Arjoon: T&T may keep competitive edge despite US tariff

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Economist Dr Vaalmikki Arjoon says T&T could maintain relatively stronger access to the US market compared to other countries now facing higher import duties, despite the new 15 per cent tariff set to take effect on Thursday.

The rate for T&T is far lower than those imposed on some economies—Brazil (50 per cent), South Africa (30 per cent) and Sri Lanka (20 per cent)—which, Arjoon said, could allow T&T to capture market share from higher-tariff competitors. Guyana and Venezuela will also face a 15 per cent tariff.

Last Thursday, US President Donald Trump announced the measure under an executive order titled Further Modifying the Reciprocal Tariff Rates, as part of a sweeping update to the US tariff schedule affecting 69 trading partners.

Arjoon told Guardian Media the new tariff could still have negative repercussions for T&T, particularly through reduced export revenue as local goods become more expensive in the US market.

"This will potentially lower sales of T&T items in the US, risking a weakening of our trade competitiveness and compressing profit margins for local exporters," he said.

Arjoon noted that about 95 per cent of T&T's exports to the US are energy-based commodities.

Some products—such as crude oil, LNG, and fertilizers—may remain tariff-exempt under an earlier list, but others, including methanol and ammonia, are likely to be affected.

"These are crucial industrial inputs in sectors such as agriculture and chemical manufacturing, so US demand may not fall sharply," he said.

Non-energy exporters, including processed food and beverage producers, plastics manufacturers, and certain chemical suppliers, could see reduced competitiveness.

He also highlighted the US suspension of the de minimis tariff exemption for parcels valued at US$800 or less, which will affect micro and small entrepreneurs selling goods such as handicrafts, jewellery, clothing, and specialty foods directly to US customers via e-commerce.

"They would now face lower sales, weakening market access and profitability," he said.

Wider economic risks

Arjoon warned that lower export earnings could pressure foreign exchange reserves and the TT dollar's peg to the US dollar, while also reducing corporate tax contributions. He urged more aggressive efforts to diversify export markets to reduce dependency on the US.

The economist added that the tariffs will also raise US prices, directly affecting T&T's import costs. Higher prices from US suppliers would feed into temporary imported inflation, elevated customs duties and VAT payments, and increased use of foreign exchange reserves to sustain import volumes.