



**LEADERSHIP DISCUSSION AND NETWORKING EVENT  
SPEECH**

**MR. ROGER ROACH**

**4<sup>TH</sup> APRIL, 2023**

**REGENCY BALLROOM, HYATT TRINIDAD**

**SALUTATIONS**

- **Senator the Honourable Paula Gopee-Scoon Minister of Trade and Industry**
- **The Honourable Brian Manning, Minister in the Ministry of Finance**
- **Mrs Ayleen Alleyne-Ovid Permanent Secretary in the Ministry of Trade and Industry**
- **Board of Directors of the Trinidad and Tobago Manufacturers Association**
- **Past Presidents**
- **Esteemed Panellist**
- **Members of the TTMA**
- **Specially Invited Guests**
- **Members of the Media**
- **Distinguished Ladies and Gentlemen**

GOOD MORNING

The TTMA was founded in 1956 by pioneering groups of industry leaders who had a vision. A vision which helped to shape the industrial landscape, of the non-energy sector in Trinidad and Tobago. Today we are the most important voice for manufacturers, with 592 members strong, employing over 50,000 persons and contributing almost 20% to the country's Gross Domestic Product. Our goal remains, to provide world class service to our membership.

To a few of us here today, this is a solemn and most momentous occasion. Allow me to congratulate Mr. Johnny Ramjeawan and Mr. Pradeep Subrian on being elected to the TTMA Board of Directors for the first time. Let us also congratulate Mr. Dale Parson, Mr. Emil Ramkissoon, Mr. Josue' De La Maza and Ms. Sana Ragbir on being re-elected for another term.

As I stand here to address you for the first-time as the leader of this esteemed organisation, witnessed by our members, stakeholders, family, friends, and well-wishers, I am cognisant of the fact that in this association, each President stands on the shoulders of the one that preceded them. And each New Board, builds on the foundation set by the Directors that served before them.

With this indelible understanding, and with a deep sense of gratitude, allow me to pay tribute and thank our Immediate Past President, Ms. Tricia Coosal, for her dedication, service, and astute leadership over the last two years. You were elected to the office at a challenging time, in the midst of a pandemic, but quickly rose to the occasion, and engaged our stakeholders at the highest level, to keep essential manufacturers operating safely, provided the catalyst for other businesses to open, which in turn contributed to re-establishing our foundation and boosted our confidence.

Among other enabling factors, this has resulted in the eventual return to growth, of the non-energy manufacturing sector.

I am personally thankful for professionalism and consideration you displayed during this transition process, and on behalf of the TTMA Board of Directors, Secretariat and Membership we remain eternally grateful.

I wish to sincerely thank the membership once again for placing their confidence in me, by re-electing me for another term, and to the new BOD who unanimously placed their faith and trust in me, to lead this association as President.

We meet at an hour of change and challenge, in decade of hope and fear, in an age of both knowledge and ignorance.

However, it must not be discounted, how far we have come, or the progress we have made as a small, industrialised nation. While we have our challenges, we also have a lot to be thankful for.

The state of our manufacturing sector is resilient and robust. We are made up of innovators and problem solvers. That's what we do. When manufacturers see a problem, they fix it. If they can't find a solution, they create one. That's who we are.

The courage, the creativity and the entrepreneurship that has led us to this point must be congratulated and celebrated. To the captains of industry present in the room, leading the charge. We thank you. You have engineered quality products, created great brands and built enduring companies. You have contributed to developing your communities and advancing the nation.

Please give yourself a round of applause.

But where do we go from here. In a nation seemingly divided for the wrong reasons. We in the manufacturing sector, must remain focused, we must lead, persist, and advocate for change.

Change that will create an enabling environment, that will propel our sector to develop a faster rate. By making it easier to do business in this country, boost investor confidence, and encourage greater local and foreign direct investments.

Change that will allow us to expand, and remain competitive in our domestic and foreign markets. This will create sustainable jobs and increase foreign exchange earnings.

Change that will allow for the fiscal diversification and growth of our economy.

**Now permit me to briefly address some of the current issues facing our membership and by extension the sector and the country.**

## **RIC**

In January 2023, the Regulated Industries' Commission (RIC) published its Draft Determination titled "Regulation of Electricity Transmission and Distribution 2023-2027", which proposes changes to customer classifications, and electricity rate hikes, as administered by the Trinidad and Tobago Electricity Commission (T&TEC).

While we were aware that this was coming about one month before the publication, I must admit that the contents of the RIC's report caught us by surprise.

A subcommittee of the Board was established and we along with other representatives from our membership, engaged the RIC in consultation on February 8<sup>th</sup> 2023, where they presented detailed information on the proposed T&Tec rate increases.

At this meeting with the RIC, we raised several concerns and explained to the representatives of the RIC that the steep immediate increases proposed to commercial and industrial customers will have far reaching consequences.

In the end, the RIC advised that we present our case in writing. As a result the TTMA Board, acting on behalf of our membership, commissioned an international accounting firm to conduct a comprehensive Impact Analysis of the proposed RIC/T&TEC rate hike on manufacturers, manufacturing subsectors, distributors, retail consumers and the multiplier effect along the value chain, on the local macroeconomic environment.

Ladies and gentlemen, I can confirm to our members and the national community that we have the final report from our consultant and the RIC have agreed to meet with us within the coming days, where we would present the findings and advocate our case.

Without prejudicing the upcoming discussions on this important issue engaging the national community, allow me to briefly share with you some of the findings based on primary and secondary data as well as sophisticated economic modelling and analysis.

1. In a situation where 100% of costs are passed down the value chain, the consumers can may potentially face a 15% increase in their grocery bills
2. Across all residential tiers, the proposed rate hike will drive up electricity bills by 15 to 64% depending on their usage. In our indicative scenario, the average lower middle income family's electricity bill will increase by 20%.

3. For a more holistic view, the impact of the proposed hike on the average household's monthly budget was estimated. Under the assumptions of no change in rent or water costs, overall expenses may climb by 5.5%, while discretionary income may potentially dip by 24.7

Ladies and gentlemen what is the macroeconomic impact of all of this? In summary

- A Potential Decline in GDP of 0.66%
- A Potential Decrease in Non-Petroleum Exports of 1.63%
- A potential decline in unemployment of 1.57%
- A Potential Increase in Core Inflation of 1.16%

While these percentages may seem small, consider a decline in unemployment of 1.57% on a labour force of 600,000 persons.

As business leaders we understand the predicament that T&Tec have found themselves in. We understand the roll of the RIC and we certainly agree we must all share the burden. However, this extreme proposed immediate increase in the electricity rate for industrial users between 72 to 87% will lead to socio-economic problems.

No one needs to lecture us about the fact that our electricity rate is lower than our regional counterparts. However, this is one of our few competitive advantages.

When we take these proposed increases in conjunction with the current issues already challenging citizens within Trinidad & Tobago's macroeconomic context. Rapidly rising inflation rates, last estimated at 8.7% in Dec 2022 (food inflation in particular accelerated to 13.8%). Supply chain disruptions driving increased costs. Stagnant salaries (which in some cases are) insufficient to meet rising cost of living. Rising gas prices.

Ladies and Gentle any proposed increase by the RIC must softened and phased over a protracted period.

**- VAT REFUNDS -**

There have been so many articles concerning VAT refunds emanating from the media over the last 30 days that I would not spend too much time on it today. However, what I would like to say is that this situation is untenable. The silence on this important issue emanating from the Ministry of Finance and the by extension the government is inscrutable. And the private sector wants answers.

Over the years the TTMA has presented specific and what we consider to be workable solutions to this VAT refund problem in our annual budget submissions. To date none of it has been accepted or implement.

The mid-year review is upon us. The government has collected hundreds of millions of dollars during the tax amnesty from businesses who were unable keep up with their obligations for one reason or the other, and it is expected that the government will collect tens of millions more by May 17<sup>th</sup>.

We call on the government to use some of this money, to make immediate payments to compliant businesses.

At this dire stage we are open to Ministry of Finance utilizing the same mechanism used in 2020. Cash payments to SME's and issuing Bonds to large businesses.

This will plug the current hole, but what is really required is a meeting of the minds. We need open, collaborative, progressive discussions, between the private sector and the government, to develop an actionable policy prescription, in order to arrive at a permanent solution.

**Now, so there will be no misunderstanding, this is not attack on the Minister, the Ministry of Finance, or the Government.** This is an invitation to engage in meaningful collaboration, resolution orientation negotiations, and the TTMA stands ready to engage in this regard.

**- ILLICIT TRADE -**

The TTMA, understand the ills associated with the trade of illegal goods It is linked to crime, money laundering, human trafficking, and tax evasion, just to name a few.

Our Illicit Trade Desk has gained much traction and momentum and the TTMA also has representation at the National Anti-Illicit Trade Task Force and sits on some key working groups such as pharmaceuticals, tobacco and alcohol.

There has been an increase in seizures of various types of goods from 2020 to present, as you would have seen in numerous media articles. I would like to take this opportunity to commend the police, the task force, and all the other law enforcement agencies involved, for these successes.

However, we must keep the pressure up, and accelerate the momentum. We are aware that law enforcement agencies are allocating more resources to this critical issue. Colleagues, this is a stain on the private sector, where a few businesses are using unlawful practises to put consumers at risk, engage in criminal activities and rob the state.

The TTMA will continue to work closely with all law enforcement agencies to disrupt the trade of illicit goods from the source.

**- EXIMBANK -**

On a positive note. The Manufacturing Forex Facility that was commissioned by the Minister of Finance in 2018, was co-developed and implemented with a strong collaborative effort between the TTMA and EXIMBANK. This facility has been working well, and it has ensured that valuable foreign exchange is made available to both manufacturers, as well as distributors of essential items. With going into the details, we all are aware that this facility has been recapitalized and the programme continues today.

However, in relation to the other suit of product offered by the EXIM BANK the time has come for the bank to play an greater developmental role in the manufacturing sector. This can involve but not limited to the following:

- EXIMBANK should begin to access financing from multilateral agencies and other international sources at much lower interest rates. This will allow the EXIMBANK to then provide capital loans and raw material financing to manufacturers at lower interest rates than the commercial banks.

- A Collateral Guarantee Programme – This is a programme where the EXIMBANK can provide collateral support to strategic SME's, to allow them to access working capital financing from their own bank.
- Introduce a Catalytic Fund to support new high potential businesses with export ready products to build administrative and productive capacity. This can be done with an injection from shareholder, so that bank can be comfortable with undertaking the risk threshold associated with putting this fund to work

Lower financing cost will help the manufacturing sector become even more competitive. The combination of low-cost financing, forex availability and greater access for funding will spur business investments and enable manufacturers to build capacity and grow exports at an even faster rate.

## **SME LOAN PROGRAMME**

As we are on the topic of business financing

What is the status of the new SME loan programme?

During his budget the Minister of Finance stated that the government will fund a \$500 million new Long-Term Loan Guarantee Scheme for Small and Medium enterprises and partnership with the commercial banks, and managed by First

Citizens Bank. The Government loan guarantees will be for up to 80 percent of the value of the loans, for a term of up to 10 years, inclusive of a 2-year moratorium on repayments and will focus on the non-energy sector.

We look forward to receiving an update on this scheme on the or before the midyear review.

## **JUNIOR STOCK EXCHANGE**

As you know, the next wave of successful entrepreneurs and SMEs are critical to the transformation of our economy particularly in the aftermath of the pandemic, the Russian-Ukraine war and other recent adverse market events. Importantly, a strong SME sector also means more jobs, less social welfare, wealth creation and a decrease in crime. We all have a stake in the success of this ecosystem.

The Trinidad and Tobago Stock Exchange launched its SME Market in 2012, which provides SMEs with an avenue for raising capital on the local stock market to expand their business.

Trinidad and Tobago has based its model, on the very successful Jamaican model and while I echo our Minister of Trade and Industry's sentiment that "we really

haven't quite gotten it right" when addressed a Bell Ringing Ceremony, at the JSE in Kingston on November 22, 2022; it is certainly a work in progress.

Some of the major incentives of this SME Market is the Government's Tax Incentives of zero percent Corporation Tax, Green Fund and Business Levy for the first five years from listing on the SME Market, and fifty percent reduction on Corporation Tax, Green Fund and Business Levy for the next five years.

Also, the SME Mentorship Programme was launched on the 25th October 2022 in collaboration with the Ministry of Finance and The Central Bank of Trinidad and Tobago (CBTT).

Recently the TTMA have been in discussions with the TTSE, as we see the need for a greater dissemination of information via emails, webinars, workshops and one and one meetings with interested business owners (family businesses) as well as a concerted effort to make the process as easy and as attractive as possible.

As a result of these discussions the TTSE has made some further changes SME Market listing requirements.

Currently, the regulations of the TTSE SME Market requires SME Companies to have a minimum of 25 unconnected shareholders owning a total of at least 30% of the total issued share capital of the Company for initial admission for SME Market Listing. Although there is an increased level of interest from a number of SMEs towards listing, there is a general perception from SMEs that the required level of public float is too high, resulting in uncomfortable levels in loss of control and they are, therefore, unwilling to list.

Considering these factors, the TTSE has now proposed an amendment to the listing rules to have a minimum of twenty-five unconnected shareholders owning a total of at least twenty percent (20%) of the total issued share capital of the company on the basis that the reduced level is more enabling as an entry point for SMEs and will provide adequate room for subsequent issues without the SME having to give up majority control.

This is a material change and one that will also be aligned to similar requirements for SME Markets both Regionally and Internationally.

We are informed that the change has already been approved the Board of Directors of the TTSE and is now before the regulator, the Trinidad and Tobago Securities and Exchange Commission (TTSEC) for final regulatory approval.

We therefore encourage the TTSEC to treat with this matter urgently so we TTSE can work with all stakeholders in building a formidable Junior Stock Exchange, thereby creating even more financial opportunities for well-managed, high potential SME's.

The TTMA will continue and expand on the many successes of our Trade Missions. These missions facilitate market entry for some and market expansion for others. In January 2023 we took the largest contingent of businesses to Grenada and this mission has proven to be a resounding success. Several of our members, especially SME's have signed distributorship agreements, and are in the process of manufacturing orders for export, while others have already shipped or to this neighbouring market.

Plans are already on the way for trade missions to the Dominican Republic and St. Lucia, and we will return to Suriname and Guyana during 2023. The TTMA

is also partnering with ExporTT to take delegations to Columbia, Panama and the United Kingdom.

The object of the game to is find new markets, grow existing markets, be bold, be innovative, leave the comfort of our offices, get out there and put more and more and more of our quality products and indigenous brands on shelves and in homes regionally and internationally.

To any TTMA member who have heard the clarion call to Export and view this as a daunting task. I want to alleviate those fears.

**You are not alone. You are not alone ladies and gentlemen.**

Under my leadership, rest assured that your TTMA Board and Secretarial will work tirelessly to galvanise, and work with all stakeholders, to create an ecosystem, that will give you the best opportunity for success.

And while we are on this journey, some still ask. Why double Exports by 2025. Why select this as our goal. We choose to double exports over a 5-year period, not because it is easy, but because it is hard.

Because that goal will serve to organize and measure the best of our energies and skills.

Because that challenge will demonstrate quantitatively to the manufacturing sector and all of Trinidad and Tobago, what diversification of the economy looks like.

This brings me to the TTMA's flagship event. The Trade and Investment Convention (TIC). Envisioned as a major impetus for providing market opportunities for businesses in T&T. This year will make it 24 years we are hosting this event. This event is growing and is almost completely sold out. Here is the problem, it cannot grow. The show has outgrown the Centre of Excellence and there is no other covered venue with the aesthetics, parking, security and other facilities to host a show of the magnitude of the TIC.

The TIC is the largest of its kind in the Caribbean and has the potential to be a regional convention, domiciled in Trinidad and Tobago, showcasing the best products and services from the available from Caribbean, where buyers from all over the world can come and experience the warmth of the islands and do business.

To this end as we approach the 25th year of the TIC, the TTMA will establish a special committee, chaired by the sitting President and comprising the CEO, the Chairman of the finance Sub-committee and selected past presidents. This committee will be tasked to explore the possibility and feasibility of entering into a Public Private Partnership with the state, to build a modern, multipurpose Convention, Centre in Trinidad and Tobago.

This centre will be competently managed by professionals via the TTMA, but will serve to showcase major events, tradeshow and conventions for Manufacturing, Energy, Agriculture, Tourism, Culture and Services.

The committee will provide an interim report the TTMA BOD in 90 days and to the membership in 120 days.

As I close, ladies and gentlemen, you may have noticed that I didn't go into specific details on issues relating to the ease of doing business, or trade and connectivity. I left those topics for our eminent panellist.

To the membership who elected me and to the New TTMA BOD who appointed me, I affirm my commitment to the robust development of the manufacturing sector, I will advocate courageously on your behalf and will work collaboratively with all our stakeholders to make it easier to conduct business and to create a sustainable path for economic growth and prosperity, to improve the lives of all the people of Trinidad and Tobago.

I sincerely thank you.