

THE LAUNCH OF THE TTMA MANUFACTURING EXPORT STRATEGY

President's Address



Wednesday, June 17th, 2020

Good morning to everyone.

Honourable Minister Gopee-Scoon, my thanks for joining us. To all of you who are participating virtually, I am so happy that you're here.

Isn't it great to be open for business and to be back at work?

We have waited a long time for this launch and while the delay was not by design, as it turns out, Covid-19 has generated some creative and innovative ways of reframing enterprise and of course - the growth agenda for the manufacturing sector.

We shaped the strategy to be deployed in three phases – and while there may be overlaps, the approach is a progressive one.

Before we begin, let me assure you that the strategic intent of our plan has not changed – and that is sector growth and expansion – particularly for non-energy exports.

However, with the advent of Covid-19 and the realities of the regional and extra regional markets, we have discussed and agreed, as a board, that the first logical step is to stabilise the domestic market. It has been a rocky three months – and for some of us, business has slowed to a stand-still.

2020 is now definitively marked as 2020 BC – Before Covid; and 2020 AC – At Covid.

But I also believe that this can be a defining year for the sector - the year that we collaborated in unprecedented ways, the year we retrained and retooled, the year we digitised and found more efficient ways of working, the year we supported each other and beat the odds to transform enterprise amidst volatility and uncertainty.

It is in this spirit of determination and resilience which has characterised this sector, that we are launching a three-phased strategy for 2020. It is a strategy to **stabilize, strengthen** and **secure** the sector.

Phase One of the strategy will look at stabilising the domestic market, drawing from the initiatives that we had already outlined as critical to sustainability. We will bring forward those plans and work aggressively with our members, especially the SMEs, to get trade back to December 2019 levels.

In Phase Two of the strategy implementation, we are looking at strengthening the base. We will recapture and recover our pre-Covid export market share through a virtual reconnect with buyers, leveraging technology to build new relationships and strengthen existing ones. Personal travel may be restricted but there is no restriction to the movement of goods and there is every opportunity for those who want to be first movers in the new digitised trading space.

In Phase Three, we will refocus our attention on growing exports by targeting and securing new markets and connecting our members through B2B arrangements. Our objective is to grow exports in ways that reduce reliance on the public sector for Foreign Exchange, and foster diversification of the economy. Our long-term strategy is geared toward doubling our efforts in export by further penetration into existing markets while also securing new market opportunities.

Permit me to expand on our strategic approach.

The TTMA's overarching Manufacturing Export Strategy is to increase exports through private sector initiatives over a 5-year period. However, for the remainder of 2020 we are focused on restabilising the export market share and sales for the Non-Energy sector, which amounted to TT\$ 3.2 bn dollars. This is a herculean effort, but we are encouraged by our manufacturers' drive and determination to "normalize" their business operations and push their export drive in the remaining months of this year.

Thematically, we will leverage five things to make this happen: -

TTMA and its membership will focus on the following strategic themes:

1. Work with the top 20 manufacturers (comprising those companies who account for ~80% of exports) to double total non-energy manufacturing exports
2. Work with the Government to increase reach and depth in CARICOM markets and the diaspora to promote exports from Trinidad and Tobago
3. Work with domestic entrepreneurs to sustainably increase the quantity and quality of raw material supply
4. Increase competitive advantage through better skills and productivity
5. Partner with Government to fix trade facilitation issues and increase the ease of doing business in Trinidad and Tobago

Our strategy has been based on extensive research undertaken by EY and involved collecting and analysing data of Trinidad and Tobago's existing export market for the previous year - 2018. Based on this information, we have devised seven strategic pillars that are instrumental to our growth and expansion agenda.

These are:

1. **Advocacy**- which is about actively lobbying Government and public sector agencies to create an effective, enabling environment, where it is increasingly easy to do business in country.
2. **Demand**- where we will work assiduously to identify market opportunities regionally and internationally to expand our presence in existing markets.
3. **Supply**- aimed at developing the capacity of local suppliers and increase the efficiency of access to foreign inputs for the manufacturing sector.
4. **Infrastructure**- is about facilitating access to fit-for-purpose manufacturing infrastructure, including shared production and distribution mechanisms. In identifying the industries in which we have a strong foothold, we can now create adequate and appropriate infrastructure for them to operate effectively.
5. **Labour**- is a reality for all of us – individually and collectively. The way we do business has changed and we need to invest in career training for the manufacturing sector, to establish a work-ready human resource pool of skilled, productive and motivated people.
6. **Technology/ Innovation**- is our sixth pillar. If we didn't know this 2020 BC, we certainly know now that technology is the key to staying in the game.

Digitisation and continuous innovation will create advantage, keep us in step with global developments and position us to effectively respond to disruptive forces.

7. **Capital-** is a reality for Government and the financial sector, as access to capital and financing is critical for manufacturing companies to achieve aggressive export growth.

Folks – that is the “what”. Now let me briefly delve into the “how”.

Phase One requires intense **collaboration and cooperation** between members. Here’s where you need to play your part and to do so quickly. If we fail to support local sourcing, we will fail ourselves and weaken our struggling economy. It is about synchronising or redirecting the market by connecting local suppliers with local buyers who would normally source materials outside. This will mean more business for our local businesses and less demand on scarce Foreign Exchange to secure materials from outside.

We will strengthen the Proudly TT brand in ways that inspire and drive our national community to buy local. In addition, we will be increasing our efforts against illicit trade through our partnership with law enforcers. In this way, we will be creating avenues for growth for local producers who have been battling with illegal goods. This will also allow Government revenues that are currently denied under the blanket of illicit trade.

Phase Two interventions are heavily weighted towards marketing. We are well advanced on our plans for the TIC trade show this year and already we are receiving interests from other CARICOM states such as Guyana and Jamaica as more and more countries are moving quickly to take advantage of new technology for virtual trade shows.

Our Head of CARICOM, the Honourable Mia Mottley has called for a stronger trading block. Apart from the USA, the top export markets are all in CARICOM. In speaking at the opening Session of the 31st Inter-Sessional Meeting of the Conference of Heads of Government in February, she said, “The only people capable of defending our causes and our future and our development is us ourselves...if we recognize that this integration movement is one of the most successful integration movements that was established in the 20th century, we then

better appreciate the responsibility that we have to care it, to nurture it.” We need to work regionally to protect and preserve our trading space as means of strengthening our collective economy.

In 2020 we are conducting Trade Missions virtually. Already lined up are Guyana, Jamaica and Barbados. We anticipate that through the TIC and Trade Missions we will connect with over 100 companies to explore B2B opportunities.

Our team in the various units continue to deepen research aimed at providing our members the requisite market intelligence to target specific countries and businesses for growth and new business.

Phase Three activities which we believe will unlock and secure the export potential will demand broader and wider digitization from ecommerce platforms and plant automation. The sooner companies get on board; they will be better positioned to take new markets.

I am fully aware that there is an inherent demand for Government to be equally agile with e-commerce as this can create an undesirable obstacle with unfortunate results for both business and country.

I am encouraged by our discussions and we will continue to push hard for digitisation of government systems upon which we rely including: Improving access to capital for SMEs through the support of angel investing, venture capital, private equity, junior stock exchange for manufacturing entities which allow investors to have exit strategies. The TTMA will be investing in an online platform for MSME members to be exposed to and access interested investors.

Through Exim bank Manufacturers have priority access to foreign exchange and loans. Over the past 2 years, no company has been refused access and 53 companies accessed foreign exchange through the facility. The exports of these companies have been tracked and they have increased by 15% from 2017 to 2020. Exim bank supports the TTMA’s initiative to double exports and so not only tracks the export data but encourages the companies to set targets. If we are to, collectively, achieve this goal, to double exports, we must individually commit to a target and be accountable to it.

During the lockdown period, we intensified our Webinars on business management and will continue to do so, being sure to make them relevant to the strategic objectives and the needs of our membership. Webinars will include sessions on HSE, Finance, HR, leadership Coaching and Digital 4.0

Our vision is one of transformation – speeding up plans and promises to unlock growth quickly. On our part as the executive, we lobby relentlessly for amendments and changes in legislation, policy and facilitation to generate much needed reform to improve the ease of doing business and reduce costs.

We have had success in advocating for VAT Refunds, FX allocation to manufacturers, vocational training programs, and a national buy local campaign, PTT. We are now pushing ahead on SME Toolkits, increasing CARICOM penetration through trade missions; the Proudly T&T brand identifies and promotes local manufacturers,; we are talking to secondary school students about a future in manufacturing; we are conducting research on illicit trade activity; supporting green manufacturing through the bottle bill and through Exim bank we are prioritizing FX and loan facilitates for SMEs. The TTMA continues to actively advocates to the lobby Government for VAT Refund relief, FX prioritization to manufacturers and overcoming trade facilitation obstacles.

Our SMEs are our next generation of business and bigger companies need to partner in our thrust for a stronger, sustainable non-energy sector. Today 20 of 1,154 companies represent \$2.9B in exports, that is 80% of exports. To grow, we need more. We believe that the manufacturers amongst our 890 SMEs are going to do that for us. By 2025, we should have 40 companies contributing \$4b in export.

Over the past 10 years the average cumulative export growth has been 3%. Pre-Covid 19, the intent was to double 2018 export figure of \$3.5B by year end 2025. The year 2019 saw no increase over 2018 and 2020 has realized a 60% decline when compared to 2019. We need to reverse the trend.

To do so, we must forge ahead with our vision to **stabilize, strengthen, and secure**. This is imperative to protect 52,300 jobs which represents 10% of our working population, and to create alternatives to non-oil revenues as the energy outlook remains unfavourable and while employment figures in oil and gas remains at just 5%. Diversification of our revenue to balance manufacturing with oil & gas is essential for the country to stabilize. The priority must be on Manufacturing.

As we enrol private sector into the common sense of local procurement in our supply chain choices, government too must support by radically improving the ease and cost of doing business in T&T. We will be relying on cooperation and support from our government to do all that it possibly can to foster a more enabling

environment by fundamental and systemic interventions that make it easier to do business in country.



We need liquidity through the continued release of VAT refunds, access to Foreign Exchange, elimination of bureaucratic inefficiencies related to Customs and Excise, Port management and unavailability of manufacturing data. We also need urgent focus to the obstacles to doing business especially in the areas of licenses, certificates, and approvals.

We are in conversations with Government on labour law reform and affordable land space and we hope to progress these in the weeks and months ahead. Our primary focus however, and consistent with our phased approach to sector transformation, is our access to foreign markets – and I here make a strong appeal to our Minister to prioritise this in the interest of business and country. We must press for the removal of obstacles that will take us from market access to market entry.

Members, the 2025 vision to increase exports will strengthen domestic capacity, assure sustainability, and create the right environment to grow exports and grow revenues.

Success will mean:

- Improved size and scale of exports
- SME growth and participation in our export potential
- Increased trade within CARICOM Markets
- Systemwide E-Commerce making business efficient
- Digitization of Government offices and agencies to improve the of doing business
- And of course, the liquidity that will allow us to deliver on our plans.

While the strategy designates the private sector as the influencer, it also recognizes components that the Government must lead and influence. We have reviewed Government's strategy for the sector and are pleased to see that we are aligned. It is for this reason that earlier this year, TTMA's strategy was endorsed by the Ministry of Trade & Industry and appended to its Manufacturing Policy.

This sets the stage for a partnership that can catapult Trinidad and Tobago into a bigger trading space – not just here in the Caribbean, but westward and south into Latin America.

It now gives me great pleasure to officially launch the TTMA Manufacturing Export Strategy 2025.

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