

Trinidad and Tobago

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A Caribbean leader

With its stable democracy and energy-driven economy, Trinidad and Tobago has left behind the tag of 'emerging nation' and become a major presence in the Caribbean region. But now it wants to diversify its economy, reach out to new markets and spread its global influence.

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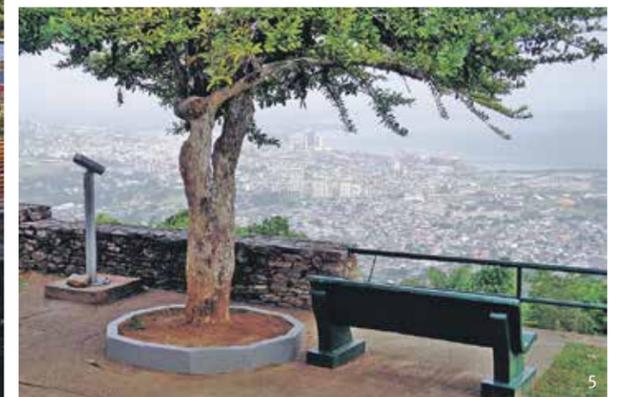
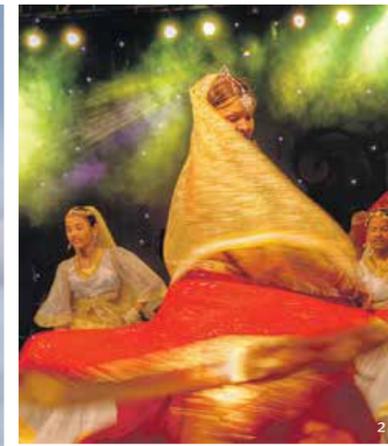
No longer 'emerging'

Writer: Guy Hedgcock

Half a century after gaining independence, Trinidad and Tobago enjoys a reputation for stability and punching above its weight in both the economic and cultural spheres. The island nation now believes success lies in shifting emphasis away from the traditional oil and gas sectors upon which it has relied so heavily. But beyond that challenge lie social issues which must also be tackled



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"After all, we make ourselves according to the ideas we have of our possibilities," wrote V. S. Naipaul, one of Trinidad and Tobago's most famous sons. The novelist was writing about a fictional country, but he could easily have been describing his own islands, which, since gaining independence from Britain in 1962, have capitalised on their unique geography, history and culture to become one of the Caribbean's most developed nations. Despite a turbulent colonial history which saw the islands change hands between the Spanish, British, Dutch and French, modern-day Trinidad and Tobago is a stable place. Its parliamentary system, modelled on that of the UK, saw Kamla Persad-Bissessar begin a five-year term in 2010 as the country's first female prime minister. Political calm has been accompanied by economic growth which has highlighted the islands' privileged geographical situation. Sitting outside the hurricane belt, they are blessed with hydrocarbons and sit only seven miles north of Venezuela, making them a

convenient hub between South America, the Caribbean and North America. Over the last decade-and-a-half, the country's GDP has expanded at a rapid rate, averaging close to 8 percent between 2000 and 2007 (outstripping the regional rate of just under 4 percent). Growth since then has been more modest but despite temporary dips and a domestic financial crisis in 2009, the global downturn has left Trinidad and Tobago relatively unscathed. This success has been based largely on the energy industry. Trinidad and Tobago has been producing oil commercially for over a century, although in recent years natural gas has become increasingly prominent. But while the country is the Caribbean region's energy leader, there is an increasing feeling that it needs to look beyond its finite resources, especially given increasing competition from the US shale gas sector. "We have done well within our country over recent years; it is time for us to expand and go forward," says Vernon

Political calm has been accompanied by economic growth which has highlighted the islands' privileged geographical situation.

Paltoo, president of the National Energy Corporation. He says the industry must explore markets in Latin America and the Far East and also broaden its production capabilities to areas such as renewable energy.

A diverse future

Diversification is currently a Trinidadian buzzword and the government has identified several areas for development besides alternative energy, such as the maritime sector, entertainment and the food and drink industries. Meanwhile, tourism has been gaining ground, with the islands hoping to capitalise further on their idyllic beaches and biodiversity and also cultural attractions such as a world-famous carnival and Port of Spain's architecturally beguiling set of mansions, the 'Magnificent Seven'. Delivering on all these plans, especially in a sustainable way, is not easy but Trinidad and Tobago's self-esteem does not seem to be a hindrance. Investors praise its well-educated workforce, location, stability and infrastructure, and it is playing a key role in pushing for greater Caribbean integration. The 2012 celebrations to mark half a century of independence came the year after the Organisation for Economic Co-operation and Development (OECD) removed the country from its list of emerging nations.

"We, as a small nation, have been able to use our

resources to achieve great things and we have produced great heroes," said the Trinidad Express newspaper in the wake of the OECD's upgrade. It was true: this nation of 1.3 million people has seen both V. S. Naipaul and poet Derek Walcott win Nobel prizes over the last two decades, a period during which cricketer Brian Lara earned worldwide renown and the nickname "The Prince of Port of Spain" due to his record-breaking feats.

The other side of development

But the same newspaper also highlighted some less welcome national truths, such as poverty, inequality, crime and drugs. Those social issues present a challenge every bit as important as the development of the financial industry or the creation of an eco-tourism centre in northern Trinidad. Some places are battling several or all of those problems. "East Port of Spain is an area with high levels of crime, high levels of unemployment, low incomes and low levels of skills," says Deborah Thomas, managing director of the East Port of Spain Development Company. "It's not an area that there's been a lot of investment incoming from the private sector."

Ensuring that less advantaged communities are not further left behind or marginalised as Trinidad and Tobago's economic expansion continues will help the country stay true to the spirit of its motto: "Together we aspire, together we achieve." «

At a glance

- Population** 1.3 million
- Labour force** 620,000
- Official language** English
- Total area** Trinidad: 1,864 sq miles; Tobago: 116 sq miles
- Capital** Port of Spain (Trinidad); Scarborough (Tobago)
- Time zone** 4/5 hours behind Greenwich Mean Time (GMT)
- GDP** £14.7 billion (2012)
- GDP per capita** £11,000 (2012)
- Economic growth** 0.2 percent (2012)
- Unemployment** 4.8 percent
- VAT** 15 percent

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Winston Dookeran
Minister of Foreign Affairs

Q&A What is your vision for investment in Trinidad and Tobago and what role does diplomacy play?

Trinidad is the main pillar within the market of a region of around 30 million people. This is a place of large potential and we are seeing a change in the diplomatic appreciation of Trinidad and therefore a change in the flow of investments.

What image do you want to send about Trinidad and Tobago to the international community?

We are a society that is ready to take on the rest of the world around us. It's a society that is now pushing forward. Our potential is being converted into very positive diplomatic relationships; with Guatemala, with China, with the UK. We have always invited British investors to come here.

“Trinidad and Tobago could play a very proud role in the changing international scene.”

What is your main goal as minister of foreign affairs?

Trinidad and Tobago could play a very proud role in the changing international scene. I don't think size is a limitation any more. In fact, I think our size could be turned into an asset. I would like to see Trinidad and Tobago viewed as a major diplomatic player.

A regional powerhouse

Writer: *Oliver Moss*

Already a key regional player, the twin-island nation has recently taken steps to increase its importance on the international stage

There has been something of a sea change in Trinidad and Tobago's foreign policy in recent years. 2012's 50th anniversary of the Caribbean nation's independence from the UK was met not only by the celebrations and cultural events for which the nation is well known, but also by a growing sense of confidence in its regional and global standing. “Small islands like ours sometimes feel that they are not useful in global diplomacy,” reflected minister of foreign affairs Winston Dookeran. “All the diplomacy that we have pursued has been predicated on what I call an affirmative engagement, as opposed to a passive approach in the past. We are no longer afraid to get out there and take full positions on a diplomatic and political level.”

Trinidad and Tobago's emergence as an international and regional player has been reflected in its relationship with the UK, once its colonial master but today a key diplomatic and trade partner. “I think we have finally moved out of the colonial mind-set and are now moving into a relationship on an equal basis,” highlighted Dookeran. The two nations continue to share strong bilateral relations, particularly in areas of defence and energy.

However, as the global economic downturn has affected many of the island nation's traditional trade partners, particularly the UK and the USA, it has increasingly directed foreign policy initiatives towards Latin America, Africa, India, China and the Middle East. As a full member of the Andean Development Corporation, the country is increasingly engaging with its Latin American neighbours, particularly Guatemala with whom it has signed a series of agreements. Embassies and cultural exchanges are meanwhile being opened across the African continent.

Both US vice-president Joe Biden and

China's President Xi Jinping have made recent high-profile visits to the Caribbean nation. With two-way trade between China and Latin America and the Caribbean reaching US\$261.2 billion in 2012, the Asian giant is increasingly stepping in as a trade and investment partner, keen on Trinidad and Tobago's energy resources while becoming a major supplier of development financing. Soft power is also being wielded as the nation prepares to put on a Caribbean music festival in Beijing and build a cultural and arts centre.

“It will be a place where we can begin to move our cultural products and develop a relationship which will increase tourism and the movement of goods and services,” said Dr Lincoln Douglas, minister of arts and multiculturalism.

But perhaps the most significant developments in Trinidad and Tobago's external relations have been on its doorstep. As one of the largest Caribbean nations and a founding member of the regional grouping CARICOM, it is playing a key role in encouraging political and economic integration and shaping the bloc's policies. With 67 percent of its non-oil exports destined for the region, it is a key pillar in a market of 30 million people across the Caribbean. Meanwhile, minister Dookeran is leading a new wave of thinking on integration initiatives with his publications on ‘Caribbean convergence’.

The 34th annual heads of state summit was held in Port of Spain in July where Trinidad and Tobago assumed chairmanship of CARICOM. Prime Minister Kamla Persad-Bissessar used her address to call for greater cooperation and integration: “We are part of this world and therefore CARICOM is in perpetual transition. CARICOM is strong and united; let us resolve to keep it that way and work to make it an even greater force within the world community.”

Promoting integration

Trinidad and Tobago is a founding member of the Caribbean Community (CARICOM), a regional organisation created in 1973 to foster trade and cooperation between the Caribbean states.

Established by the Treaty of Chaguaramas in Trinidad, the bloc has grown from its original four members to include 15 members today across the region. It is tied to the European Commission through an Economic Partnership Agreement known as CARIFORUM. Trinidad and Tobago currently holds the chairmanship of the regional grouping and has the largest GDP among the bloc's full members and the second largest population. The 34th annual heads of state summit was held in Port of Spain in July 2013.

Profile

InvesTT

InvesTT is a subsidiary of the government's diversification and promotion agency eTeck and was created in 2011 as an investment one-stop shop with the aim to attract investors to the country, particularly for the development of its non-oil sectors.

eTeck's president Kelvin Mahabir is seeking to develop his country's ICT sector, among others. The US\$1 billion Tamana Science and Technology Park is one of the agency's flagship projects, housing the University of Trinidad and Tobago's main campus as the nation looks to move towards a knowledge-based economy and develop its human capital.

“We are trying to align the whole country's strategy to provide businesses with the ecosystem they need and that is where government comes in with its policy and incentive programmes as advised by InvesTT,” says Mahabir. “We're looking at ICT, clean technology, animation, fashion and carnival, and the financial and tourism sectors.”



Kelvin Mahabir
President of eTECK and former President of InvesTT

Entrusted with attracting, targeting and diversifying investments to the nation,

+ Cutting the red tape

State agency ExporTT is charged with developing the export sector and much of its work is focused on reducing bureaucracy. With the islands seeking

to boost their port industry, a new online system means customs brokers can avoid cumbersome paperwork and secure approvals much quicker. Else-

where, company registration is being transferred online and steps are being taken to make the construction permit system more user-friendly.

Infrastructure and incentives for investors

Writer: *Guy Hedgecoe*

The islands are building an enviable reputation as a place to do business, although challenges remain

While the global economic crisis has seen investment in Trinidad and Tobago fluctuate in recent years, the 2012 data seemed to reinforce the country's growing investor-friendly status. Foreign direct investment (FDI) worth US\$2.5 billion (£1.5 billion) represented an increase of 38 percent on the previous year despite the fact that foreign investment in Central America and the Caribbean region as a whole dropped over the same period.

Trinidad and Tobago's biggest foreign investors – such as the United States, Canada, the UK and Germany – are currently all involved in its dominant energy sector. “When you have energy, natural gas and oil money, you don't develop the other aspects of your economy,” notes Keith Chin, CEO of the country's Free Zone Company (TTFZ), which fosters export-oriented business. TTFZ works with everything from small local firms to multinationals like Nestle.

But, as Chin points out, the circumstances are ripe for diversification, both in terms of industries and markets, with Indian and Chinese investment now firmly in his country's sights. Closer to home, the burgeoning economies of South America are also of interest.

“Trinidad is a hub in many ways,” he adds. “[Its] domestic market is not that big but we do have cheap energy, good infrastructure and incentives and the convenience to go to the north and the south.”

Tourism is one non-energy industry that is on the rise. But there is also growing investor interest in food and drink, the maritime sector, information technology, steel, desalination, wood and entertainment.

Battling crime and bureaucracy

Its infrastructure, along with a relatively well-educated populace and aggressive tax incentives for compa-

nies, helped lift Trinidad and Tobago to 66th position in the World Bank's 2013 Ease of Doing Business Index. However, if it wants to climb higher it will need to resolve some major issues.

Crime is among these, although the government believes efforts to reduce poverty, get youngsters involved in social projects and develop run-down urban areas will be effective.

Red tape is another hurdle, with processes such as customs approvals, obtaining a construction permit



Trinidad and Tobago enjoys a privileged geographical position between North and South America.

or starting a business all notoriously slow. Mindful of this, the government is taking steps to counter the problems. The feeling is that further measures and legislation are needed, but that the foundations are in place for investment, both domestic and international, to flourish.

“We have all the basic infrastructure to compete on the world stage,” says Moonilal Lalchan, president of the Chamber of Commerce. “We are world players and this is an opportunity for business to come in.”



Daniel Solomon and Joycelin Hargreaves
Chairman and Managing Director of Chaguaramas Development Authority (CDA)

Chaguaramas, with more than 14,000 acres of land mass and five offshore islands, is developing

investment with a view to becoming a major hub for business leaders, sporting enthusiasts and eco-tourists.

What current projects are being undertaken in Chaguaramas?

We have a project to do a tower rail and cable car system and there's already interest in that, and a revolving hotel, which will be a sort of landmark for us. There is a boardwalk project, too. The initial boardwalk comprises a number of elements: sustainable growth and environmentally friendly micro and small business opportunities for

the man on the street.

What makes Chaguaramas attractive for investment?

There are tax incentives and Chaguaramas has autonomy – it's almost like a little country in itself. We are property development facilitators. In a country where you have a lot of development agencies, that eliminates a lot of the bureaucracy so an investor can come and deal with the CDA alone.

Fashion, film and the ocean

Several government-backed agencies - eTeck, InvesTT, TTFZ and ExporTT - are promoting the diversification of Trinidad and Tobago's economy from different angles. And while energy and tourism remain at the heart of the country's growth, the ministry of trade, industry and investment has identified the maritime industry, the creative arts and food and drink as priorities for development.

Maritime activity includes transport of goods and people, ocean brokerage, port operations and marine construction and the government sees the updating of relevant legislation as key for the industry's growth.

Film, fashion and music drive Trinidad and Tobago's creative arts. Anya Ayoung Chee's fashion designs have international resonance, while the Caribbean Music Group encourages top quality musical and celluloid output while using local talent.

Meanwhile, beverage firm Fresh Start is an example of how a family-run business can expand to enjoy enormous success.

The maritime industry, the creative arts and food and drink industry are priorities for development