

ADDRESS BY
THE HONOURABLE PATRICK MANNING
PRIME MINISTER OF
TRINIDAD AND TOBAGO

AT GALA DINNER FOR
'DAY OF THE AMERICAS'

31st.OCTOBER 2008

MUINCH, GERMANY

Mr. Chairman

(list of salutations to be provided)

INTRODUCTION

I am very pleased to have this opportunity to address you at this gala dinner marking the end of the annual 'Day of the Americas', a project which has been meeting its objective of strengthening commercial bonds between the Federal Republic of Germany and the countries of Latin America and the Caribbean. My country is honoured by the choice of this year's Guest of honour. We are grateful for this recognition and I take this opportunity to extend fraternal greetings to all on behalf of the government and people of the Republic of Trinidad and Tobago.

I am informed by the organisers of this conference that, in my position, I have, (to quote) "an excellent opportunity to present the economic development of Trinidad and Tobago to the German and Latin American entrepreneurship" (end of quote). Now which Prime Minister or President, dedicated to the progress of his country, would let slip such an opportunity, before such an important and distinguished gathering? And so, Ladies and Gentlemen, here goes.

OVERVIEW

Trinidad and Tobago has an excellent story to tell. This is one of the fastest growing economies in our region and we are that point in our development when we can set our sights, in a realistic way, on transforming our country into a developed nation by the year 2020. Indeed this is the vision that has been driving all major government policies and programmes over the last seven years.

Our economy has been growing at an average of 8.3 percent since 2001, having tripled in size from 55 billion dollars in that year to 152 billion dollars in 2008. It is expected to rise to 165 billion dollars in 2009. Over the last seven years we have

been able to attract over six billion US dollars in foreign direct investment into our country.

Fiscal surpluses are a regular feature of our budgeting exercise even whilst we have been able to very significantly reduce both external and public debt. The former is now at 6 percent of GDP and the latter at 28 percent, down from 58.3% in 2000. Our foreign reserves have increased to 8.52 billion US dollars, representing 11 months of import cover and national savings are constantly growing with our Heritage Stabilisation Fund now standing at 2.46 billion US dollars, more than thirteen times since 2001, representing more than 10.2% of GDP and considerably higher than our external debt.

And, most importantly, prosperity is percolating to all levels of the society. We have generated thousands of new jobs and have already attained full employment, with the unemployment level at the end of the second quarter of this year at 4.2%, the lowest since the attainment of our country's independence.

We have also had a one hundred percent increase in per capita income and have reduced poverty levels by half in our country, from 35 percent in 1990 to 16.7 percent at present.

However, like most other countries, we too are battling with headline inflation which reached 11.9% in August of this year, but which we are certain to bring down in the coming period.

Our economic performance has not gone unnoticed. Just last month, Standard and Poor's raised its long term foreign currency sovereign credit rating of Trinidad and Tobago from 'A' minus to 'A'; and also raised the country's transfer and convertibility risk assessment rating from 'AA' minus to 'AA'. This highly reputable international rating agency had this to say of Trinidad and Tobago: "the upgrade reflects the continued strengthening of the Republic's fiscal and external

accounts.” We are sure this solid endorsement will resonate well in this gathering and beyond and further strengthen the attractiveness of Trinidad and Tobago as a destination for foreign direct investment.

THE WIDER BUSINESS PICTURE

Ladies and Gentlemen, since the attainment of Independence, Trinidad and Tobago has always had a very friendly business environment, a direct product of a long-standing partnership between Government and the private sector. Recognising the inevitability and advantages of the growing globalised economy, we have always kept in step with international trends, as far as is possible. During the period 1991-95 we made the fundamental moves towards the liberalisation of our economy, dismantling protectionist barriers, and granting fiscal incentives for both local and foreign investment. Today, for example, corporation tax stands at 25% percent, the lowest in the history of our country for non-oil companies. Indeed over the last six years, we made business conditions even better in a number of ways, including greater efficiency in regulatory agencies like the Customs and Excise Division; recapitalisation of the EXIM Bank to provide exporters with favourable credit terms and information on new market opportunities; establishment of new industrial estates; and the leasing of lands for the purpose of stimulating and facilitating new business activity.

Also, through the liberalisation of the telecommunications sector, we have made broadband coverage more easily accessible to facilitate the deployment of ICT in business operations including the growth of electronic commerce.

Most importantly, market access is being improved all the time and, in addition to the single market with the Caribbean Community (CARICOM), we have also, with our regional partners, already established free trade arrangements with the Dominican Republic and with Costa Rica. Our focus on Latin America continues

and we are presently engaged in negotiations for a free trade agreement with the wider Central American region and will be also pursuing arrangements with the MERCOSUR and with Cuba where we have already established a trade facilitation office. A new Economic Partnership Agreement with the European Union has now been signed creating favourable access to a market of hundreds of millions of consumers. Trinidad and Tobago also remains very keen on the attainment of the Free Trade area of the Americas which, when achieved, will be the largest trading bloc on the planet.

With this most facilitative environment, there has been tremendous growth in business activity in this country with the non-energy sector contributing increasingly to the Gross Domestic Product. Indeed the non-energy sector grew faster than energy over the last year; and the manufacturing sector, for example, expanded by over fifty percent over the last seven years and created thousands of new jobs in Trinidad and Tobago.

THE MAIN ECONOMIC DRIVER

But the Energy Sector continues to be our main engine of economic growth and since the nineteen nineties, we have expanded and diversified this sector, with natural gas now playing the dominant role both in terms of national earnings and the industrialisation effort. Today we are the fifth largest producer of Liquefied Natural Gas in the world, supplying 70% of the domestic demand of the USA. We are also the world's leading exporter of ammonia and methanol, as well as a major exporter of Direct Reduced Iron.

The prospects for the energy sector continue to be very bright with impressive reserves and with significant exploration activity taking place on land and sea for both oil and gas. In addition to those already in production, more new wells will be developed in the new year.

We have also undertaken an aggressive development programme to bring natural gas online for the demands of our industrialisation process. Three new field developments are in progress and two will start shortly. In addition, we have agreed to offer acreage in the Trinidad and Tobago Deep Atlantic and this activity will start in the middle of next year. The Ryer Scott report issued early this year points to significant gas potential, and in the new year, there will be intensified oil and gas exploration in Trinidad and Tobago.

ECONOMIC DIVERSIFICATION

1. Further downstream of natural gas

The economic diversification of our country is now being advanced as never before. Towards this end we have targeted the development of certain strategic industries. I will now speak to the new gas based industries being pursued as part of our diversification efforts:

- Scheduled to start in the last quarter of next year is a US \$ 2.5 billion Gas to Polypropylene project which will produce annually, 450,000 tonnes each of both propylene and polypropylene and therefore establish the foundations of a major plastics industry in our country and from which we will make a significant step in manufacturing activity.
- We are also entering the aluminium industry with a smelter to be built by Alutrint next year at a cost of approximately US\$ 600 million and which will produce 125,000 metric tonnes of aluminium annually. This will generate the manufacturing of the great many products for transportation, industrial and household use.

- Also starting next year is a US \$ 75 million Maleic Anhydride Processing Facility, the product of which is used as a preservative for food and beverage products, pharmaceuticals, resins, oil additives, detergents and agricultural products.
- Construction has already started on a US 1.2 billion dollar petrochemical facility for the production of Melamine and Urea Ammonium Nitrate, for the first time in Trinidad and Tobago. This will generate new industries in a wide variety of areas including furniture and construction; industrial paints and dinnerware.
- The new activity is also in iron and steel with the coming US\$1.2 billion integrated iron and steel complex by ESSAR of India to produce, *inter-alia*, flat plates that will provide the platform for the emergence of new manufacturing activity, including for the automotive industry. We will also establish a Foundry Industry to produce pig iron for the further manufacture of steel and steel products in Trinidad and Tobago.
- We also have in train a Methanol to Power project at a cost of US\$ 1.2 billion to produce fuel for power generation and which will create a “virtual pipeline” to supply energy to our Caribbean neighbours.
- We have already started construction of a Caustic Soda/ Calcium Chloride plant which will use the by-product salt stream of our desalination plant to produce 100,000 tonnes of calcium chloride per year and will cost US \$ 80 million.
- We are now upgrading our main refinery at a cost of US 850 million dollars and will also establish a Gas-to-Liquids plant at this location.

- Also, as a pilot project, we are now installing a plant to produce animal protein from natural gas, that is a single cell protein used as an alternative to soyabean. Installation of the pilot plant will be completed by the end of next January.

You can see therefore, Ladies and Gentlemen, the tremendous new wave of industrial activity that is being generated in Trinidad and Tobago. The international and regional business community had better be prepared. Trinidad and Tobago is about to become the new industrial hub of the wider Caribbean region because these new industries will provide the platform for the manufacture of the multifarious products for use in industry, construction, agriculture and agri-business, transportation, health care, and in the household, among others. Manufacturing and service industries will have a field day for entrepreneurship and generation of new wealth. Very significantly as well, our new, strengthened and diversified platform of production will spread the opportunity to our Caribbean and regional neighbours who can then source products for developing their own manufacturing sector for exports to the expanding markets world wide.

Clearly new space is needed for the new industrialization and therefore new industrial estates as well as port facilities are being developed at strategic locations throughout the country.

2. Agriculture

There is also now special focus on Agriculture. We restructured our antiquated sugar industry and liberated thousands of acres of arable land for food production, placing the nation in a better position to meet the present global challenge with the price of food. Six thousand, six hundred new farmers have now therefore been created, each with two acres for agricultural production. In association with the government of Cuba, we have established a mega farm

project of 200 acres which has already started operation and which, by the end of this year, is expected to have its first output of 400,000 tonnes of agricultural produce per year inclusive of fruits, vegetables, root crops and grains. We know that this project will serve as the inspiration for several other large farms that we intend to develop and in which we invite private sector participation to grow food and manufacture food products for the world market. Towards this end we are well under way with work by PCS Nitrogen on a demonstration large farm with three green houses where production will be begin next month. At the regional level we are participating with our CARICOM neighbours in agricultural development, with plans to utilise for example, the vast acreage of Guyana, for the regional production of food and the growth of agri-business in the region.

3. The information sector

We are also focussing on the growth of the information industries in Trinidad and Tobago. In addition to implementing our national ICT plan to, inter alia, provide ubiquitous Broadband coverage at internationally competitive rates, we are also developing an industrial and technology park for the growth of this sector in our country. We expect the generation of new industries like software development, software testing, computer and electronics manufacturing, radio frequency identification and medical transcription. Our country is also being positioned as a destination for outsourcing activity like back office accounting and processing for credit cards and digital signatures.

4. The Trinidad and Tobago International Financial Center

Ladies and Gentlemen, Trinidad and Tobago has emerged as a major economic center of the region. We intend to leverage this success and to establish Port-of-Spain as an important international financial centre. Independent consultants have already confirmed our judgement that our current financial reputation, legal system and ideal location make our country attractive for international banks and

investment firms interested in fostering investments in the wider Caribbean and Latin America.

The Trinidad and Tobago International Financial centre will create a wide range of employment opportunities in the Financial Services sector as well as in ancillary services. It will provide an enabling environment for financial institutions specialising in business lines like commodities trading, asset management, insurance and reinsurance services, international loans syndication and back office activities.

5. Tourism

Tourism is also on the move in Trinidad and Tobago. We are creating a diversified and enduring product. In addition to the traditional brand of sun, sea and sand, there is now focus on business and conferences; eco-adventure; health; sport; weddings and honeymoons and history and culture. We are also partnering more effectively with our regional neighbours in developing and implementing the One Caribbean concept for the growth of the industry.

The signs in Trinidad and Tobago are quite positive. Visitor arrivals have grown significantly and an increasing number of prestigious conferences are being held in Port of Spain. More are on the way, including two major international meetings to be held next year in Trinidad and Tobago. These are the Summit of the Americas involving the Heads of State and Government of thirty four countries in our hemisphere; and the Commonwealth Heads of Government Conference which will bring to our country the leaders of fifty four countries and their delegations.

We have also made the investment and enabling environment more attractive for capital flows into tourism. We are upgrading our existing room stock to internationally competitive standards, and are establishing a critical mass of new rooms, led by the luxury five-star end of the market in order to meet the ever

increasing demand for accommodation. Indeed we will see the addition of at least 796 new hotel rooms in our country by the end of 2008, almost doubling the existing inventory of first class hotel rooms in Trinidad alone. Two new hotels have already been opened; these are the 83-room Holiday Inn Express, and the 428-room Hyatt Regency. Three more hotels are in the final stages of construction, the 165 room Carlton Savannah Hotel, the 120-room Star Hotel and the fifty-two star rooms at our Centre for the Performing Arts. Additionally, the Hilton Trinidad Hotel and Conference Centre is undergoing a major refurbishment and upgrade programme which will increase its complement to 420 rooms. At least four other major hotel projects are on the drawing board with a high probability of being realized over the next two years. We are also working with several major airlines to maintain and increase the availability of affordable airline seats. In other words, Ladies and Gentlemen, Trinidad and Tobago has now entered the tourism market with great seriousness and will now play our part with greater effectiveness in strengthening the Caribbean tourism product. We look forward to intensified collaboration with all concerned.

SOCIAL AND PHYSICAL INFRASTRUCTURE

Ladies and Gentlemen, I have spoken mainly tonight about the economic development of Trinidad and Tobago but let me underscore the fact that for us, as with all progressive countries, the main purpose of economic progress is the betterment of the life of our people. We therefore pay special attention to human development in Trinidad and Tobago. As we move to the status of a developed nation, we are deploying with great effectiveness, tremendous resources in education, health, housing, community development and poverty alleviation.

The infrastructure of the country is also being modernised. We are meeting our rapidly growing demand for electricity by moving towards expansion of transmission and generation capacity. A Master Plan for water has been developed to ensure an adequate supply of water over the next three decades.

CONCLUSION

This then, in brief, is the story of the modern development now underway in Trinidad and Tobago. I assure you there are many more developmental stories to tell. But I am certain you are persuaded that our nation is in a very progressive mode at this time in our history. We are very proud of the democracy we have engendered since the independence of our country which continues to be a shining example to the rest of the world of the unity in diversity to which we adhere in Trinidad and Tobago.

We know we will attain our goal of transforming country Trinidad and Tobago into a developed nation. We are confident that we will hand a shining legacy to the coming generations. We are therefore very pleased, on any appropriate occasion, to tell our story to the world and to persuade as many people as possible to come, see and participate in the development and prosperity now taking place in Trinidad and Tobago.

I cannot end without stressing my appreciation for the enjoyable prandial exercise we enjoyed this evening and I take the opportunity to thank the hosts for the excellence of arrangements made for our delegation.

Thank you, Ladies and Gentlemen.