

About this

Report

The 2016 Manufacturing Sector Profile report is the first publication of its kind to be prepared by the Trinidad and Tobago Manufacturers' Association. This information platform is designed to help local industry executives and policy makers understand the prevailing conditions of the sector and to identify the factors that are considered key to industry growth. The study is based on information received from 47 senior manufacturing executives who were either interviewed by the TTMA's Business Development Unit, or completed an electronic survey. The reference period for which the results correspond is the time frame in which interviews were conducted- April 2016- June 2016.

BRIEF MANUFACTURING SECTOR OVERVIEW

Manufacturing traditionally played a peripheral role in the Trinidad and Tobago economy. Its contribution to Gross Domestic Product has been in the vicinity of 8% over the last 5 years. Though consistent and important, such a contribution is minor in comparison to the energy and services sectors, which are the economy's two main contributors.

According to the Central Bank of Trinidad and Tobago, there were approximately 51,200 people employed in manufacturing in 2015, accounting for 7.93 per cent of total labour force. However, employment has held relatively steady at 7-8 per cent of total employment from 2010 to 2016. At this time, however, the downturn in the energy sector is magnifying the importance of the manufacturing sector's role – in terms of employment, as a source of revenue and a key driver of present and future economic growth.

TTMA MANUFACTURING SECTOR PROFILE

In total, there are 236 manufacturing enterprises which are members of the Trinidad and Tobago Manufacturers' Association. Most of these are small and medium sized enterprises, with 33 per cent employing less than 25 people (small firms) and 64 per cent employing less than 150 people. While there is some level of foreign ownership among the larger firms, the majority of the companies which employ over 300 persons are generally locally owned, most of which are involved in the food and beverage sector. The table below provides a profile of employment in the TTMA based on the membership type and firm size.

Table 1 - TTMA Membership Employment Profile

# Of Employees	Ordinary	Associate	Grand Total
1-25	32.53%	31.01%	32.01%
26-50	12.85%	12.40%	12.70%
51-150	18.88%	17.05%	18.25%
151-300	10.04%	6.98%	8.99%
300+	9.64%	6.98%	8.73%
No Response	16.06%	25.58%	19.31%

¹Data extracted from the Central Bank Statistics Database

²An Ordinary Member is regarded as any company operating as a manufacturer in Trinidad & Tobago

³An Associate Member is regarded as any company, association, or government agency who provides a service and has a bona-fide interest in the promotion of manufacturing in Trinidad & Tobago

SURVEY AND SAMPLE DEMOGRAPHICS

The 2016 Manufacturing Sector Profile contributes to a broader idea which is to enhance advocacy on issues currently plaguing the manufacturing sector and standing in the way of their development. The report covers the following three sections:

- 1.0 Current Manufacturing Environment
- 2.0 Strengths, Weaknesses, Opportunities and Threats
- 3.0 Business Confidence over the next 12 months

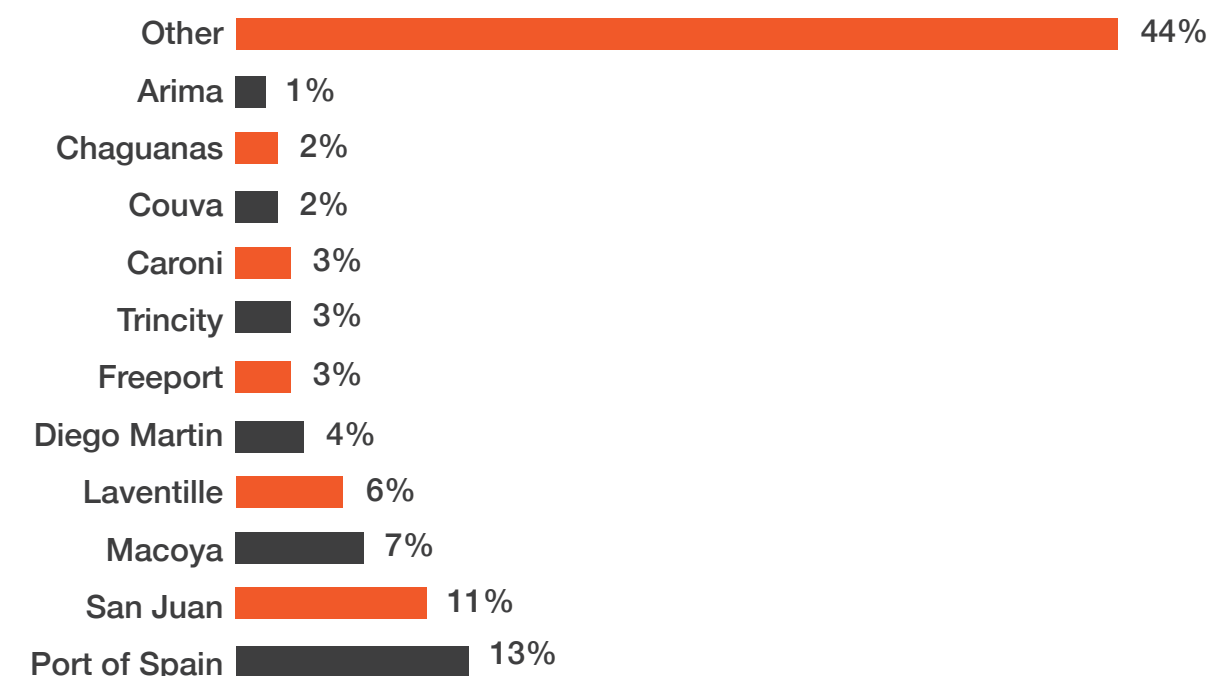
Section 1 asked industry executives to provide a general description of their firms, which included information on their workforce, major import and export partners and their overall responses to the downturn in the local economy.

In Section 2, respondents were asked to identify the present strengths, weaknesses, opportunities and threats which characterized their companies at the time of the survey.

In Section 3, executives were asked to express their general confidence in various micro-economic factors which could affect their firms in 12 months (or one year's) time.

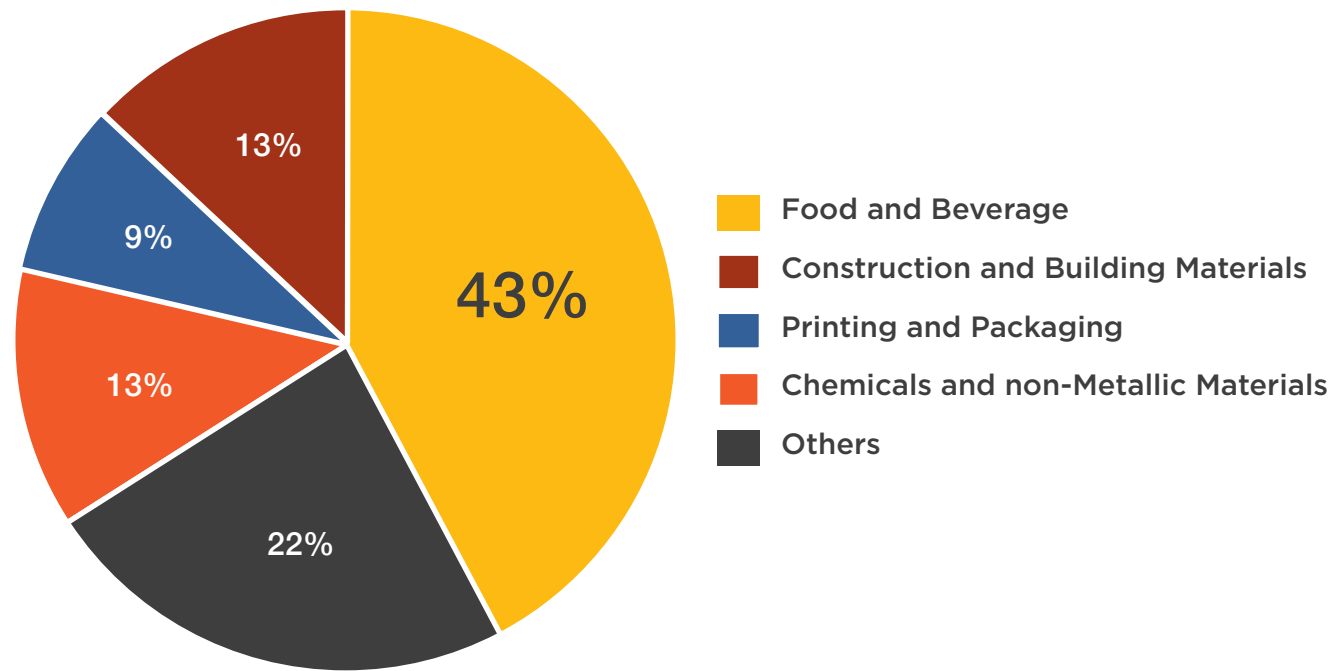
The interview framework was developed by the Business Development Unit of the Trinidad and Tobago Manufacturers' Association and the executives were either interviewed in person or completed the survey electronically, using the TTMA's membership database. Figure A1 shows the geographic locations of all the companies which participated in the study. The respondents represented 11 sub-sectors which were grouped based on the TTMA's membership classification and included Food and Beverage, Construction, Printing and Packaging, Chemicals and non-metallic, etc (see Figure A2 below). 43 per cent of respondents identified themselves as Managing Directors/CEOs while Directors/Functional Managers and Senior Company Representatives represented 14 per cent and 30 per cent of the sample respectively (see Figure A3). The remaining responses were provided by persons on behalf of the CEO or the job titles were not made available to the TTMA.

Figure 1 - Profile of respondents by location of Head Office



1.0 CURRENT MANUFACTURING ENVIRONMENT

Figure 2 - Profile of respondents by sector



1.1. SUPPLIER AND DISTRIBUTION NETWORK

The global economy has created a breeding ground for an integrated manufacturing system, with suppliers, manufacturers and distributors becoming part of an internationally connected value chain. Executives across the sub-sectors were asked to provide information on the location of their suppliers. Based on the results, it is evident that most manufacturers are heavily dependent on imported raw materials for inputs into the manufacturing process. Around 32 per cent of those interviewed are almost fully dependent on foreign suppliers as they indicated that none of their primary inputs are sourced locally. Furthermore, approximately 96 per cent of respondents use at least one foreign component to manufacturing operations.

Table 2 - Manufacturers' use of Foreign versus Local Suppliers

	No	Yes
Local Suppliers	32%	68%
Foreign Suppliers	4%	96%

As part of an effective procurement strategy, supply chain professionals actively seek to develop their value chain network. Raw material from the United States of America is highly sought after, with 77 per cent of the respondents indicating that goods are imported from that location. Around half the respondents procure goods from Europe and Asia, 51 per cent and 47 per cent respectively. Canadian suppliers were the least utilized as only 19 per cent of industry executives source goods from that location.

Figure 3 - Profile of respondents by title

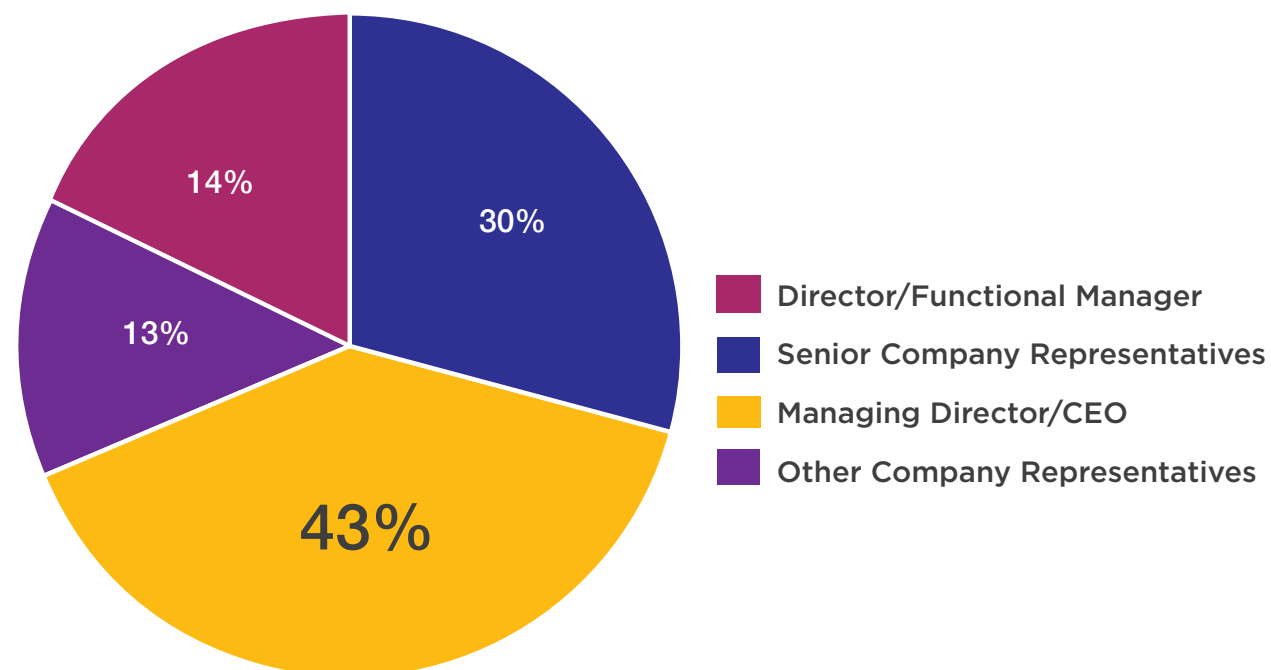


Table 3 - % of manufacturers engaged with import partners

United States of America	77%
Europe	51%
Asia	47%
Caribbean	34%
South America	34%
Central America	21%
Canada	19%

The research also suggests that the size of the company somewhat correlates with the firm's ability to set up in multiple locations. Approximately 43 per cent of the responding executives pointed out that their companies have manufacturing operations and/or retail/service/warehouse/distribution facilities in multiple locations throughout Trinidad and Tobago. Smaller companies of this sub-group, as measured by the number of employees, established at least one warehouse/retail facility apart from their factory, while the larger ones also set up additional manufacturing plants throughout Trinidad.

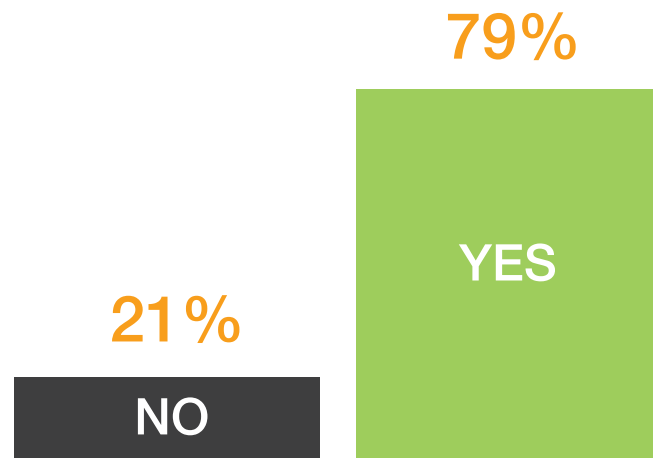
Larger manufacturers, specifically in the Food and Beverage Sector also tended to have a physical presence in multiple geographic locations across the globe. There is a wide-spread perception that the further away the market is from the manufacturing facility, the less competitive a product would become. To remove this competitive disadvantage, these companies opted to set up production facilities closer to their target markets; some facilities are located in African and Asian countries.

1.2 MANUFACTURING SECTOR- EXPORT PROFILE

1.2.1 Manufacturers' involvement in Exports

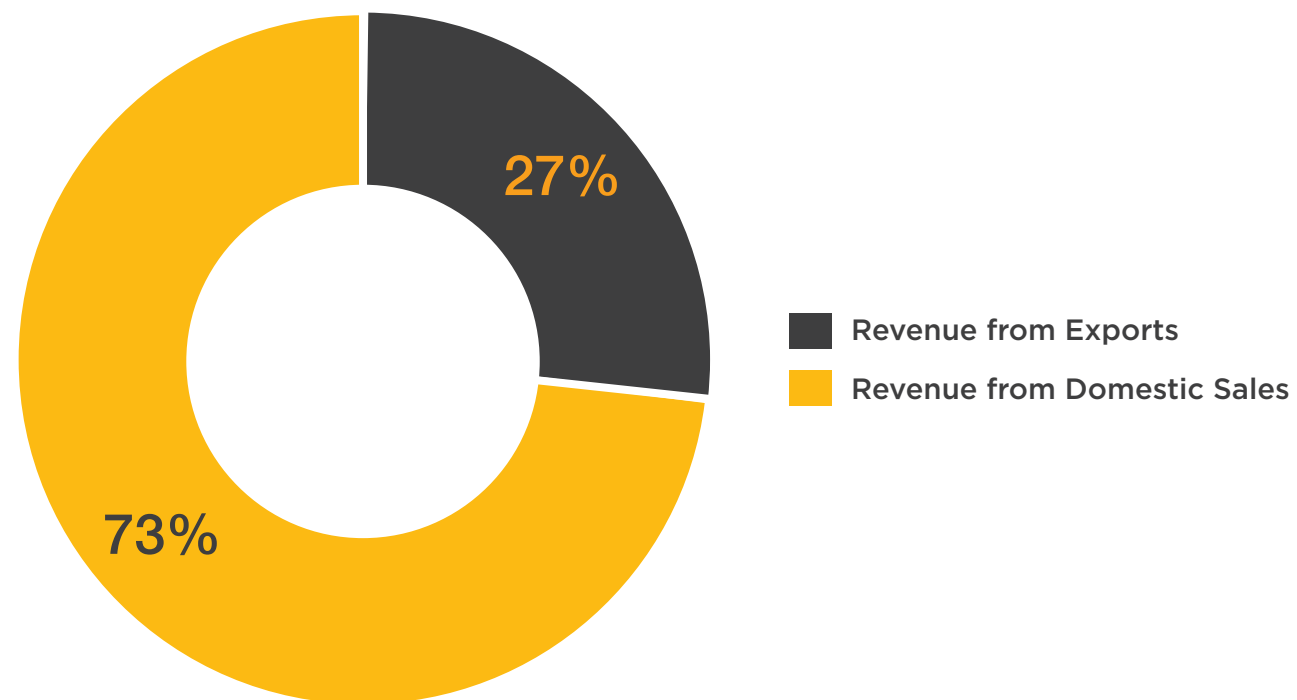
Trinidad and Tobago is the largest exporter of manufactured goods among CARICOM member states. Notwithstanding the quantity and value of exported output, 79 per cent of respondents suggested that their firms have engaged in sales to external markets, primarily Caribbean territories. The research showed a fair distribution of export oriented sub-sectors; however, with the exception of the food and beverage sector, these exports were generally one off transactions.

Figure 4 - Percentage of Exporting Manufacturers



For all exporters, it is estimated that only 27 per cent of total revenue is derived from foreign markets while 73 per cent is generated within the domestic market.

Figure 5 - Revenue Distribution for Exporters



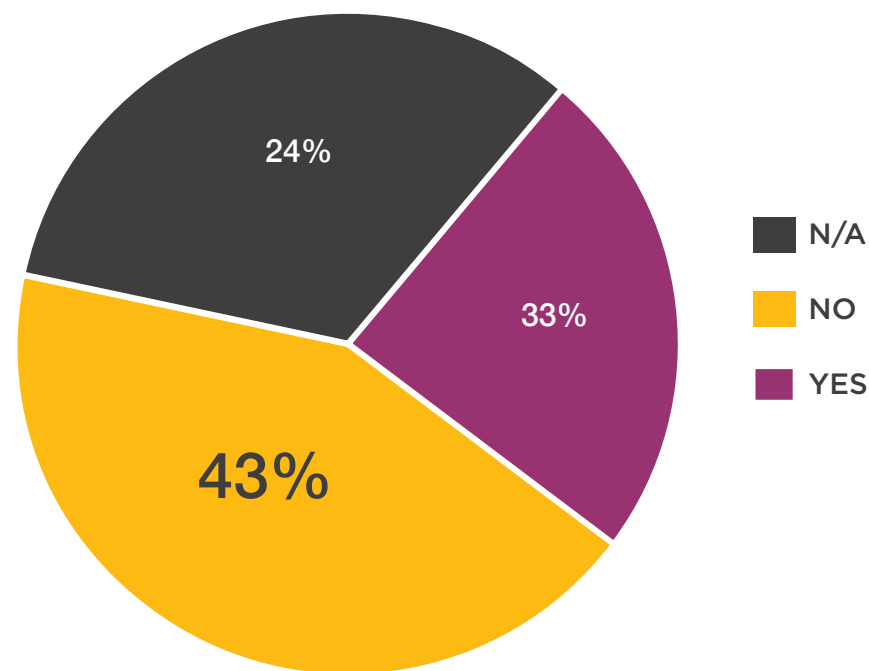
There have been mixed reviews on companies' growth in exports; however, reviews were slightly more positive than they were negative. The main export partners for manufacturers in Trinidad and Tobago remain the English speaking Caribbean, with export destinations comprising Jamaica, Barbados, St. Lucia, St. Vincent, Grenada and Guyana. Business executives report slow but steady growth and are optimistic about penetrating new markets within the Caribbean region.

On the downside, other firms were not as fortunate since they have been experiencing a decline in export business in the region. The overall picture of companies experiencing export decline is a move from 65 per cent of total revenue to a mere 10 per cent in the past few years.

1.2.2 Sustainability of Profits in the Caribbean Market

Companies were asked whether the Caribbean market is sufficient to sustain their current level of profitability during the current recession. The result revealed that a higher percentage of firms (43 per cent) were unconvinced that the Caribbean markets were sufficient to sustain profits compared to the 33 per cent that expressed confidence in the adequacy of regional markets. Responses were not available from 24 per cent of the sample.

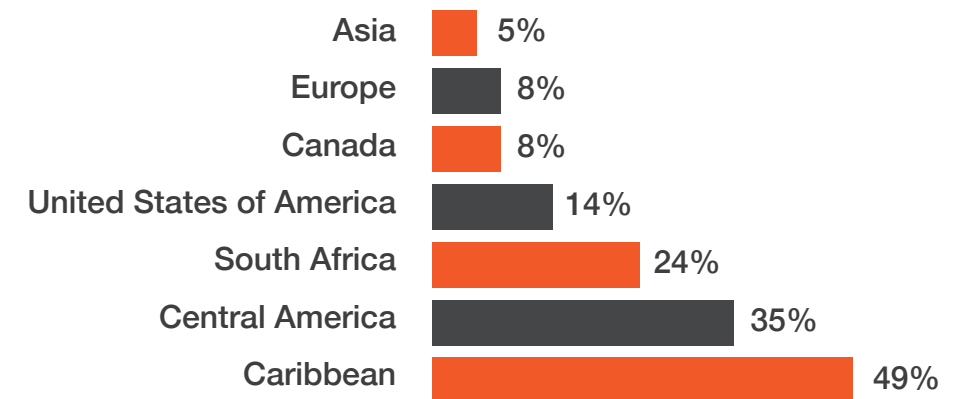
Figure 6 - Percentage of Exporters Comfortable with Caribbean Market for Sustainable Profits



1.2.3 New markets of interest to exporters

Although companies were generally less confident about sustaining profitability levels in existing Caribbean markets, 49 per cent of respondents still feel that there are untouched export markets in the region which can be penetrated. Furthermore, 35 per cent of manufacturing companies are interested in establishing markets in Central America, specifically identifying Costa Rica as a prospective export partner. The significance of Asian countries as export destinations was expressed by only 5 per cent of respondents, with an even smaller percentage being interested in reaching the Australian market.

Figure 7 - Destinations of Interest for Exporters

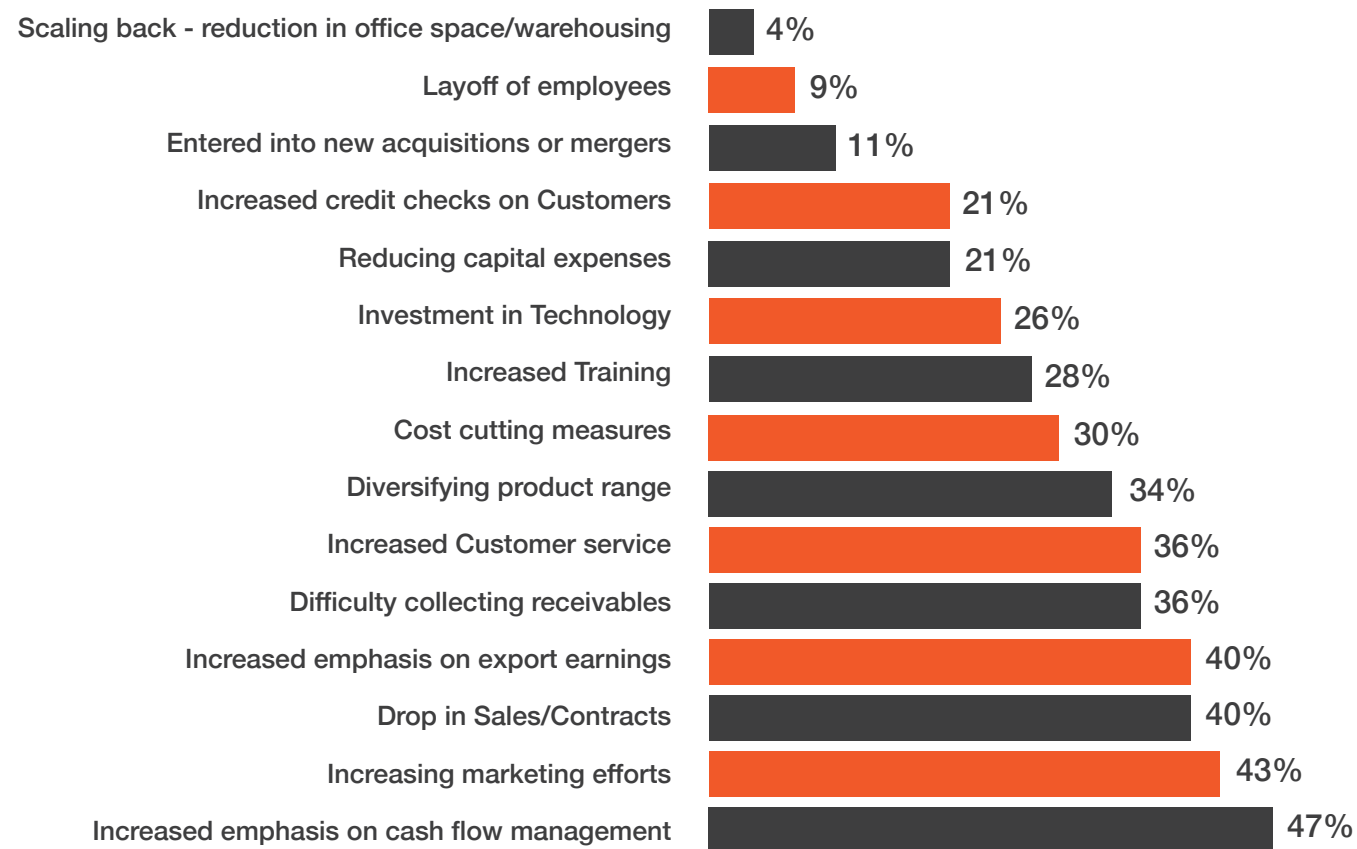


1.2.4 Markets of interest to non-exporters

Of the manufacturers that are not presently exporting, only 30 per cent were interested in establishing export markets at the time of the survey. These firms are generally involved in small scale manufacturing and are seeking to expand their product reach to few new destinations. One of the main areas of focus is the Caribbean region, as all those who are interested in exporting identified this market for potential export partners. Only one company identified more than one destination, adding the United States of America and South America to their list of prospective markets.

1.2.5 Reactions to the Economic Recession

Figure 8 - Manufacturers' Responses to Economic Downturn

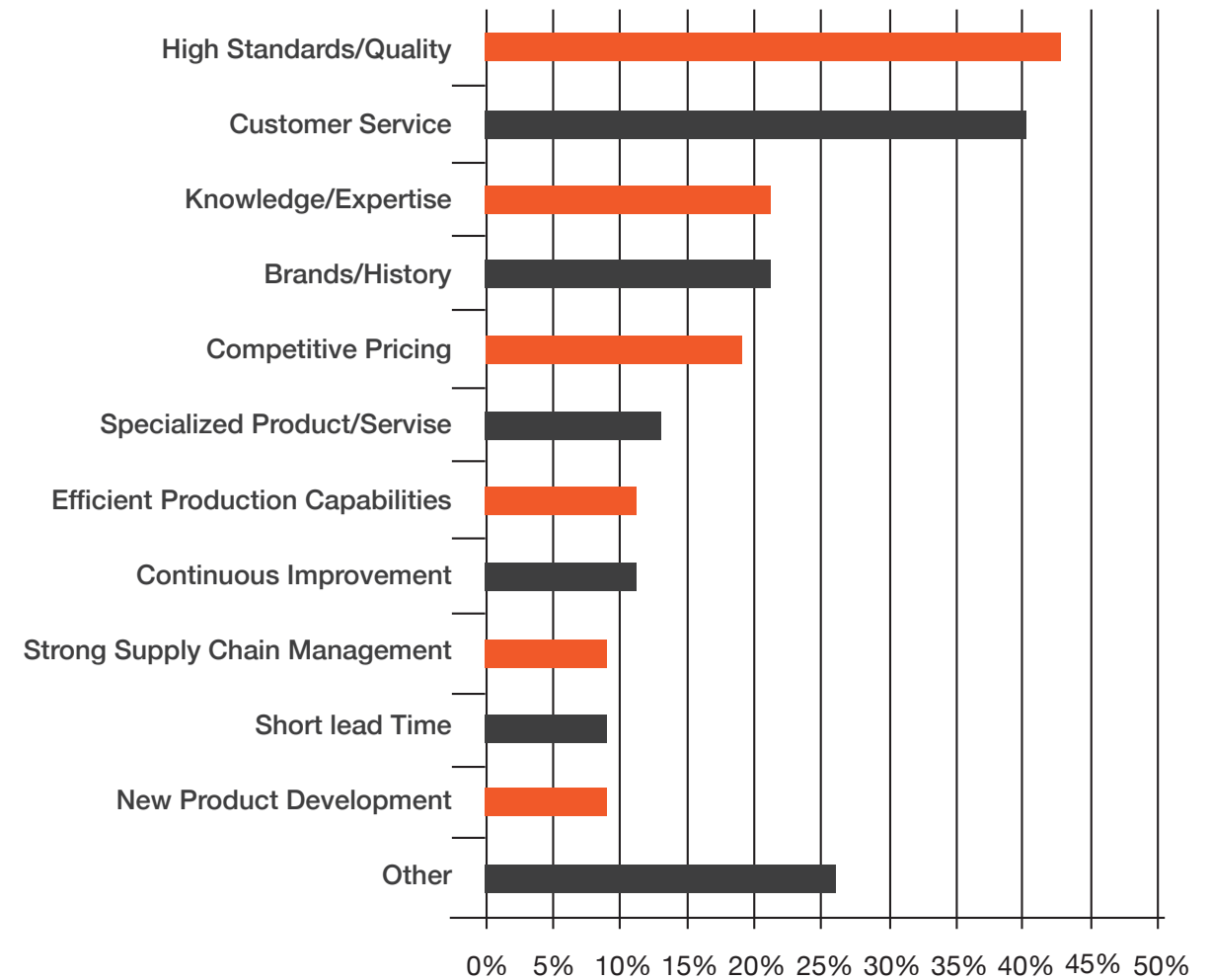


Industry executives were asked to specify their firm's responses to the downturn in the economy. 47 per cent of respondents indicated that there has been increased emphasis on cash flow management while 43 per cent indicated that they are increasing marketing efforts to recover from the drop in sales. Lower sales and less contracts were identified by 40 per cent of the sample.

As a response to the current downturn in the economy, most firms opted to implement strategies to preserve their employee bases. 91 per cent indicated that their firms have NOT laid off employees, while only 4 per cent indicated that they are scaling back by reducing office space and warehousing.

2.0 SWOT ANALYSIS OF THE MANUFACTURING SECTOR

Figure 9 - Percent of Respondents & Their Identified Strengths



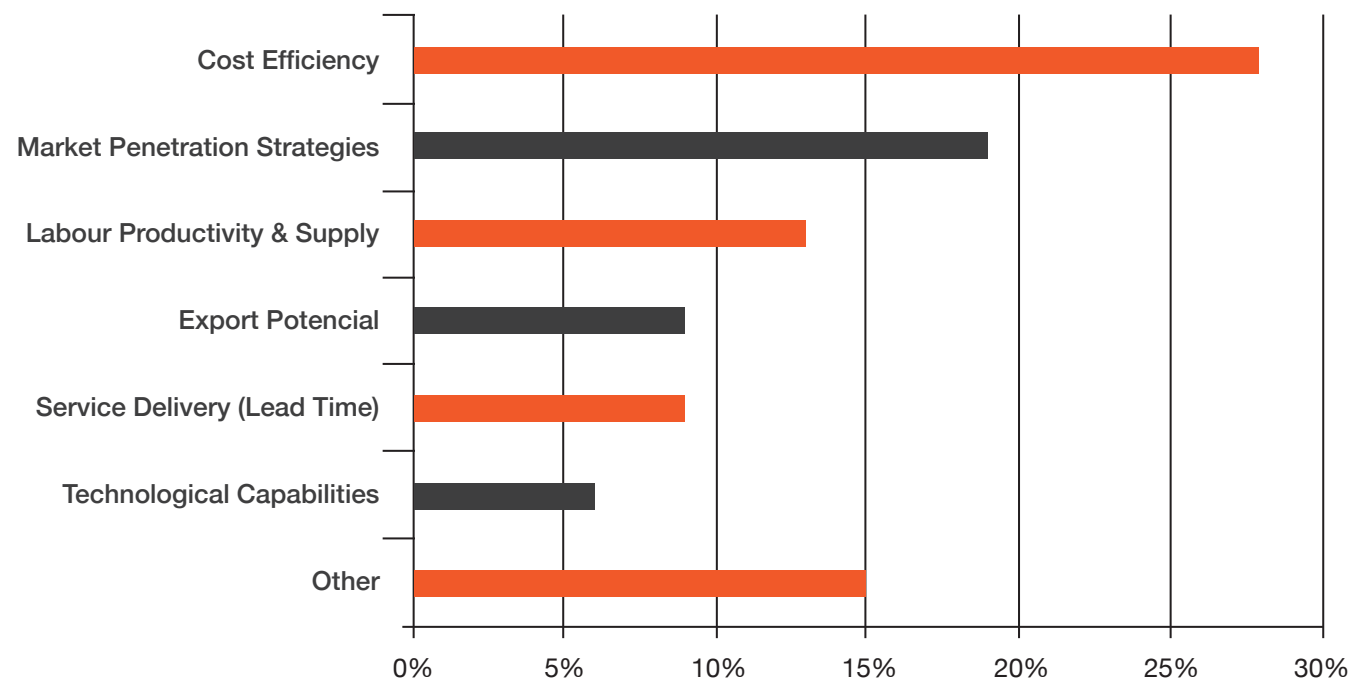
In the wake of globalization, firms can no longer establish a position of manufacturing supremacy on the framework of a single point of strength. In this context, manufacturers' within the TTMA are embracing a more balanced system to gain a competitive edge over other companies.

To maintain these advantages, manufacturing executives are prioritizing the quality management systems in manufacturing to uphold high standards of goods and services, as well as creating a customer focused environment. Other areas which were identified as strengths by respondents include strong branding, knowledge/expertise and competitive pricing.

The responses which were in the minority were grouped and represented 26 per cent of the sample respondents. These included the advantage of setting up production in a strategic location which reduces the cost of logistics for raw materials. Furthermore, some manufacturers identified their flexible operations and the fact that their products are essential to their markets as other strengths.

At the same time, there are endogenous factors that have been constraining manufacturing firms' market dominance. 28 per cent of business executives held the view that cost efficiency is the number one area in which their firms need to improve. This sub-grouping was well represented by firms of all sizes which were involved in exports. Other main weak points which were recognized were ineffective marketing strategy (19 per cent) and the inability to source, develop and retain staff (13 per cent).

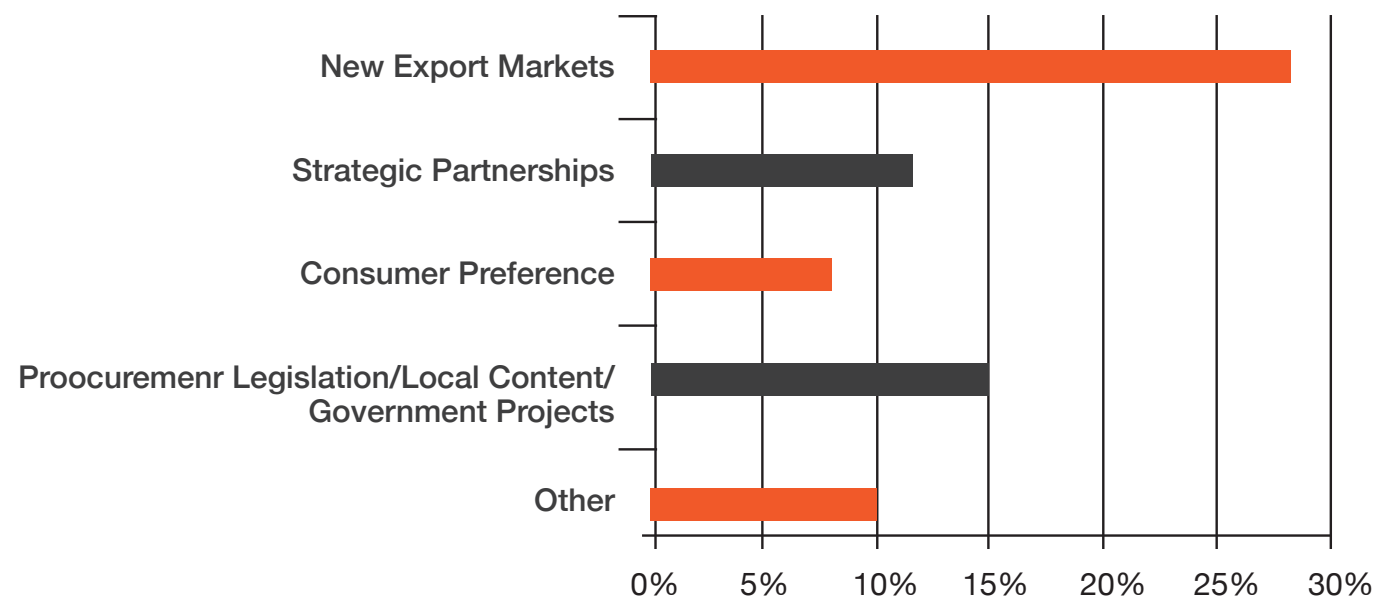
Figure 10 - Main Weaknesses Identified by Manufacturers



The less prevalent areas of weakness were grouped as other responses and included the inadequacy of comprehensive quality control systems, limitations to new product development, weak customer relationship management and ineffective pricing strategies. These responses were given by 15 per cent of the sample; companies primarily affected by weak quality management and poor pricing strategies were generally involved in construction. Additionally, those affected by poor customer engagement originated mainly from the food and beverage sector.



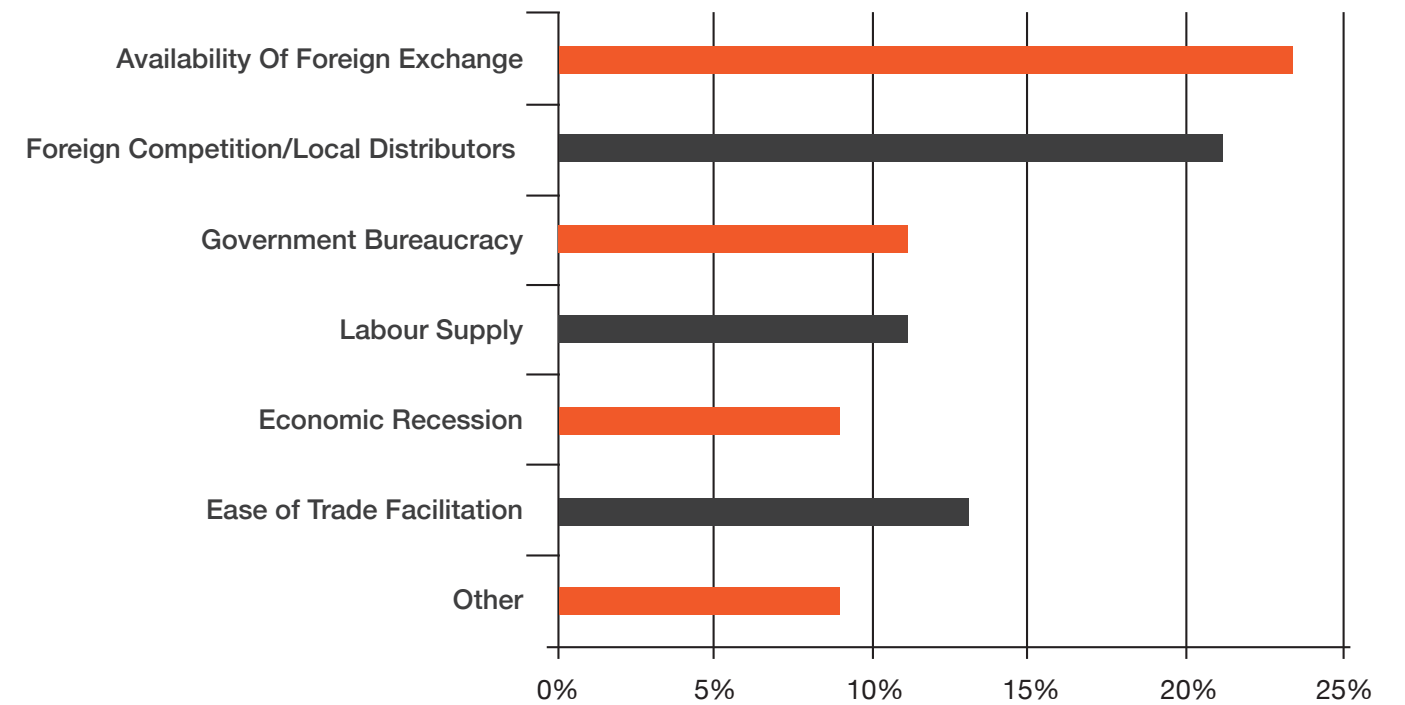
Figure 11 - Percent of Respondents - Opportunities



Manufacturers continue to implement strategies to surmount a variety of internal challenges they experience while emphasizing their own distinctive set of strengths in order to take full advantage of manufacturing investment opportunities. The manufacturing sector remains strongly focused on taking advantage of the prospect for new export business, particularly in densely populated markets, as identified by 28 per cent of business executives. Through the creation of forward and backward linkages in the value chain across industries and international borders, the development of strategic partnerships was also identified by 11 per cent of respondents as an area of opportunity. Manufacturing firms (15 per cent) are looking forward to Government Procurement Legislation given the new opportunities it would create for them to successfully tender for government projects. There is a perception that in the absence of such legislation, local manufacturers face a difficult task in being able to fairly compete with foreign suppliers for government projects.

Changes in consumer preference were identified as an opportunity to increase revenue from retail sales, particularly in the seafood industry. While there has been a lot of dialogue about the establishment of new industries to mitigate the effects of the slump within the energy sector on Trinidad and Tobago, fewer manufacturers saw opportunity in the establishment of recycling industries. These responses were categorized under the 'Other' heading, which represented 10 per cent of the sample.

Figure 12 - Recognized Threats to Manufacturers



Most companies which are net foreign exchange users have identified the limited availability of US currency as a major threat to their manufacturing operations, representing 23 per cent of the firms interviewed. Many expect the devaluation of local currency, which would further exacerbate the problem regarding the inability to pay foreign suppliers. Notwithstanding this, the role played by this devaluation in terms of reducing the ability to purchase raw materials at competitive prices on the one hand, versus export gains on the other hand, is important to note – it would become comparatively cheaper for countries to import goods manufactured in Trinidad and Tobago. This should provide a boost for all companies seeking to export.

Local distributors and the domination of multinational corporations in the local market have been identified as a threat by 21 per cent of respondents. The latter was primarily from within the construction & printing and packaging industries. Construction firms indicated that there isn't any protection for local businesses since most of the larger contracts are awarded to international companies. Additionally, as one manufacturer put it, there exists a system of "economic re-colonization", as strong international brands are squeezing smaller manufacturers out of their respective industries.

11 per cent of respondents identified government bureaucracy as a threat to their firms, with severe delays in payments of VAT refunds being cited as a major problem. Similarly, 11 per cent of business executives also recognized the quality and quantity of the local labour pool as a threat to their firms since they are unable to source skilled individuals to create additional value in production.

Collectively, 9 per cent of respondents gave other responses which included legislation such as the Beverage Container Bill, the lack of incentives for innovation, and limited availability of land for plant expansion.

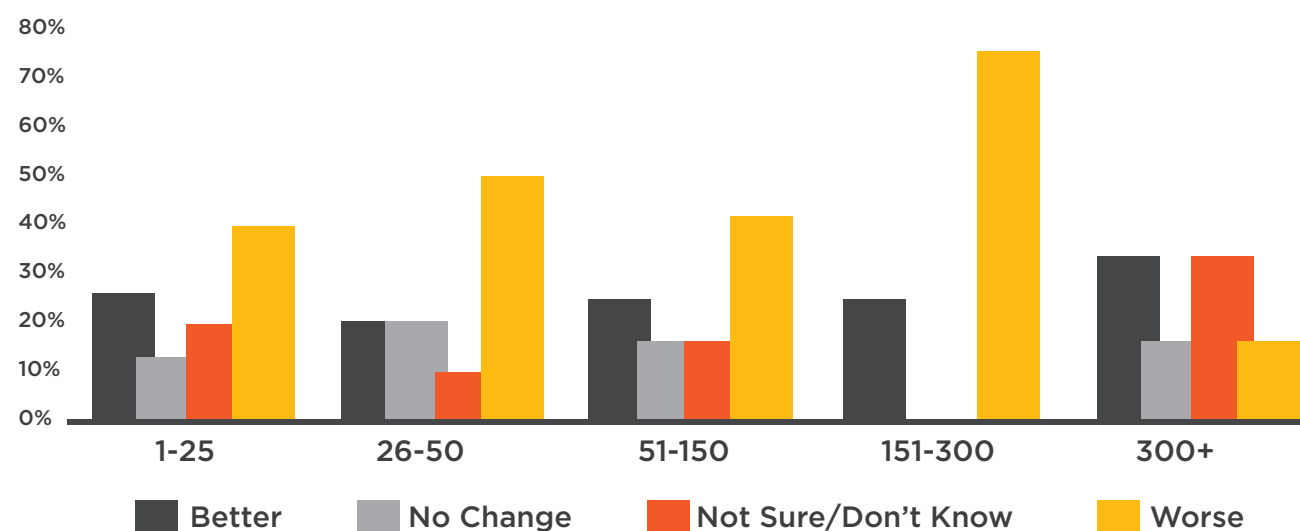
3.0 BUSINESS CONFIDENCE SURVEY EXECUTIVES' OUTLOOK OVER THE NEXT 12 MONTHS

3.1 GENERAL BUSINESS CONDITIONS

TTMA's Business Confidence Survey generally shows a decline in business confidence. Overall, 43 per cent of the businesses interviewed were less optimistic about the conditions over the next 12 months. In particular, with a combined average of 52 per cent, small to medium sized firms were generally less confident about the prospects for their firms in the coming months. Executives' confidence about general business conditions partially reflects the perceived weakening local economy, with job cuts and overall reduction in disposable income and consumer spending, leading to decreased profit levels.

Large firms (over 300 employees) were generally more confident than small and medium sized enterprises. This is due in large part to the internal structure of those firms and the micro-economy to which they belong. Most of the larger companies produce consumer products, making them less prone to the effects of a recession or maybe even causes them to thrive in it. Lower disposable income is perceived to encourage consumers to purchase more competitively priced products, most of which are locally produced goods. Furthermore, while softening economic conditions may negatively affect some large firms through the reduction in the velocity of transactions, many are seeking to take advantage of the opportunities which exist in the global marketplace to offset the probable decline in sales locally.

Figure 13 - Business Confidence by Company Size

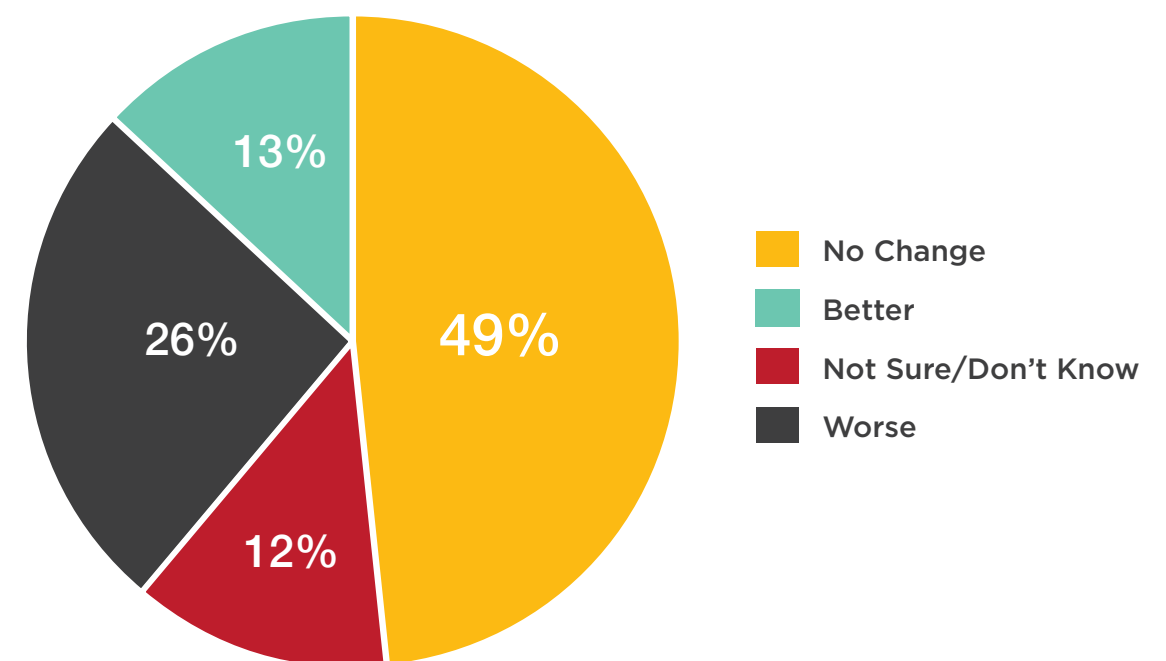


3.2 ABILITY TO FUND CORE COSTS

Just under half of all the firms interviewed (49 per cent) don't anticipate any changes in their ability to fund core costs. Many are employing cost cutting measures and banking on export business opportunities to compensate for the revenue that would have been lost through the reduction in sales locally.

However, smaller firms expect their financial capabilities to improve within the upcoming months. These companies are generally comfortable with sourcing funds internally through owner's investments or through the mere fact that their assets are highly liquid. Overall, 13 per cent of the respondents foresee better conditions to fund their core costs.

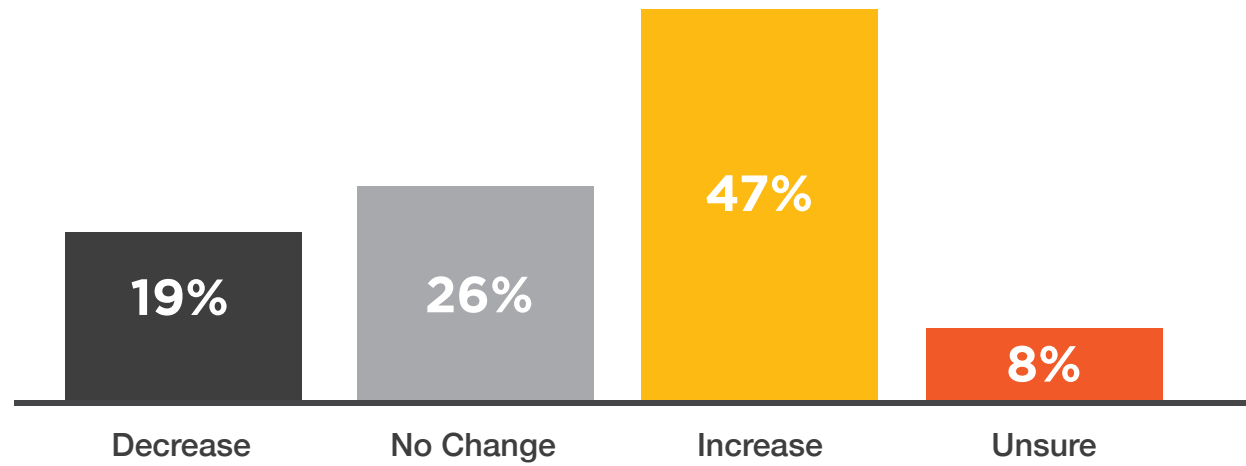
Figure 14 - Ability to Fund Core Costs



Notwithstanding the strong optimism of some firms, foreign exchange availability has been identified as the biggest challenge in financing core operating costs of manufacturing firms. 26 per cent of the respondents are pessimistic about the financial resilience of their firms within the next year. Given the high dependence on imported raw materials, manufacturers are finding it difficult to pay suppliers and service providers who quote bills in US currency.

3.3 PRODUCTION LEVELS

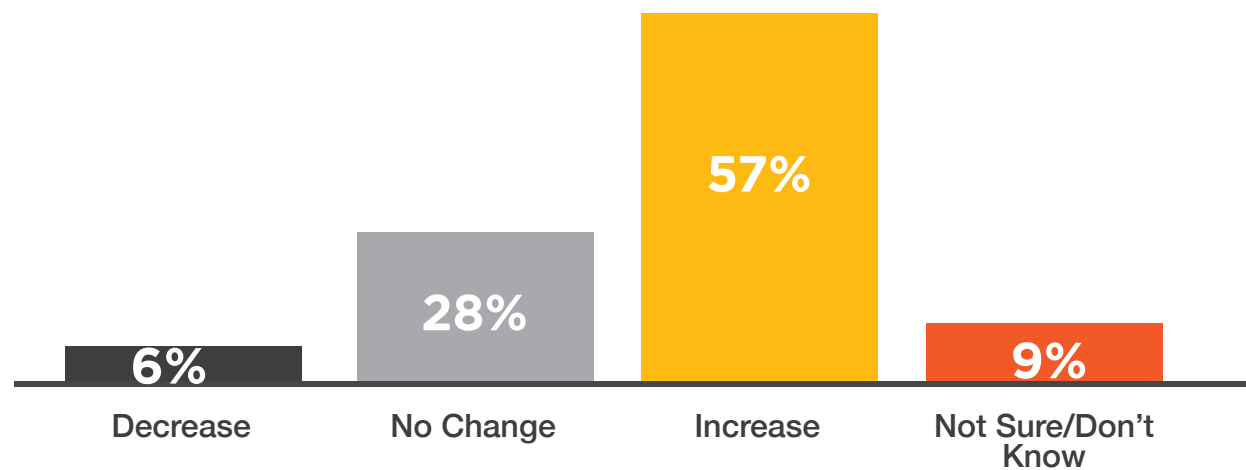
Figure 15 - Production Levels



Overall, 47 per cent of the firms interviewed were optimistic about increasing production levels over the reporting period. Manufacturers operating in the Chemicals and non-metallic, Construction and Building Materials and Food and Beverage sub-sectors recorded the highest positive response rate, at 50 per cent each. Firms are generally working on the introduction of new products into the market and the implementation of marketing strategies to increase consumption of their products.

3.4 OUTBOUND SHIPMENTS

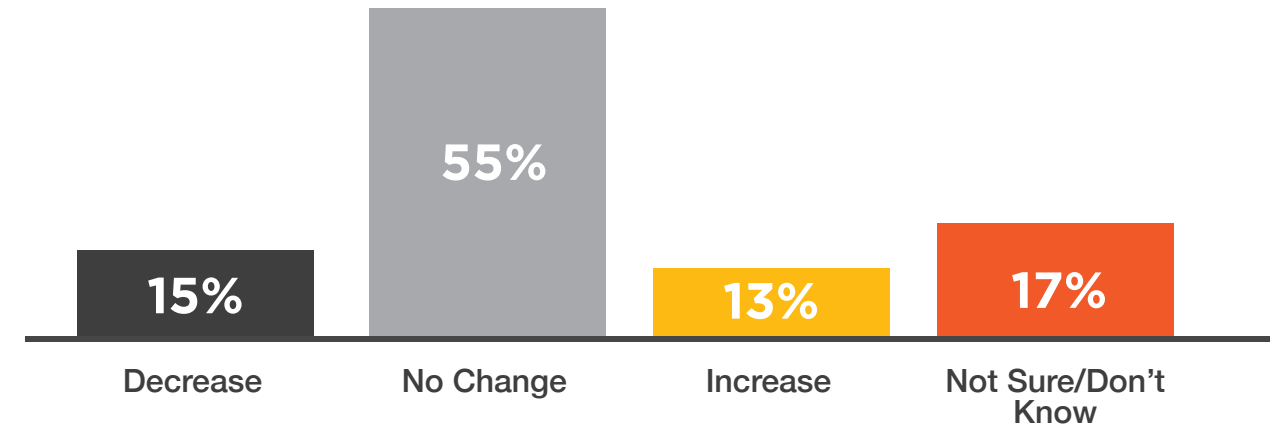
Figure 16 - Outbound Shipments



Due to the expected fallout in local demand, companies are working on the expansion of export markets, particularly in the English Speaking Caribbean and Latin America. 57 per cent of business executives anticipate an increase in outbound shipments. Those firms which expect no change (28 per cent) primarily cater to domestic markets or have seen very little export business since being established.

3.5 DELIVERY TIME

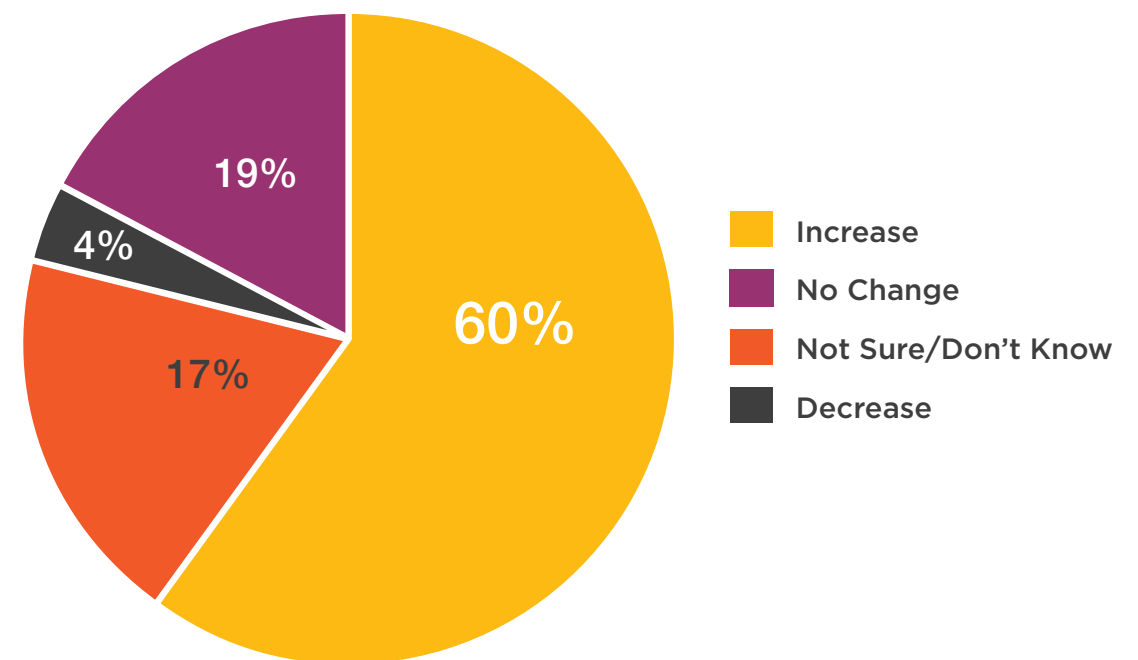
Figure 17- Delivery Time



55 per cent of respondents indicated that they expect the delivery time for their products to remain the same within the next 12 months. This reflects the confidence in existing processes that is characterized by short lead times and quick delivery services. Notwithstanding several firms' contentment with existing lead cycles, 15 per cent of respondents expect delivery times to decrease, driven by their commitment to continuous improvement.

3.6 PRICES PAID

Figure 18 - Prices Paid



The majority of manufacturers (60 per cent) across all sectors and of various sizes held high expectations that the prices paid for raw materials are set to increase in the year ahead. This is primarily due to the unease regarding foreign exchange availability and the anxiety over the depreciation of the TT dollar. Uncertainty was expressed by 17 per cent of the business executives, with the energy dependent industries which utilize crude derivatives for manufacturing mentioning that global energy prices are highly influential in their production costs. Only 4 per cent of the manufacturers interviewed indicated that they expect prices to fall.

3.7. EMPLOYMENT LEVELS

Generally, manufacturers (51 per cent) indicated that their workforce would be maintained at its current level as there is excess human resource capacity to ramp up production. Those firms that expect to employ additional staff represented 26 per cent of the sample, and were primarily involved in Food and Beverage, Chemicals, or Wood Related manufacturing. On the other hand, while expressing that layoffs may not be extremely significant, 13 per cent of the manufacturers expect to reduce their headcount in the next 12 months as firms are becoming more capital intensive to reduce operating costs and enhance efficiencies.

Figure 19- Levels of Staffing

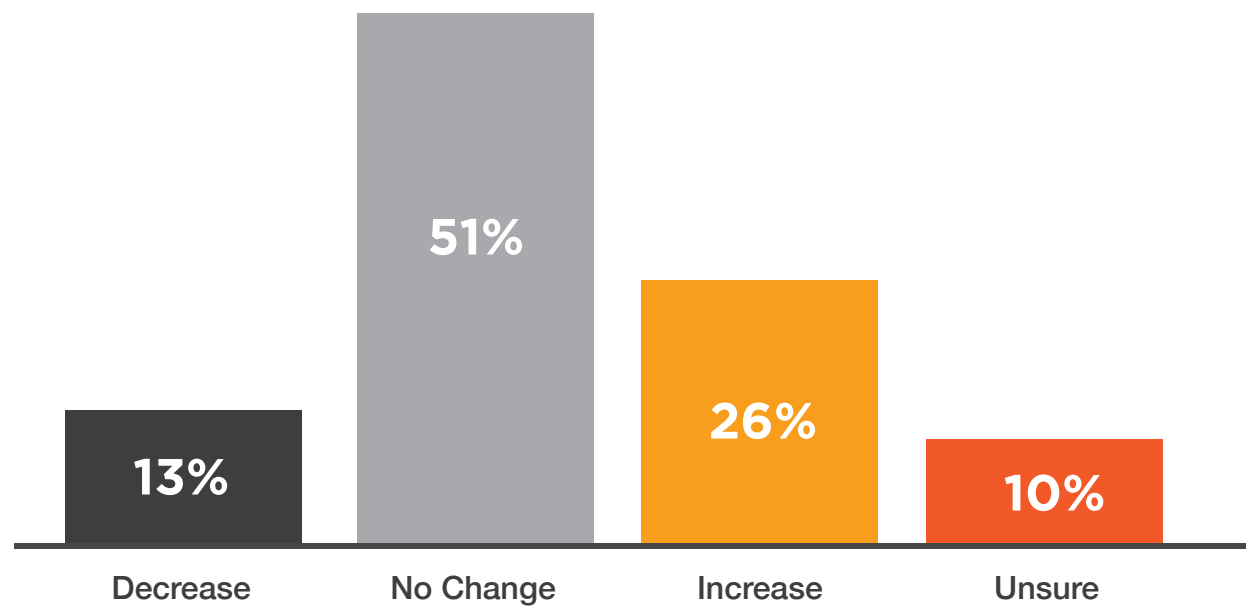
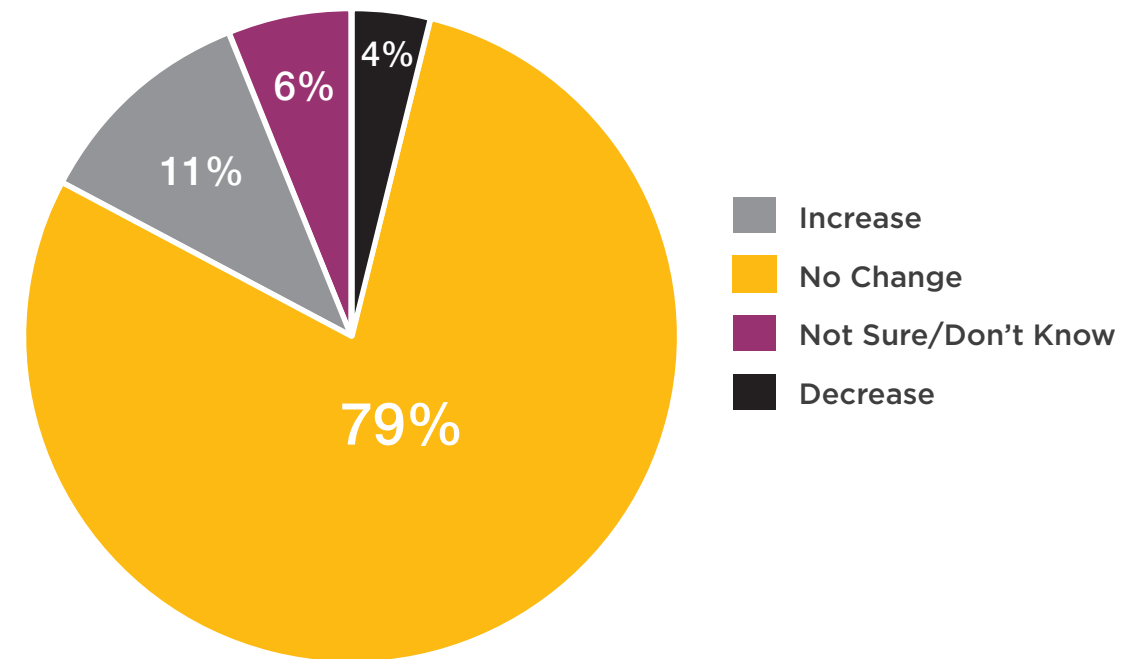


Figure 20 - Average Employee Work Week

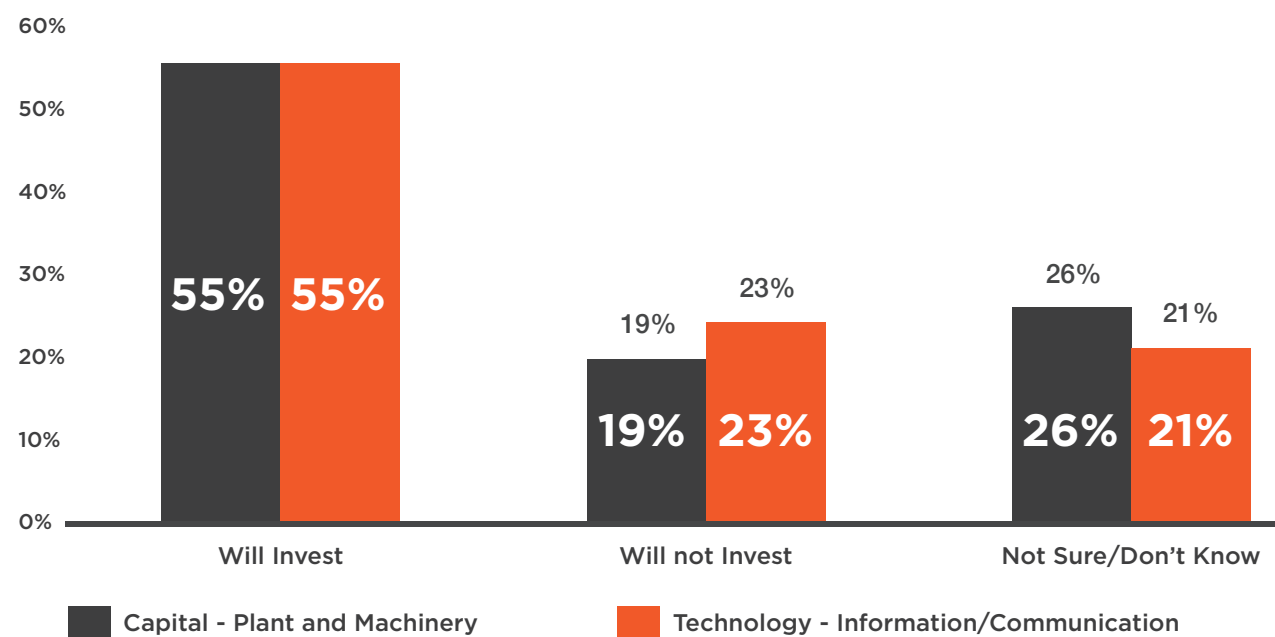


Further to maintaining current employment levels, manufacturers also expect to demand the same amount of productive hours from employees in the next 12 months. The average employee work week was at approximately 40 hours, and the vast majority of manufacturers (79 per cent) indicated that this would be upheld. Few companies (11 per cent) pointed out that they would be working on new product development strategies which would require staff to work additional hours. Conversely, 4 per cent of the sample expects to reduce employee working hours.

3.8 CAPITAL AND TECHNOLOGICAL INVESTMENTS

Investments in capital and equipment should be somewhat promising within the next 12 months. 55 per cent of respondents indicate their intention to invest in new plant and equipment as well as in information and communication technology. This group was well represented by firms of all sizes across most manufacturing sub-sectors. However, larger firms, particularly those with more than 150 employees, generally held the highest expectation for capital and technology investments, with an average of 83 per cent of those respondents expecting to increase expenditure. Overall, the uncertainty regarding the prospect of increasing capital investment was marginally higher than that of technology spending, 26 per cent to 21 per cent respectively.

Figure 21 - Capital and Technological Investments



CONCLUSIONS DRAWN FROM THE STUDY

This study has affirmed the resilience of our manufacturers nationally, if one were to take the TTMA’s sample as a good gauge regarding conditions in the entire manufacturing sector. Despite the economic recession, manufacturers continue to demonstrate their inclination toward growth; determination to maintain a high level of output; high levels of staffing; good customer service and product quality; and the will to enter new export markets.

Conversely, there are internal and external factors that militate against manufacturers’ growth and development objectives, which in turn affect their contribution to national output. The ones that stand out include cost inefficiencies; availability of foreign exchange; inadequate marketing strategies; increasing prices and reduction in sales revenue due to the current economic recession; and high levels of dependence on foreign suppliers for raw materials.

The following is a list of noteworthy conclusions coming out of the study, which affect the direction of the manufacturing sector and point to the way forward, both from the micro (firm) and macro (government policy and business facilitation) level:

IN THE FACE OF ECONOMIC CHALLENGES, MANUFACTURERS HAVE BEEN STRIVING TOWARD GREATER EFFICIENCY

The high percentage of respondents that are confident in their ability to fund their core costs, despite the perceived (and real) rising cost environment, points to a “cutting of the excess fat”. Many respondents described the specific cost cutting measures that they have employed to become more efficient, a testament to their collective will to survive through the current recession. This is borne out by the fact that 47% of companies surveyed have responded to the current recession by increasing their emphasis on cash flow management, while 30% pointed to increased cost cutting measures.

MANUFACTURERS ARE INTENT ON SUSTAINING EMPLOYMENT LEVELS THROUGH THE RECESSION

91% of respondents indicated that they have not laid off employees since the onset of economic recession in Trinidad and Tobago. Over the next year, 77% of respondents expect their levels of staffing to either increase or remain the same.

This is a good sign, and should serve as an encouragement to job seekers, foreign investors and the government all of whom are now looking to “pick winners” on a national level, given the decline of the energy sector. This positive sign should be viewed in conjunction with manufacturers’ high inclination to invest and increase their production levels.

It should, however, be tempered by their overall negative outlook on the business sector, which can be assuaged by an affirmative manufacturing sector (government) policy that encapsulates greater local content, enhanced labour productivity & participation, and value chain development.

THERE IS CONSIDERABLE ROOM FOR INVESTMENT AND EXPORT ORIENTED GROWTH OF THE MANUFACTURING SECTOR

Tapping into new export markets was identified by 28% of respondents as key opportunities, which was the largest of all identified opportunities. As stated earlier, approximately half of the exporters (49%) are seeing new market opportunities in the Caribbean, while 35% and 24% of respondents are keen on new market penetration in Central and South America respectively.

Simultaneously, despite manufacturers’ general pessimism in the overall business outlook for the next 12 months, there are positive indications in terms of their production levels, outbound shipments, levels of staffing and investments, all of which they expect to either remain the same or increase. In particular, there is a remarkably high percentage of respondents who intend to invest in plant & machinery and new information technology (55% in both cases).

When viewed holistically, it appears that manufacturers are inclined to stand firm in the face of the economic recession, and work towards the internal growth that will support their desire to further penetrate the Caribbean and Latin American regions.

This puts greater emphasis on taking advantage of Trade Agreements that are in effect between Trinidad & Tobago and the countries in which manufacturers have strong interest. It also brings squarely into focus the requirements for entry into these markets, which in turn will determine how manufacturers orient their businesses to gain such market access. A detailed review of the entry requirements into one such market – Panama – is provided in the Trade section of this Digest.

MORE EMPHASIS NEEDS TO BE PLACED ON SME EXPORT DEVELOPMENT TO FACILITATE HIGHER LEVELS OF MANUFACTURING SECTOR GROWTH

We have seen that of the manufacturers within TTMA's membership, 64% employ 150 persons or less, and 45% employ less than or equal to 50 persons. Thus, the vast majority of manufacturers are small and medium enterprises, which is also reflected in the sample data.

It therefore stands to reason that a stronger focus on SME export development – by Business Support Organizations (BSOs) and government agencies – is necessary if the manufacturing sector has to experience growth.

The three main identified weaknesses of cost inefficiencies, marketing strategies and labour & training needs can all be improved by the creation of a more facilitating business environment. As a BSO, the TTMA, through its ongoing engagement with various government agencies, has put in place various trade and business development initiatives, and engages strong levels of advocacy in areas where enhanced government services are needed.

This report highlights that such initiatives need to be tailored more specifically to SME export development, while ensuring that larger companies continue to be serviced adequately.

GREATER SUPPORT AND EMPHASIS NEEDS TO BE PLACED ON PROMOTION OF LOCALLY MANUFACTURED GOODS, BOTH WITHIN AND EXTERNAL TO TRINIDAD AND TOBAGO

The second most prevalent weakness was identified as 'marketing strategy' (19%). Many of our manufacturers have high value products with latent potential for market penetration, both locally and internationally. However, many of them are not adequately "showcased to the world", which limits their potential reach.

More effective deployment of information technology (websites, social media, online stores, digital advertising) at the firm level, supported by marketing efforts of BSOs, such as the TTMA's Think Local Campaign will be pivotal in changing this phenomenon.

Additionally, local and international Trade shows, such as the TTMA's Trade and Investment Convention, and trade missions take on greater relevance in creating the initial awareness of our manufacturers' existence, and should be followed up by ongoing connectivity to the desired clients.

One also needs to understand the differences that are applicable to each potential market, and craft suitable marketing strategies to capitalize on them. Both TTMA and ExporTT perform a significant amount of foreign market research, which can prove invaluable to the development of proper marketing strategies.

THE HEAVY RELIANCE ON IMPORTED RAW MATERIALS NEEDS TO BE ADJUSTED

An overwhelming majority of respondents utilize at least one foreign supplier of raw materials. The composition of the TTMA's manufacturing sub-sectors reveals that most of the companies belong to Food & Beverage and Printing & Packaging. An examination of the identified inputs to manufacturing (which was also investigated in this study) unveils the potential for import



substitution, through enhanced linkages with the downstream petrochemical, agriculture and agro-processing industries. This value chain developmental approach will be highly beneficial for manufacturers, who are currently plagued with uncertainty in the supply and rate of foreign exchange to procure imports for their production. It will also support national job creation, as well as the sophistication of our local petrochemical and agricultural sectors, both of which are declining for different reasons.

THE MANUFACTURING SECTOR WILL STAND FIRM IN THE FACE OF THE CURRENT RECESSION, AND EXPERIENCE GROWTH IF ECONOMIC CONDITIONS IMPROVE

This assertion is guided by the overall sentiments expressed in this survey. In particular, the stark contrast that exists when one compares respondents' general business outlook – mainly negative – to their willingness to invest (take risks), increase output and sustain employment levels, gives an indication that manufacturers are not ready to concede defeat to the local economic constraints. It follows then that growth will likely occur if the major endogenous and exogenous factors affecting their growth are dealt with. If done the right way, such growth can indeed be exponential; the TTMA will stand by its manufacturers at this time, as we continue to seek effective and innovative ways to support the development of the sector.

SECTOR PROFILE SUMMARY

The affirmative position of the TTMA, supported by the findings of this report, is that a concerted effort needs to be placed on creating the right conditions for our Small and Medium Enterprises to effectively penetrate regional and international markets. Prior to the conduct of this study, we as an organization were cognizant of the fact that market development and penetration costs, specifically for SMEs, have been very prohibitive. This is especially true for extra regional markets, but also has relevance to entry into some Caribbean markets as well.

In light of this, we must discover what changes will be required in terms of policy and incentives, institutional and financial support if our SMEs are to successfully reach their export potential. If this is done, these SMEs must, in return, demonstrate the commercial wherewithal to utilize such support and take the entrepreneurial risks required to enter the markets and strengthen their foothold over time.

Such gains will inevitably translate into the two major components for economic growth – that of foreign exchange earnings and employment, two of the TTMA's strongest points of advocacy at this time.

Now we must identify the full gamut of government, private sector, Business Support Organizations, academic and other institutions that need to work toward creating a manufacturing policy that affirms our manufacturers (Small, Medium & Large), allows them to overcome severe challenges, and encourages them to grow.