Gonzales: Caricom must have joint position on US tariffs

Economist and former head of the Institute of International Relations at the University of the West Indies, Dr Anthony Gonzales

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International relations expert Dr Anthony Gonzales is advising that countries within the region ought to come together to negotiate with the US for lower tariffs.

T&T is bracing for a potential economic blow as the United States ramps up tariffs on local exports to 15 per cent, triggering fears of reduced competitiveness, shrinking foreign exchange inflows and hits to the manufacturing and energy sectors.

Gonzales told Guardian Media yesterday that these tariffs are tied into Caricom countries that subscribe to the Common External Tariff, and as such they cannot negotiate separately.

“We have to negotiate together. We have to hope that all the Caricom countries will see the benefit of trying to negotiate a lower tariff with the United States,” he explained.

Noting that the United States has a general policy of raising its tariffs to try to encourage investment there, Gonzales agreed this would certainly affect T&T’s ex-ports to the United States.

He noted however, there are still some areas, especially oil and gas and petrochemicals, which may still enjoy a low tariff or a zero tariff, because those countries tend to import these basic materials at zero rate as they need them as inputs into their industry.

“It’s really more or less the non-energy commodities that are affected and that is where I have some concern. We are trying to diversify the economy, and we are trying to develop a lot of non-energy exports, and the US market is a very important one. We have a lot of our nationals in the diaspora there and they import from T&T.

“A lot of our small entrepreneurs who are now coming into exporting they’re trying to get into that market there and trying to sell a lot of things that we could produce here in a very competitive way.

“A lot of things like food and beverages, for example, we’re trying, in a sense, to sell these not only to the Caribbean, but also to the United States. So if there’s a high tariff, 15 per cent would affect these commodities. So we have to start looking to diversify our exports to other markets,”

Gonzales added.

He further advised that the US market cannot be ignored, because in terms of a relative tariff, that is what T&T has to pay as compared to other countries.

“We may still be able to export certain commodities competitively to the United States because it’s a general tariff that they’re raising. It’s not exclusively to Trinidad and Tobago.

“So while we would like a lower tariff, it may not be entirely possible for us to export certain items on a competitive basis. But we have to work that out and see how it would go. But certainly I would think that we would like to see a lower tariff, and in that sense we need to talk to the United States,” he reiterated.