

MEDIA STATEMENT

FOR IMMEDIATE RELEASE

June 8, 2024

Trinidad and Tobago Chamber of Industry and Commerce Welcomes Government's Economic Initiatives Outlined in the Mid-Year Budget Review 2024

The Trinidad and Tobago Chamber of Industry and Commerce (T&T Chamber) commends the Minister of Finance for his comprehensive address during the 23rd Sitting of the House of Representatives. The Mid-Year Budget Review - Finance (Supplementary Appropriation) (Financial Year 2024) Bill, delivered today, outlines key economic initiatives for the fiscal year 2024, which the T&T Chamber views as crucial for stimulating economic growth and development in our country.

The proposed increase in the national budget, with significant allocations to critical sectors such as healthcare, education, infrastructure, and social services, represents a positive step towards fostering sustainable economic growth. The allocation of funds to support SMEs through the SME Development Fund and the focus on digital transformation and renewable energy projects are particularly welcomed by the business community. These initiatives align with the T&T Chamber's strategic direction.

With respect to VAT Refunds, the T&T Chamber continues to advocate for affirmative measures being taken to clear the backlog that affects many companies that are in a receivable position for extended periods. We note the Honourable Minister's efforts to assure that this will be fully addressed and will continue to monitor the progress on this critical cash flow issue.

The T&T Chamber recognizes the government's efforts in addressing youth unemployment through new programs aimed at skills training and entrepreneurship support. This investment in human capital is essential for future economic development and is targeted at addressing gaps within the labor market. We are optimistic that these measures will support both current and future demand for skilled labor across various industries.

Additionally, the emphasis on fiscal discipline and economic reforms to reduce the national debt demonstrates a commitment to long-term financial sustainability. However, the T&T Chamber is concerned about the expansion of the fiscal deficit, as articulated by the Honourable Minister of Finance. Given the shortfall between the budgeted versus actual hydrocarbon prices, we wish to reintegrate the need for fiscal and monetary incentives that will stimulate the growth of the non-energy sectors of the economy. We also stress the need for Private Public Partnership (PPP) to further advance our economic agenda.

The foreign exchange shortage has undoubtedly created challenges for the business sector as the inability to access forex has led to delays in payments to foreign suppliers, which in turn, strains

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relationships with these suppliers. Delays in payments for shipments have also slowed down business operations, leading to increased costs that are ultimately passed on to consumers. While the forex challenge impacts everyone, it has been significantly disruptive for micro enterprises and SMEs, who may be forced to use private credit cards or resort to the black market to access forex. As such, solutions such as the foreign exchange facility proposed for SMEs in the last Budget should be implemented in the near future to address these issues.

With reference to the recent IMF report, having experienced decades of deficit budgets, the projected economic growth by the IMF is quite positive news that could inspire confidence in the T&T economy and potentially lead to further investments. While being cautiously optimistic, the reality is that oil and gas prices for the first six months of FY 2024 have been below the prices on which the FY 2024 budget was based (US\$85 per barrel of oil and US\$5.00 per MMBtu for natural gas). These lower prices, coupled with the fact that oil and gas production for the first half of FY 2024 has been 15% and 5% respectively lower than budgeted, highlight the stark reality that unless prudent fiscal measures are undertaken to improve economic conditions, such projected growth may be tempered. We believe that businesses should be financially prudent while focusing on efficiency and innovation integrated into their growth strategy.

Managing the inflation rate is crucial as it directly impacts the purchasing power of consumers and the financial pressures placed particularly on the more vulnerable members of society. The continuing decline in inflation is a positive sign and indicative of fiscal prudence.

Notwithstanding the expressed economic challenges, the T&T Chamber remains optimistic about the outlook for the economy. The temporary revenue reductions must be well managed to ensure that the economy successfully recovers in the medium to long term. To this end, the Honourable Minister's indication that the value of the Heritage and Stabilization fund remains stable is a promising sign.

The T&T Chamber is optimistic that the initiatives outlined in the Mid-Year Review have the potential to positively impact the business community and the overall economic landscape. As the country's largest business organization, we continue to make recommendations to address the challenges to the ease of doing business. We believe that some of the measures mentioned by the Honourable Minister of Finance will lead to increased business opportunities, job creation, and sustainable growth for Trinidad and Tobago.

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