

Manning: US tariffs could lead to devaluation



Opposition MP, Brian Manning, left and Opposition Senator Vishnu Dhanpaul respond to questions outside the Red House yesterday.

Opposition MP, Brian Manning, yesterday cautioned that the 15 per cent tariffs that the United States is preparing to impose on exports from T&T on Thursday could put additional strain on this country's foreign reserves and significantly increase the risk of a devaluation of the TT dollar.

Speaking to Guardian Media outside Parliament where he was going to sign the condolence book for the late Independent Senator, Deeroop Teemal, Manning said the manufacturing and energy sectors are the two largest generators of foreign exchange in this country and the US is T&T's largest trading partner. That means the imposition of tariffs by the US is going to affect the supply of foreign exchange in T&T.

"That in turn is also going to affect our exchange rate. So it puts more pressure and makes it more likely that there will be a devaluation going forward. You have to recall it was the UNC, when they were in opposition, that had been calling for sanctions against Trinidad and Tobago. And now that they've gotten it from the United States, we would all like to see exactly what it is that they're going to do.

"What they should do, I would recommend that they begin discussions with the United States because it has been using these tariffs to really bring various trading partners around the world to the negotiating table to come up with a new deal in terms of trade with the US," said Manning.

He described the possible imposition of the 15 per cent tariffs by the US government as “just another situation where this government has backed itself into an economic corner,” because the current administration does not have any idea where the revenues are going to come from to pay for the country’s expenses.

“They shut down the Trinidad and Tobago Revenue Authority. They undermined the Dragon Deal. They scuttled the reopening of the Pointe-a-Pierre refinery. And now we’ve been hit with these increased tariffs in two of the major industries that generate foreign exchange for this country. And that is going to have some serious economic consequences going forward for the people of Trinidad and Tobago,” Manning said.

Asked if he was worried about the future of the TT dollar, the former minister in the Ministry of Finance said, “I’m absolutely worried. We have recently been assessed by Standard & Poor’s in terms of our credit rating. I don’t expect a downgrade at this point in time because it is a new government and they should give them a grace period. But it almost seems certain at this point that we will be downgraded going forward. And that also places immense pressure on our exchange rate.”

Manning said many people believe that T&T is just one step closer to a devaluation of its currency, which he said would increase the cost of living for almost everything across the board in this country.

Opposition Senator Vishnu Dhanpaul echoed concern, questioning the long-term impact if tariffs continue to rise. Dhanpaul recommended the Government reduce its reliance on the US by expanding into new export markets, and also suggested lowering tariffs on US imports into T&T as a potential bargaining chip.

“I don’t know if the revenue could handle it, but it’s something that I think that we could look at. In other words, if you, hypothetically speaking, zero the tariff on US products coming into Trinidad, then the US will have no other option but to reduce the tariff on their side because it’s a tit-for-tat. So I don’t know what will be the resulting impact on revenue, sorry, but at least it’s something to give consideration to,” said Dhanpaul.