

## Non-energy sectors call for urgent focus ahead of budget

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AS Trinidad and Tobago prepares for the presentation of its 2025– 2026 national budget, voices from across the non-energy sectors are calling on the Government to pay closer attention to their concerns. From tourism operators and farmers to manufacturers and economists, industry stakeholders say the country's future resilience depends on diversifying beyond oil and gas, and they warn that neglecting pressing issues could carry long-term economic consequences.

These calls were made during The University of the West Indies' prebudget forum 'Reimagining Economic Possibilities' held on Thursday at the Noor Hassanali Auditorium, St Augustine. The open question-and-answer segment brought forward frank interventions that highlighted systemic shortcomings and potential solutions.

A Port of Spain tour guide and teacher, Ada Mohammed, told the forum that the state of public facilities continues to undermine the experience of cruise ship passengers.

'A main problem is at the washrooms, at the Botanic Gardens, there isn't any soap or toilet paper. Could you imagine how all of these tourists will feel coming in? You come off the cruise ship, do a Port of Spain tour, go to use the washroom, and there wasn't any simple thing as toilet paper or soap. Some of the responses were, 'I'm not coming back here again,' she explained.

She stressed that these shortcomings could be addressed with minimal cost, particularly as cruise ship schedules are published in advance. 'There should also be attendants at these public spaces during cruise ship season as the hours are short and the season only lasts a couple of months.'

Mohammed described the current cruise ship dock as 'embarrassing' and recounted how, during the state of emergency, many visitors disembarked only to return to their ships immediately, leaving taxi drivers without passengers.

She also argued that the country is failing to capitalise on unique attractions such as the La Brea Pitch Lake.

'Another simple thing is, we have one of the world's largest pitch lakes. Why not have helicopter tours from the cruise ship dock to Point Fortin?' she asked, suggesting that creative tourism products could significantly enhance visitor experience and revenue.

Her remarks underscored a broader concern within the tourism sector: that neglect of infrastructure and missed opportunities are eroding Trinidad and Tobago's competitiveness in a region where other destinations aggressively market their attractions.

**No development ecosystem for Agriculture** Agriculture also featured prominently at the forum, with both Donny Rogers, dairy farmer and director of the Agricultural Society of Trinidad and Tobago, and Shiraz Khan, president of the Sheep and Goat Farmers Association, urging policymakers to act decisively.

Rogers painted a sobering picture of post-pandemic agriculture. 'Local market prices since Covid-19 have increased by 155% in contrast to productive levels which are at 60% below pre-Covid levels. This brings me exactly to what my brother Shiraz was saying here: where is the support? Have you ever heard about a developmental ecosystem for agriculture? No-because it doesn't exist in Trinidad. It exists all over the world.'

He pointed to the Netherlands as a model. 'The Netherlands is the size of Maryland, and they are the fourth largest food exporter in the world. So, to anyone who may say that we can't, they are absolutely subtractive of reality.'

Rogers warned that poorly designed policies threaten to cripple the sector. 'Let me give you an example of a policy that almost killed agriculture last year. The Honey and Bee Products Act was supposed to be tabled. It was pulled because there was a certain noise that had to be made because the prescriptions that were being tabled would have eliminated every single beekeeper in the country. In case you all don't know, without bees, our agricultural yields will drop by 70%. It will take 15 years for food systems to recuperate if that happens.'

He further expressed alarm at the country's rising food import bill: 'In four years our food import bill went from \$5.3 to \$7.3 billion. If nothing is done in this financial year, statistically by the next five years, food production may be cost prohibitive because of where our food import will be. Our bill will be so high, the importers will actually have economies of scale, because already they're bringing in tomatoes from Costa Rica. We are importing pineapple to can here and resell. If we don't do something about it, food production here will be cost prohibitive, and it is not the fault of the farmers.'

For Rogers, the cycle of plans being shelved without implementation is part of the problem. He called for the Government to place agriculture at the centre of diversification efforts, rather than treating it as a secondary concern.

**Non-energy manufacturing being held back**

Dr Ramesh Ramdeen, chief executive officer of the Trinidad and Tobago Manufacturers' Association (TTMA), reinforced the message that while the non-energy manufacturing sector has shown resilience, its potential is being held back by structural inefficiencies.

'The non-energy manufacturing sector is doing relatively well. We have some sectors like food and beverage showing double-digit growth. Collectively, across the board, we have seen year-on-year growth coming out of Covid of about eight to nine percent. Having said all that, the non-energy manufacturing sector could show quadruple growth. But we still cannot fill the hole left by the declines in the energy sector,' he said.

Ramdeen argued that what businesses need most from the Government is not subsidies but facilitation. 'Business likes to operate in an environment that is transparent, that is predictable, that has accountability. We are not asking the Government to dip into their pocket and create anything for the manufacturing sector. We just want the Government to do what they have to do - fix ease of doing business, fix Customs, fix the port.' He illustrated how inefficiencies and crime add to consumer costs. 'Every time there's corruption in the system, every time there's bureaucracy, the consumer pays for it. Manufacturers absorb costs that are then passed down at the retail level. For example, supermarkets once spent \$10,000-\$15,000 annually on security. Today, it's around \$80,000 per store. They pass that cost down to consumers.'

Congestion and inefficiency also weigh heavily. 'If at one point in time we could have moved four containers from Arima to the port and now we can only move two because of the congestion on the road, there is a cost. Somebody has to absorb it.'

Ramdeen also emphasised diversification through niche strengths. 'We can't compete with other Caribbean islands on sun, sand, sea, and sex. But we can compete in sports tourism, ecotourism, business tourism. We have some of the best sporting facilities - let's monetise them.'

He suggested innovative tax and policy measures, such as an incremental tax rebate system. 'If you're exporting \$10 and next year \$12, on the increased percentage of two, give me a reduced taxation on that. The Government isn't losing anything, but I have an incentive to sell more, earn more foreign exchange, and employ more people.'

For Ramdeen, these adjustments are about creating a virtuous cycle of investment, production, and export growth rather than relying on State handouts. **Frank discussion needed on banking**

Dr Dave Seerattan, acting director of the IIR and a financial economist, weighed in on structural issues in the banking sector, particularly the wide spread between borrowing and deposit rates.

'In the Caribbean we have a banking sector with only a few banks, and therefore it's not as competitive as, for example, Jamaica. That's why spreads remain very wide. Deposit interest rates are already low, and when you factor in transaction costs, some accounts are effectively paying negative rates.' He cautioned that this dynamic, if left unchecked, could erode confidence. 'We're at a stage where we need a frank discussion between commercial banks and regulators. Central banks are wary of intervening because it signals a command economy rather than a market-based one. But the implications of inaction are serious. When people save for 20 years and then a devaluation cuts their wealth in half, confidence collapses. That has happened before.'

Seerattan stressed the interconnectedness of sectors. 'The economy is an organic thing. You cannot have one part of the body not functioning properly without it impacting the whole. Unfortunately, we have become accustomed to thinking only about what's going on in our own sector, our own family, our own part of the country. We need to change that mindset to have the difficult but necessary discussions.' Beyond sectoral issues, forum panellists stressed that any budgetary planning must take account of the broader economic realities confronting the new administration.

### **Fragile economy**

Economist Dr Indera Sagewan noted that T&T's new Government, now five months into office, has inherited a deeply fragile economy.

'We have a new Government in place. We have a new Minister of Finance. The Government is now only just about five months old, and we all know that they have inherited an economic situation that is particularly difficult,' she said.

She reminded the audience that growth has been weak for more than a decade. 'Gross domestic product has really averaged near zero for the last five years, and for the last approximately ten years, it has been quite abysmal.'

The economy in the first quarter actually of 2025 shrunk by 2.1%. The energy sector contracted by minus 4.8% and the nonenergy sector by minus 1%.'

She continued: 'Foreign reserves slipped to just over \$4.6 billion - that is less than five months' cover. The labour force participation has dropped to 54.3% and that has been declining for quite some time. That means that persons are either not looking for work, there is no work available, or it could be that the issue of brain drain factors into that.'

Government debt to GDP is now at 84% and the private sector remains very constrained.'

She also outlined external pressures that will weigh heavily on the new budget, from a 15% reciprocal tariff imposed by the United States on nonenergy exports, to volatile global energy prices, to rising international interest rates and continuing supply chain fragmentation. Climate change, she added, was no longer a distant issue but an immediate factor shaping agricultural yields, coastal land use, and food security.

Sagewan advocated a more deliberate approach to diversification, highlighting the potential of special economic zones, cluster development, agro-processing value chains, rethinking tourism, and building a green economy anchored in renewable energy and hydrogen.

Development economist Dr Vanus James added that the country must rethink its development model.

'If you want to fit into that kind of conversation about the state of the economy and the national budget, what we have to do is go back to some of the fundamentals of development strategy and budgeting for that,' he said.

James pointed to structural weaknesses in the labour force and said, 'If you look at Trinidad and Tobago, there is a high level of undereducated, underemployed workers in the labour force. That's about 60%, and that should scare everybody that's involved in Government.'

He argued that national strategy should follow principles articulated decades ago by Nobel laureate Sir Arthur Lewis, restructuring production towards higher-value capital goods and services such as education, healthcare, and financial services, while rationalising imports to focus on what is costliest to produce locally.

According to James, diversification opportunities are being stifled by the country's policy bias towards energy and related manufacturing, coupled with what he described as 'an authoritarian system of government' that limits information flow and inclusive decision-making.