

Finance Minister: Devaluing TT dollar won't work for our economy



Minister of Finance Davendranath Tancoo

JESSE RAMDEO SENIOR REPORTER JESSE.RAMDEO@CNC3.CO.TT

Finance Minister Dave Tancoo is dismissing calls to devalue the Trinidad and Tobago dollar, warning that such a move would do more harm than good to the national economy.

His comment to Guardian Media yesterday came in response to businessman Emile Elias, who recently argued that adjusting the exchange rate from TT\$6.79 to US\$1, to TT\$9 to US\$1, could bring economic benefits.

Tancoo, however, countered that devaluation under the country's current economic structure would worsen inflation and stifle growth.

"Regarding devaluation of the Trinidad and Tobago dollar, the fundamental question is whether such a move would truly benefit our country," the minister said.

He added, "It is my view that devaluation cannot work to stimulate the T&T economy in its current structure."

He explained that while weaker currencies typically make exports more competitive, T&T's situation is different. Energy exports dominate the country's trade but are bound by production capacity and long-term contracts, limiting any immediate gains.

Meanwhile, he said non-energy exports remain small, heavily reliant on imported inputs that would become more expensive under devaluation.

"A devaluation would primarily raise the cost of imported inputs, driving up the cost structure of non-energy exports," Tancoo warned.

"This means they would not become more competitive internationally. This has the potential to decimate a large number of small and medium-sized businesses at a time when we need more productive activity from them."

He also pointed out that citizens would face higher prices for imported goods, feeding directly into domestic inflation.

Larger companies with access to foreign exchange reserves abroad might benefit, he noted, but SMEs, already struggling, would find survival more difficult.

Instead of devaluation, Tancoo outlined a strategy focused on enhancing productive efficiency and reducing reliance on imports. According to him, this includes boosting local food production to reduce foreign exchange outflows, strengthening manufacturing through targeted credit and export promotion, and expanding opportunities in the services sector, particularly tourism, logistics, and business process outsourcing.

"Ultimately, devaluation would do little more than trigger inflation in the local economy," he stressed.

"Our approach is to build resilience: improving productive efficiency, stimulating domestic activity to substitute imports, and expanding export capacity. This is how we will generate not only foreign exchange earnings, but also the broader multiplier effects needed for sustainable economic growth."

Minister of Planning, Economic Affairs, and Development Kennedy Swaratsingh also dismissed suggestions that Government is considering a devaluation of the TT dollar.

"No, no, there is no such thing as is contemplated," the minister stressed.

While he did not provide a date for the presentation of the 2025/2026 national budget, Swaratsingh assured that Government is fully engaged in preparations.

"With open eyes. Minister Tancoo is really, really aggressively hard at work," he said.

At the same time, Minister Swaratsingh acknowledged that concerns persist over access to foreign exchange, a long-standing challenge for the business community and wider economy.

“I am sure the Minister of Finance, like many of us, including the Prime Minister, will be concerned as to the accessibility of forex to ordinary citizens of Trinidad and Tobago, and that is why I think he would have suggested that the distribution of forex has to also be balanced, not just for the business community or other sectors and that ordinary citizens should have access to the kind of forex needed, whether it be for education, for leisure, for travel.”

He also challenged Central Bank Governor Larry Howai’s assertion that there was no evidence of a foreign exchange cartel, saying the lack of proof does not guarantee one does not exist.

Meanwhile, Tancoo yesterday sought information from the public on their experience accessing forex. In a social media post he wrote: “Simple question to USERS of Foreign Exchange: Do you think the system of allocation is rigged for a few to benefit?”