

MEDIA RELEASE

TTMA's comment on the Budget

Port of Spain, Monday, October 05, 2020 - The Trinidad and Tobago Manufacturers' Association has issued a statement following today's reading of the national budget by Minister Colm Imbert.

"We are pleased to see that a number of the issues we have raised with the Government this past year have been addressed. In particular, was the Minister's commitment to support TTMA's strategic plan to double exports by 2024/2025. The Minister's focused intention to improve the Ease of Doing Business through the implementation of building an "e-Government" will provide the foundation for transformation that will allow Manufacturing to thrive. However, we are cognizant that what is measured gets done and so are relieved to hear the Minister's intention to track and report on progress of this digital transformation". So said TTMA President, Ms. Franka Costelloe, as she outlined how submissions made to the Ministry and to the Economic Recovery Committee were considered in the 2020 budget.

Costelloe also noted, "The government's announcement of the enhancement of the Junior Stock exchange with a 5-year tax exemption and a 50% reduction in the tax rate for the following five years, mirrors the TTMA's focus in its Manufacturing Strategy on a business environment that is conducive to entrepreneurship and innovation."

Supply Chain management and costs are central to the manufacturing process. It is our hope that the prioritization of the agro-processing industry in 2021 will provide the local raw materials needed in the manufacturing process, thereby reducing the \$4B import bill and create niche entrepreneurs.

The TTMA has been advocating for a more efficient VAT Refund system, consistent with provisions within the law and financial regulations. The TTMA looks forward to the implementation of Minister's intention to provide this through the TTRA.

Among those submissions provided to the Ministry and the Economic Recovery Committee ahead of the budget, were: opportunities for SME growth and expansion into the export market, access to Forex, trade facilitation, import substitution, prioritization of USD to manufacturers and the renewal of leases and upgrade of industrial parks. The increased allowable rate on wear and tear on equipment from 25% to 30% was also a recommendation made by the TTMA to improve cash flows and we are happy to see this initiative taken up by the Minister

Specific to support for SMEs, the TTMA recommended a renewed allocation of \$100M USD to manufacturers annually and the enhancement of capital markets through private equity and exit mechanisms, as well as tax credit to businesses investing in technology and software implementation. The Government has responded by speaking to the further expansion and growth of EXIM Bank geared towards providing enhanced assistance to the business community.

The call for Eteck to be a facilitator to manufacturers of niche products is of particular interest as the TTMA has advocated for the ratification of lease rates and planned upgrades to facilities at industrial parks. TTMA CEO, Dr. Ramesh Ramdeen said that the Board and Management has also recommended the development of Economic Free Zones, and welcomes the initiative of the government to transform the existing freezone framework into the specialized economic freezone that will bring value to the business community in Trinidad and Tobago."

What is now needed to stimulate growth in the export market and boosting domestic demand says Ms. Costelloe, is a focus on trade facilitation. "This is critical to meeting our strategy of doubling exports in five years", she said. An imperative to securing market growth she explained, is the increase in CET rates to the bound rates for goods that can be produced locally and meet a regional demand.

Privatization of state enterprises has also been a primary lobbying issue by the Association, as has been an increase in non-taxable personal income as a means of economic stimulation. The proposed privatization of ports and the new personal income ceiling reflects that Government is listening and responsive to recommendations from the business community. The TTMA is cautious on the issue of tax waivers on imported building materials, and says it is seeking clarity on how this impacts manufacturer of local building materials.

The TTMA is eager to see the effective implementation and execution of these initiatives

In his submission, the Finance Minister has called on the Manufacturing Industry to be the "Digital Catalyst for transformation by increasing export". Minister Imbert is scheduled to participate in a post-budget event with TTMA membership tomorrow, Tuesday 6th, to discuss just how the new measures are going to help the sector become "globally competitive, productive, and innovative

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