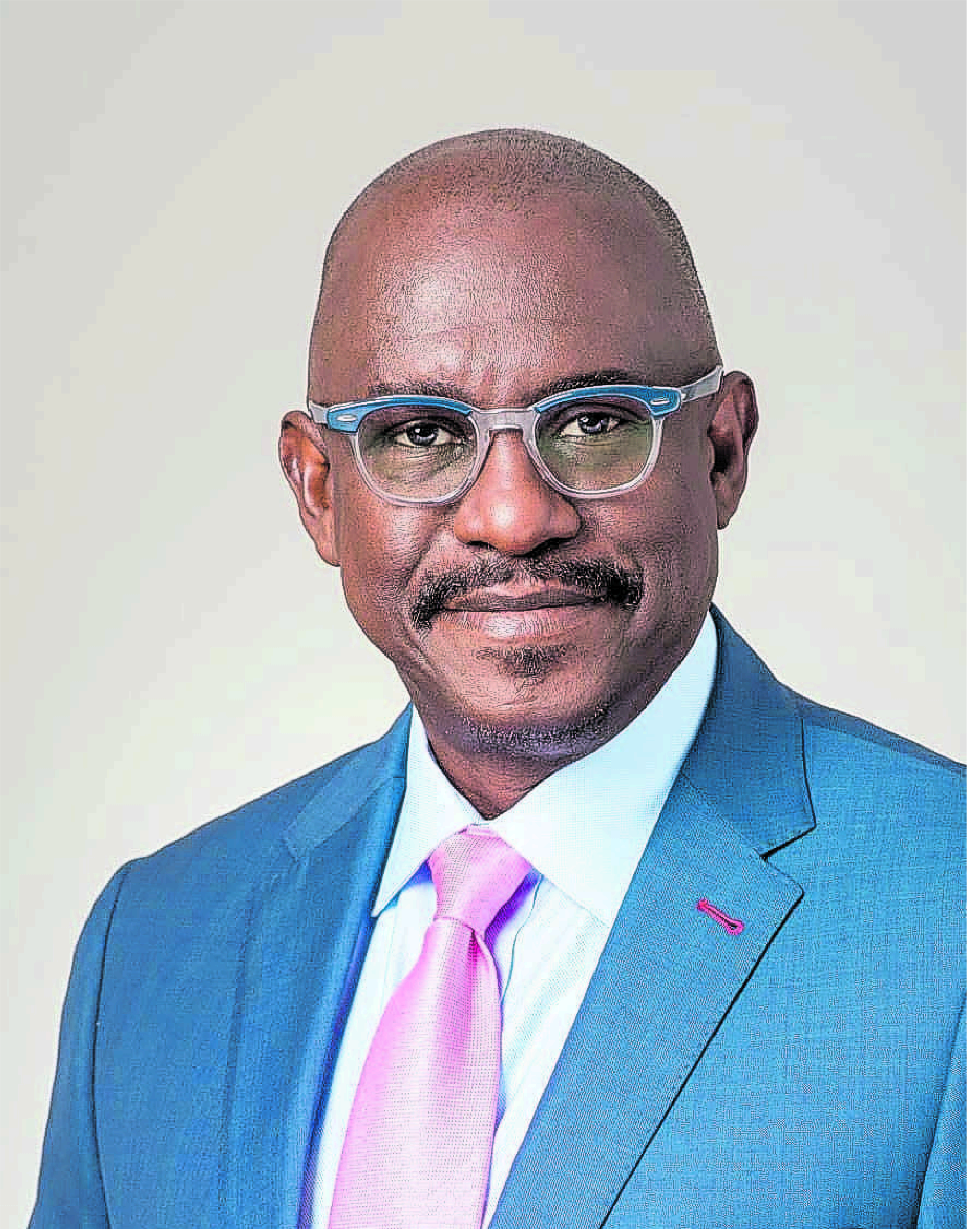
T&T could take $2B hit from US tariffs

CPSO says impact here most severe in Caricom:



CEO and technical director of the Caricom Private Sector Organization, Dr Patrick Antoine

A regional private sector body has projected that Trinidad and Tobago (T&T) stands to lose an estimated US$291.9 million ($1.98 billion) in potential annual export revenue as a result of the imposition of the 15 per cent tariff on this country's exports to the United States (US).

The Caricom Private Sector Organization (CPSO) is warning that the US decision to raise T&T's reciprocal tariff rate from ten per cent to 15 per cent "could result in the most severe, absolute impact upon any of the Caricom member states. This impact could put the country in the unenviable position of suffering the most significant export revenue loss."

On April 2, 2025, the US President Donald Trump announced the imposition of reciprocal tariffs on the exports to the US by dozens of countries around the world. T&T received a ten per cent tariff, Guyana's tariff was 38 per cent, while the reciprocal tariff on the other Caricom countries was ten per cent.

Effective August 7, the reciprocal tariff on T&T exports to the US was increased to 15 per cent, while the tariff on Guyana's exports was reduced from 38 per cent to 15 per cent. Oil and natural gas exports to the US are not included in the reciprocal tariffs imposed by that country.

Since August 7, the T&T Government has not made an official statement on the impact of the imposition of the 15 per cent tariff on T&T exports to the US. Efforts by Guardian Media to get a statement on the issue on Tuesday were not successful up to the press time for this publication.

In a statement to Guardian Media, the CPSO said it is noteworthy that prior to the imposition of the April tariff of ten per cent, Caricom member states, including T&T, benefited from duty-free access to the US market under the Caribbean Basin Initiative (CBI). The increased tariff rate (15 per cent), which took effect from August 7, comes just months after T&T had been assigned the ten per cent baseline rate, which was introduced in April 2025 as part of the America First trade policy.

The regional private sector body said its modelling now projects US$291.9 million in potential annual export revenue losses for T&T. That is up from US$194.6 million under the ten per cent baseline rate. The CPSO said the US$291.9 million figure widens the gap between T&T and other Caricom member states in terms of the potential export losses to be incurred as a result of the US measure.

According to data on the website of the US Census Bureau, T&T exported goods worth US$3.37 billion to the US in 2024, while importing goods worth US$2.94 billion. Based on the US statistics for 2024, the CPSO estimate of the impact of the reciprocal tariffs amounts to 8.66 per cent.

The lobby group said over twothirds of the estimated losses expected to be suffered by T&T are concentrated in two sectors: base metals and articles thereof (US$199.3 million) and chemicals (US$74.8 million).

The base metals category largely comprises various forms of iron and steel products that are widely used in the United States across construction, automotive and manufacturing industries.

The chemicals category includes products such as anhydrous ammonia, methanol and urea, which are critical inputs for fertiliser production, plastics and other industrial processes.

Together, these exports from T&T anchor the country's industrial capacity and also feed into US supply chains that rely on competitively priced raw materials, the CPSO said.

The organisation said that while the magnitude of the potential revenue loss for the agriculture and food products sector (estimated at just over US$9 million) is not as large as the base metals and chemicals sectors, the implications for agriculture and food products are far from benign.

"This sector sustains small producers and rural livelihoods, ranging from fish products, which are an important export to US food markets, to prepared condiments, sauces and seasonings, which are supplied to both diaspora communities and the growing specialty food segments of the US market," said the CPSO. The body noted that there are other very small categories of goods that T&T exports to the US, including machinery and electrical equipment, transport equipment and hides, textiles and apparel.

For many of these micro and small exporters, the additional five per cent, compounded onto the ten per cent announced in April, will present an even greater challenge to their export competitiveness and to the foreign exchange-earning potential of the T&T economy, according to the CPSO.

"Trinidad and Tobago was already the most exposed Caricom economy under the reciprocal tariff regime," said Dr Patrick Antoine, CEO and technical director of the CPSO. "This adjustment not only increases the scale of potential losses, but it does so in sectors that are vital to our industrial capacity and to US manufacturers who rely on our exports for inputs."

Dr Antoine also linked the development to a broader erosion of Caricom's historic trade position with the US.

"In our recent submission to the US review of the Caribbean Basin Initiative, we highlighted that these new tariffs erode the preferential access that has underpinned our economic partnership with the US for decades. That erosion is now accelerating."

The CPSO indicated that the America First policy and the April imposition of reciprocal tariffs were the wake-up call for the region.

It said the latest adjustment to 15 per cent is the signal of the need for rapid, coordinated action to safeguard competitiveness.

That action, Dr Antoine noted, must be built on proven models of collaboration:

"The joint regional and private sector position that secured exemptions for China-built ships and short-sea shipping for the Caribbean is proof that when we act collectively, we can protect our strategic interests.

"Now is the time to apply that same resolve—to protect current trade flows, engage the US on tariff differentials and position T&T and Caricom for long-term strength in a more contested global market," Antoine said.

Speaking at the closing media conference for the 49th regular meeting of the Conference of Heads of Government at Caricom in Montego Bay, Jamaica, on July 8, Caricom chairman and Prime Minister of Jamaica, Andrew Holness, said the time had come for the region to take trade diversification, especially within the Caribbean, more seriously.

Asked if the matter came before Caricom during the meeting, Holness replied, "As you would know, Caricom has an external trade negotiation committee. We have engaged with the US trade representative on this matter, and they have essentially said that after the 9th (July), then they will re-engage with us for further negotiations. So, we are preparing for very strong negotiations for our position."

However, if the tariff is to be implemented, Holness said Caricom must adapt. He said for a long time the region has been talking about strengthening trade cooperation with Africa, Central and South America and even within Caricom.

"Because even within Caricom, the trade is probably less than 15 per cent internal relative to total trade. So, the question is, what are you going to do with this new base tariff that's implemented? But one of the things we have to do is to diversify our trade."

ABOUT THE CARICOM PRIVATE SECTOR ORGANIZATION

The Caricom Private Sector Organization (CPSO) is the most recently accredited Associate Institution of the Caribbean Community.

The CPSO is a 'service organisation' to mobilise and advance private sector participation in Caricom, with a mandate to contribute to the full implementation of the Caricom Single Market and Economy (CSME). The membership of the CPSO is comprised of private sector entities operating in the Caricom space, including Micro, Small and Medium Sized Enterprises (MSMEs).

What is a tariff?

A tariff is a tax on imports. It is typically charged as a percentage of the price a buyer pays a foreign seller for an imported product, and it is paid by the importer—usually a domestic company—to the customs authority.