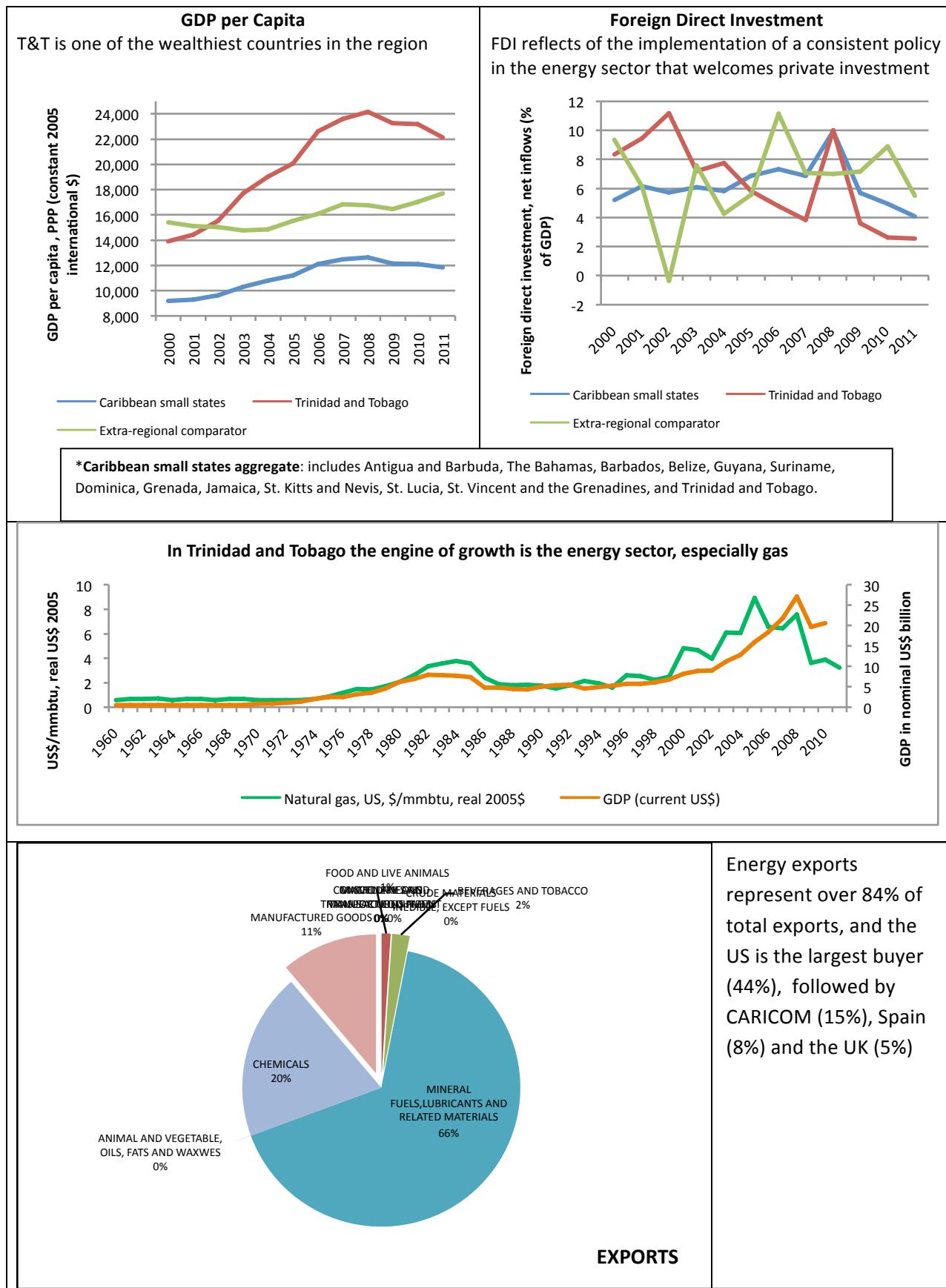
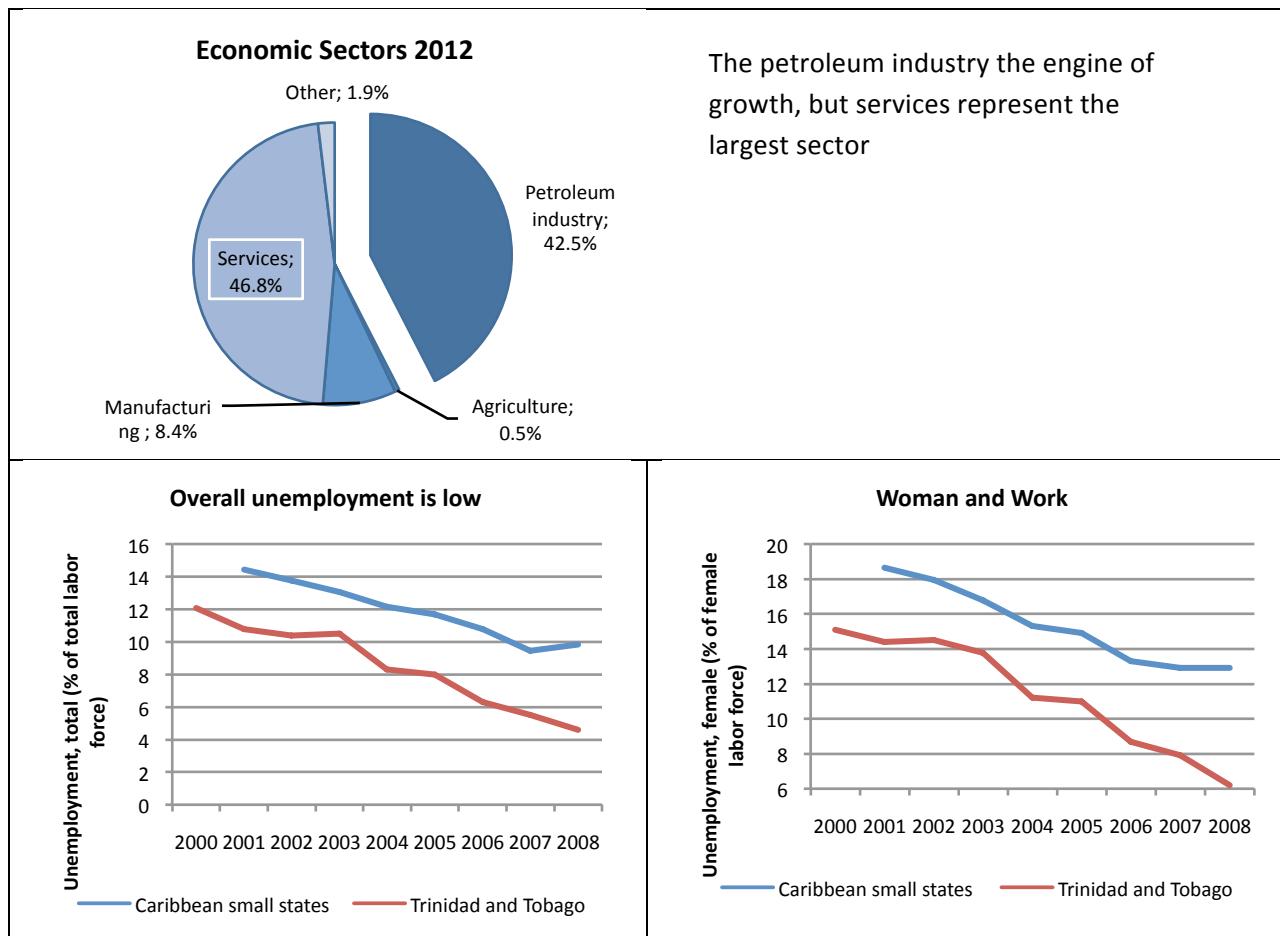


# A Snap-Shot of the Private Sector In Trinidad and Tobago 2013





### Opportunities to accelerate private sector growth

Trinidad and Tobago has experienced continuous growth based on the expansion of the energy sector and by has become one of the wealthiest countries in the Caribbean. However, the large expansion of the energy sector has created a dual economy in which the energy sector expands providing financial resources to government and through government to the rest of the economy, but the non-energy sector tends to lag behind. It is important for Trinidad and Tobago to continue to specialize in what the country does best: taking advantage of the capacity to attract private sector investment in the energy sector but also to diversify away from energy. An interesting finding of the Compete Caribbean Private Sector Assessment Report is that there is a group of local companies that have developed the capacity to provide high-value added goods and services to the energy sector. These companies sell their products to multinational corporations, both in Trinidad and Tobago and abroad.

#### Largest and fast growing sectors

- Over the years the economic structure has remained stable with about 40% of total production generated in the energy sector and about 60% generated in the non-energy sector
- The most important services produced in the country are classified as: construction, distribution and restaurants, and finance, insurance and real estate. The combined impact of these services was 37.6% of GDP, or about 80% of services produced in the country
- The most important sectors as it relates to their potential for PSD growth are in the energy sector, and more

#### The challenges of the business climate

The private sector identified the following as challenges to doing business in Trinidad and Tobago:

- Limited access to credit for the private sector (especially SMEs);
- Too much government participation in the economy;
- Poor coordination of efforts to promote private sector development;
- A high concentration of export products and destinations;
- A gap in the supply of skills offered by tertiary education and vocational training;
- Insufficient investment (by both the public and private sectors) in innovation;

<p>specifically in the cluster of companies that provide goods and services to large multinational corporations</p>	<ul style="list-style-type: none"> <li>• Labor market challenges related to Industrial Relations Act and the Retrenchment and Severance Benefits Act</li> </ul>
<p><b>Government priorities as identified by government</b> The Government's national development strategy has seven interconnected pillars:</p> <ul style="list-style-type: none"> <li>• People-centred development</li> <li>• Poverty eradication and social justice</li> <li>• National and personal security</li> <li>• Information and communications technologies</li> <li>• A more diversified, knowledge intensive economy</li> <li>• Good governance</li> <li>• Foreign policy</li> </ul> <p>The Medium-Term Policy Framework "Innovation for Lasting Prosperity identifies 5 geographic areas to be the centres of new economic spaces or growth poles: East Port of Spain, North East Tobago, South West Peninsula, North Coast and the Central Area. These poles will benefit from a special package of fiscal incentives and will be allowed to access the tax incentives provided to the Agriculture, Manufacturing and Tourism sectors.</p> <p>The Government also has a diversification plan that prioritizes the development of 7 strategic business clusters:</p> <ul style="list-style-type: none"> <li>• Energy</li> <li>• Tourism</li> <li>• Food sustainability</li> <li>• Information Communications technologies</li> <li>• Culture and Creative Industries</li> <li>• Maritime Industries</li> <li>• Finance</li> </ul>	<p><b>Priorities actions to expand business as identified in the Compete Caribbean Private Sector Assessment Report (2012)</b></p> <p>The PSAR recommends to facilitate the specialization process of domestic firms that provide goods and services to multinational corporations in the energy sector, and to facilitate the development of the non-energy sector by improving the business climate.</p> <p>Priority interventions to improve the business climate include:</p> <ul style="list-style-type: none"> <li>• Deepen financial intermediation: identify appropriate measures that would result in the expansion of credit to the private sector such as the creation of new products and institutions that meet the demand for loans of SMEs. In this context review and update the 2004 White Paper on financial sector reform and mainstream gender into the framework.</li> <li>• Use the results from the Arthur Lok Jack School of Business and the Caribbean Centre for Competitiveness on clusters and complement this work on mapping private sector businesses by classifying them into energy and non-energy, and within the non-energy classification to identify business that produce non-tradable and tradable goods and services. This classification would lead to the analysis of bottlenecks for the development of businesses in the energy sector, as well as for the non-energy tradable sector.</li> <li>• Strengthen property rights by improve registries for movable goods and real estate</li> <li>• Make labor markets more flexible and gender inclusive by addressing issues in legislation, improving enforcement, minimum wages and their link to productivity, training and opportunities for trainees, access to day care, social negotiations and participation, and the role of the Ministry of Labor.</li> </ul>