons present here have become frustrated with the barrage of “request for feedback” sent from the Ministry to undertake Trade Agreements or strengthen trade and investment ties with various Latin American countries, not to mention the record number of Agreements that we have been able to successfully negotiate with Panama, Guatemala and El Salvador on your behalf. Although the government’s role is to provide the enabling environment, the onus is on you, to take advantage of these opportunities. Remember: *the industry is the arena in which competitive advantage is won or lost.* It is your duty to prove that we, as a country will not be defined as lethargic, complacent and risk-averse. In Trinidad and Tobago we self-identify as “Leaders in the Caribbean”. This trade Mission to Cuba is another opportunity for us to lead from “in front.”

Leading from “in front” has become even more compelling in the wake of thawing/normalizing of US-Cuba relations. “Airline flights, phone lines and money transfers” are the ways in which Los Angeles Times described the eminent benefits to the private sector of as result of this normalization process. Cuba is certainly a very attractive market for the U.S owing to the inherent advantages of location of a mere 90 miles away and a virtually

untapped market of approximately 11 million people. Similar trade missions and business visits by Russia and Japan recently underscores Cuba's business prospects.

The private sector of Trinidad and Tobago must preempt what is likely to take place consequent upon this normalization and take full advantage of the many opportunities available in Cuba for increased trade and investment.

Thank you.