

T&T Chamber renews call for managed float



The head office of the T&T Chamber of Industry and Commerce in Westmoorings, Trinidad.

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The T&T Chamber of Industry and Commerce says boosting energy revenues, stimulating the non-energy sector and small and medium-sized enterprises (SMEs) along with dealing with the foreign exchange crunch are just some of the issues the private sector group would like to see addressed in today's mid-year budget review.

Responding to Guardian Media questions, the T&T Chamber said the domestic economy still relies heavily on energy exports with about 80 per cent of export earnings coming from oil, natural gas and petrochemicals.

It said with global energy prices down in the last nine months, and domestic energy production

declining, with an estimated fiscal deficit for 2025 of \$5.51 billion, it is critical to revitalise this sector. The T&T Chamber is, therefore, urging the government to introduce policy measures that stimulate new drilling and exploration, thereby increasing the prospects for higher energy revenues.

“We also call for clear direction on geopolitical energy partnerships. In particular, the Chamber is looking for clarity on how the new administration will manage relations with the United States and Venezuela. Clarifying these plans will help restore investor confidence in our energy industry,” said the group.

The Chamber noted that new revenue streams from the non-energy sector are essential for sustainable growth. Trinidad and Tobago has a vibrant community of Small and Medium Enterprises (SMEs) with tremendous potential to drive export growth and employment if given the right support, it noted.

The Chamber said it has been a strong advocate for SMEs— demonstrated by its trade missions, extensive SME training programmes, and the inaugural SME Conference held in January 2025—but recognises that more needs to be done.

It highlighted that SMEs continue to face hurdles and in addition to financing and foreign exchange, require the government’s vision and strategic approach to encouraging and incentivising this sector.

“We recommend that the Mid- Year Budget Review support SMEs. In addition to Eximbank’s special foreign exchange facility (currently allowing SMEs up to US\$30,000 per month), focus on the ease of doing business and the identification of non-energy sectors that the government will prioritise for growth, could enable SMEs to scale up. A transparent strategy with specific sector targets will help SMEs align their efforts and encourage private investment in those areas,” the Chamber explained.

With respect to the foreign exchange crunch, the Chamber recommended that a managed float of the TT dollar is the only immediate way to alleviate some of the demand pressure. That involves managing the movement of the exchange rate so that it becomes more expensive to buy US dollars.

The business group said this measure will reduce demand, stimulate local production, which becomes more competitive, and reduce the impetus to hoard USD (pending the inevitable major devaluation), possibly increasing the supply as US-dollars return to the country.

“A managed float also allows the free market to determine who gets foreign exchange: the most competitive industries will continue to purchase even during a depreciation, while a higher price will force us to become more competitive with local products. Of course, as recommended by experienced economists, this must be done in conjunction with prudent fiscal measures such as managing expenditure and increasing interest rates. Forex should be traded in the formal market and into the banking system,” the Chamber detailed.

About the crime situation and if the chamber is willing to collaborate with the Government on this issue, it said, “The Chamber established a dedicated Crime and Justice Committee to move from talk to action. The committee’s mandate is to actively engage with the Government, law enforcement agencies, and other stakeholders to identify the root causes of crime and propose concrete solutions. We are collaborating with the authorities to support much-needed reforms in the criminal justice system – for instance, improvements in policing strategies, the court process, and rehabilitation programs – because an effective justice system is crucial for deterring crime and delivering justice swiftly.”

The business group indicated that a safe house project was included in its initiatives.