

PRESIDENT'S DINNER & EXCELLENCE IN MANUFACTURING AWARDS

October 3rd, 2017

- Dr. the Honourable Keith Rowley, Prime Minister of the Republic of Trinidad and Tobago
- Mr. Robert Price, Chairman of PriceSmart Inc.
- Other Government officials and members of the Business community
- Special invited guests, Members of the Media

Distinguished Ladies and Gentlemen. I'd like to begin by congratulating the awardees, with special mention of Mr. Arthur Lok Jack who we are honoured to celebrate. I am indeed pleased to be here with you today on this special occasion. I am proud to be a part of this event which brings together manufacturers from across the country to celebrate our achievements. The people in this room have made immense contributions and shown unwavering commitment to the socio-economic development of our beloved nation and some of you for several decades. Trinidad and Tobago owes you all a debt of gratitude for your commitment, demonstrated by your respective investments in our economy. Our future depends on people like you who are invested in nation-building.

I am optimistic about our future and pleased to say that the TTMA has been in discussions with the Government through the Minister of Finance and the Minister of Trade and Industry in order to have our concerns acknowledged and addressed. We discuss with Government and among our membership our increasing challenges to be competitive in export markets and to access adequate foreign exchange to buy the raw materials. We talk about the problems we're having with respect to VAT refunds and the strain this places on our cash flows and we discuss the importance of the creation of an enabling environment

through incentives and other measures to increase exports which will generate much needed foreign exchange. We have recently returned from a trade mission to the Dominican Republic with a view of increasing the value and growth of the manufacturing sector of T&T. This was a continuation of our focus on the Latin American markets as we have hosted trade missions to Cuba and Panama as well. Of note, our Trade and Investment Convention in July of this year was the largest show we ever had, with almost 12,000 attendees. All of this during a time of recession. Just two months later on the heels of the TIC 2017, we launched the Trade and Investment Convention 2018 with the theme entitled 'New horizons, new opportunities' and we expect even greater participation.

As I said, I remain optimistic.

Most entrepreneurs would tell you that in times of difficulty and increasing challenges, we are forced to be innovative and find the opportunities. Since the economic down- turn came to the forefront, the manufacturing industry has been called to lead the diversification of the economy. We are aware that our natural resources are dwindling and successive Ryder Scott reports have attested to this. This coupled with low prices on the energy market is not good news for our economy. Most of us were there last Wednesday when the Government presented our reality of the energy sector. I think we can all agree it was dismal at best.

Regardless of this, many countries across the world have not been as blessed with natural resources and have strived and excelled in many industries. So where as a nation are we falling short? Indeed, ours is an educated society with free schooling available to all. Diversifying the economy through the harnessing of the intellect and skills of our people should therefore be quite easy. However, it is not.

In this economy at this juncture, we should all be working towards building something together realizing the critical position our country is in, yet we read every day that though our education is free, some schools have teachers that don't show up on time if at all. Who suffers? Our children do. These children grow up to achieve little and are somewhat unemployable in many sectors. If you realize you're unemployable what really are your options? And this takes us to the crime problem and how it's affecting us as a society. We heard the budget yesterday; money is being pumped into dealing with the crime in this country. But really where does it start? It starts where the teacher didn't come to school to teach the child, it starts with a parent who did not spend the time with the child to show him right from wrong and a child who everywhere he goes sees that unproductivity and malaise is the order of the day.

We see people in some sectors with 'jobs for life', they come in late and leave early and therefore don't ascribe to a fair days work for a fair days pay. I am not talking about rocket science here, but if we were to get this right, our society and our economy would be immeasurably improved.

Which brings me to the notion of nation building. Nation building is important for us in the business community but it is not only up to us to build the nation, it is up to everyone who lives in this society. For some reason everyone seems to be looking to someone else to build the nation. And let me add - Nation building includes when you as a consumer read on the back of a product 'Made in Trinidad and Tobago' you are supposed to feel a sense of pride. To some, you might believe that 'Made in Trinidad and Tobago' isn't a prestigious thing – after all we believe foreign thing is bess. Wrong.

I want to be clear – supporting a Trinidad and Tobago manufactured product means we are supporting US as a nation. We are supporting our economy because when we manufacture here we do not put undue strain on our foreign exchange reserves or the balance of payments position.

We are supporting the employment of almost 60,000 people in the manufacturing sector – these people are our brothers, sisters, aunts, uncles, children and parents. We are keeping people in sustainable employment keeps people out of criminal activity and this benefit affects us all. We are supporting each other for a stronger economy and a better society. Some countries are so proud of anything locally made and we need to get there. This is a major part of nation building. We must take pride in building this society and want to be a part of something great.

Many of our citizens go abroad to live and work. We all meet them when we're overseas – you can't miss that trini accent - and their diligence is unmatched. They obey the laws and their productivity and dynamism are a force to be reckoned with. Then why don't we do that here?

As we enter a new era in which diversification is compulsory, I believe a few more things must be compulsory. Productivity, customer-service and simply obeying the law. Let's start by reminding our people, there is never a right time to do the wrong thing and there is never a wrong time to do the right thing. We are no longer entitled to natural resources to the end of time, but we are now seeing that it is up to us Trinbagonians to build a better society. And a better society will inevitably lead to a better economy.

Among our own membership, we see businesses built from a dream and sheer will and hard work which transformed into thriving businesses. But when these businesses come to be, the environment needs to be enabling for the business to survive, grow and thrive. We cannot be narrow-minded, a thriving business is contributing to the economy through more taxes, greater employment and helping to build a sustainable future. But how is it going to grow? It will grow by being competitive for the business to be able to export. However, when we get into an export market, we acknowledge that we would need to compete in a whole new way. Many of the countries we are competing against are very productive, have an ease of doing business and are incentivized by their Governments to export. These advantages serve to make products more competitive and our products are at a disadvantage in this regard. Consequently, we continue to attempt to be more innovative, but bear in mind that if the local environment is not enabling for business growth, in order to survive there is the risk that manufacturing operations could be moved to countries which provide better conditions. Unfortunately, we have already seen this in many instances. In

other cases, it simply becomes cheaper to outsource and import products. And we know where that story goes – job losses, less forex, loss of value creation.

I look forward to hearing from our Keynote Speaker tonight, Mr. Robert Price, who we are privileged to have with us this evening. Mr. Price is the founder and Chairman of Pricemart Enterprises. Pricemart is a member of the TTMA and is no stranger to us in society. It is invaluable to be privy to the global perspective, to understand what a competitive environment is, and what is expected of us as manufacturers attempting to break into some of these export markets. If we are serious about export, these are the learnings that would serve to propel us forward.

Now, some of us have such unique products that we've settled into niche markets overseas and that's how we've made our way. Whatever our product may be, it certainly would help if we worked on our fundamental issues as a nation such as productivity. In some instances I can say that the fault is not wholly with the Government of the day and in others I would say that it is sometimes successive Governments' inability to take tough decisions due to political consequences.

Quite recently, the Economic Development Advisory Board presented a draft strategy and roadmap to Government. The roadmap was created out of the recognition that there is a consequence of dramatically lowered oil and gas prices. This has forced T&T to think of ways in which the economy can be

diversified so that varied sources of income could be derived. It was highlighted at this presentation that both private and public sector coordination, stakeholder leadership and partnership, collaboration and focused actions are integral in our journey.

The Board cited that worker productivity and work ethic were also seen as challenges to be overcome. Imagine this is the case when 2 of our national watchwords are 'discipline' and 'production'.

Among the seven industries identified to drive diversification the first one was manufacturing for export. One of our goals at the TTMA has been to facilitate our manufacturers in the process of getting their products to the export markets. Part of this process is working hand in hand with Government to ensure that we can drive competitiveness to increase production, lower their cost per unit and export further. But, it doesn't benefit us when the government agencies designed to facilitate this process end up being counterproductive. However, within recent times, we have very much intensified this thrust in collaboration with the Ministry of Trade with the realization that our economy urgently needs foreign exchange. I implore each manufacturer to search within yourself and determine what are your impediments to entering a new market. I have said this before at TIC and I'll mention it again here. In the local market we may be fierce competitors but in the global market there is room for us all. Let us think of what makes our products unique and get your products on the world stage. Diversification needs an 'all hands on deck' approach.

I should note that we had a little good news last week when the latest World Economic Forum's Global Competitive Index was released. We moved up 11 spots from position 94 to 83. We showed as a country in transition moving from stage 2 of development to stage 3. However, I would like to mention that poor work ethic in the national labour force remains our biggest impediment to success. Government bureaucracy was ranked 2nd followed by corruption 3rd and FX regulation and crime tying for 4th as problematic factors for doing business in this country.

I have not seen a more accurate depiction of the challenges we face as manufacturers and I found these were important to note.

The productivity story is very relevant to the manufacturing to export notion. I would like to say that the issue of productivity is one to which I pay close attention. If we all worked on a pay-for-performance system, we would see a different Trinidad and Tobago. Unfortunately, in the public sector and some private sector companies we do not have the will or the IR Climate to implement some of these measures. For workers to deal with consequences our trade unions also need to commit to nation building and must be reasonable and fair-minded.

With regard to our manufacturing sector there are still some methods to be employed which will get more productivity from your teams. Low productivity is a management issue not an HR issue. Truly meaningful

engagement of employees can have a direct impact on improved work ethic, increased productivity and can even serve to reduce absenteeism. Our goals should be to create an improved organizational culture that encourages employees to want to come to work every day and produce. Instead of trying to control and command teams, try training, building and protecting your people. Indeed, this is a contemporary way of managing teams and will undoubtedly result in cultural transformation. We must hold employees accountable but also reward them for a job well done.

Let us remember, manufacturers cannot make Government policy, we can influence it and we can certainly do our part in the nation building process.

We should all recognize that if we are to move forward in this journey, change is essential. Mindset change across all industries and in private and public sectors are essential in cultural realignment towards a more productive society.

George Bernard Shaw said it best, progress is impossible without change. And those who cannot change their minds... cannot change anything'.