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Tancoo on forex access fix:

A work in progress

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The question of easier foreign exchange access was uppermost in the minds of business people who attended the Trinidad and Tobago Manufacturers' Association (TTMA) post-budget forum yesterday at the Hyatt Regency (Trinidad), Port of Spain.

Their questions were directed to Finance Minister Davendranath Tancoo, who spoke at the forum and who highlighted he was also impacted by the limitations imposed.

'When I travelled, I got US$200 from my bank. I won't call the name of the bank. (I got) US$200. Now, fortunately, I don't eat a lot, as you could tell, but if I had gone to a restaurant abroad, I couldn't pay. Let's start with the fact that I couldn't pay for the aircraft, hotel and eat at the same time,' said Tancoo.

He added the objective is to take baby steps to have a better forex situation in T&T.

Tancoo said the resolution for the forex crisis is a work in progress, and added, 'But there is foreign exchange in the system. The difficulty has been what that foreign exchange has been used to do.

'I indicated it, both in the mid-year review and in my presentation yesterday, that we intend to spend a lot more emphasis on taking what exists and trying to find more effective ways of using it to generate forex.'

He continued: 'It will not be easy, and there will be some pushback, because a lot of individuals, institutions and businesses that seem to have cornered the foreign exchange market will now not be able to do so.'

Tancoo said despite objections, this would be the easiest way to distribute forex openly and transparently to those who need it but cannot earn it.

But he warned, 'So, tomorrow morning, when you go to the bank seeking to travel, it's not that you will get more than US$200.'

Tancoo stressed the fix will be a work in progress, but said if people see progress there will be 'some level of comfort as we get to the point where we were before'.

'Through the TTMA and others. There's a lot of other foreign exchange coming in. I'm sure there are other institutions generating foreign exchange. Trust me, I believe that we recognise that this is a problem. But there is a work in progress now, including the review of the EXIMBANK.'

Tancoo assured the Government will regularly provide updates on the matter. He added there is potential to generate forex surpassing that of the energy sector in the non-energy sector, particularly manufacturing.

Oil price explained

Tancoo also defended the 2025-2026 national budget, explaining the oil price assumptions used are derived from a 'basket of oil products'.

'The oil prices are based on a basket of oil products. That system was put in place by the former regime when they moved away from Brent and single lane oil price. What was presented to us by the Ministry of Energy and other institutions as well were three different price structures,' he said.

The 2025-2026 budget is based on an oil price assumption of US$73.25 per barrel and a natural gas price of US$4.25 per MMBtu.

Tancoo said he believes the price choice was 'not overly optimistic or pessimistic but rather realistic'.

Stressing the budget is not solely dependent on oil prices, he said: 'A lot of the initiatives that have been identified in the budget is to increase the revenue stream from other sources as well so there is some sort of balance.

'If we get the price of oil that we get and we get the increases and improvements in the manufacturing, agricultural, tourism and other productive sectors, T&T will start seeing developments earlier than expected.'

Tancoo also accepted 'full responsibility for where we are going'.

The minister responded to questions from the public about funding for the Government's plans, and said, 'A lot of people are asking where the money is going to come from. The money comes from what exists. There is money in the system. How it is used has always been the difficulty.

'The Office of the Procurement Regulator identified for $5 billion lost every year in contracts that nobody knew if it was properly awarded, if what was actually done, but money was spent.'

Tancoo projected a deficit of $2.8 billion, saying, 'If I had that $5 billion crookedly lost money, I wouldn't even have a deficit, we'd have a surplus.'

He also referenced former finance minister Colm Imbert's claim of a $10 billion shortfall in revenue collection, alleging it stemmed from the previous administration 'sabotaging' the Inland Revenue Division.

'They were shortstaffed by what, 70%; you could run a business with 70% of your staff? But that's what they wanted for the revenue collection agency to be short staffed,' he said. He added the Customs and Excise Division, which affects all businesses, also suffered from staff shortages.

'How in the world were we expected to generate the higher revenues we need to take the country forward? These are very serious things that people must be held accountable. Because had we done it when we were supposed to do it, we wouldn't be [in] the crises that we are in today.'

Implementation the greatest flaw Tancoo attributed much of the country's current fiscal challenges to poor implementation by the former administration and the continued reliance on the energy sector. 'Diversification is critical. We can sit here and talk about the need to diversify-this has been said a long time... you know what's missing? Implementation. We have a PSIP (Public Sector Investment Programme) and generally about 30% is implemented.'

He added, 'The greatest flaw in governance has always been implementation.'

According to Tancoo, this recognition inspired the creation of the Economic Resilience Council, chaired by the Prime Minister and co-chaired by himself, to drive new projects. It also led to the formation of the Financial Oversight Appropriations Committee, tasked with 'micromanaging expenditure'.

'I am not taking this thing for granted,' he said.

He added that he spent 42 years of his 60 years of his life 'researching and analysing budget statements and documents', so he is 'not new to this'.

Tancoo said the Government made 'hard, bitter decisions' in the budget, and asked, 'Did you feel it? Did you understand it? These are hard decisions to take, but it is how you take them because they have to be balanced. I am proud to say that in my first budget presentation, I provided a balanced budget,' he said.

He explained he viewed the fiscal plan as balanced because it considered both the problems and solutions and 'tried to find the marriages'.

Despite this, Tancoo acknowledged mistakes will be made, and urged the manufacturing and business sectors to hold him accountable. He cited the Virtual Assess Bill as an example of when he heeded public feedback, noting the measure was paused after receiving strong pushback.