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■ T&T Chamber survey on forex distribution:

Businesses experiencing 'favouritism'

THE Trinidad and Tobago Chamber of Industry and Commerce says that despite a US$100 million injection per month by the Central Bank into the banking system, 62.2% of businesses face delays in paying suppliers and 59.5% report reduced profitability due to foreign exchange shortages.

The data is contained in the chamber's latest publication, 'Challenges in Accessing Foreign Exchange: Business Insights', which examines the critical impact of the ongoing foreign exchange (forex) shortages on businesses and the national economy.

In a release yesterday, the chamber stated that the information came from a survey conducted with 111 businesses from November 13 to December 12, 2024. The report highlighted the systemic issues, operational challenges, and policy gaps surrounding forex availability while providing actionable recommendations for reform.

It found that forex woes are slightly better for only 10.8% of businesses that managed to receive 90-100% of their forex requirements, but this represented a small fraction of the business landscape.

The survey data also revealed that businesses faced significant challenges in accessing forex in T& T with 34.2% of respondents reporting waiting over four weeks for their foreign currency requests to be fulfilled and 24.3% reporting having their requests processed within two to three weeks, a wait that was more manageable but still not ideal.

'Only a few businesses reported receiving foreign currency within a week or even a few days, indicating that these instances are rare. In addition to the delays, some businesses also face ongoing shortages of foreign currency, which results in partial fulfilment of requests or, in some cases, requests that are never completed. Comments such as 'still waiting!' and 'We never receive all the currency we need' reflect the systemic issues businesses are grappling with in securing the necessary currency to operate effectively,' the chamber stated.

Overall, the data highlighted that the delays and shortages of foreign currency were not just minor inconveniences, but serious barriers that hindered business growth and survival, the chamber said. 'Many businesses struggle to meet payroll, pay suppliers, and keep their operations running smoothly. These persistent issues continue to add pressure on businesses, leaving many questioning how long they can continue under such circumstances,' it stated.

Production delays

The chamber survey also found that production was another heavily affected sector with 20.7% of businesses struggling to procure essential raw materials.

'This shortage of inputs leads to production delays, which can disrupt schedules, delay order fulfilment, and erode customer trust. The impact extends beyond delays, affecting the core offerings of businesses; 58.2% of respondents report having to reduce their range of products or services. This limitation not only affects revenue streams but also undermines customer satisfaction, as businesses cannot fully meet demand or offer diverse options,' the chamber observed.

In addition to severe operational impacts, the survey found that over 69% of respondents identified 'favouritism in forex distribution leaving small to medium enterprises disproportionately disadvantaged' while 58.6% of businesses reported receiving less than 25% of their monthly forex requirements through commercial banks.

'The financial toll is clear, with 59.5% of businesses reporting an overall decline in profitability.

The combined pressures of missed payments, production challenges, and reduced offerings compound to weaken financial performance, making it difficult for businesses to reinvest or plan for growth.

The situation is dire enough that nearly one in five businesses (19.8%) surveyed are considering relocation to regions with more stable financial systems. This potential exodus could result in job losses, decreased local investment, and a weakened economy,'
the chamber stressed.

The chamber's chief executive officer Vashti Guyadeen highlighted the chamber's commitment to offering solutions, saying: 'As part of our strategic vision, the chamber will conduct more targeted surveys to enhance decision- making and bolster our data analytics capabilities. By doing so, we aim to provide deeper insights into the forex challenges and support businesses in navigating these issues. Additionally, we remain committed to helping our members explore opportunities in emerging sectors such as agriculture, agro-processing, renewable energy, creative industries, ICT (information and communications technology), knowledge-based services, and manufacturing, which hold potential for forex generation and economic diversification.'

Chamber president Kiran Maharaj emphasised the significance of addressing these challenges.

'The chamber held discussions with Government officials and policymakers, and we express our gratitude to the Minister of Finance, Colm Imbert, and the Governor of the Central Bank for their recent engagements, which provided an opportunity to share insights and explore potential solutions.'

The chamber suggested some considerations that could alleviate these pressures.

They included:

•Support for new sectors: Accelerate economic diversification by prioritising investment in high-potential areas, including agriculture, which has the potential to reduce the food import bill, renewable energy, ICT, manufacturing, and the creative economy.

•SME and export support: Expand forex facilities for SMEs, incentivise exporters, and provide grants for export readiness.

•Reduced non-essential demand: Impose higher tariffs on luxury goods and promote local alternatives through public campaigns.