

Where the smart money is

INTERVIEW WITH THE HON STEPHEN CADIZ

MINISTER OF TRADE AND INDUSTRY, REPUBLIC OF TRINIDAD AND TOBAGO



STEPHEN CADIZ assumed the portfolio of Minister of Trade and Industry on 2nd June 2010. A successful businessman prior to his entry into Parliament, he founded the company Tropical Power Limited in 1987 and oversaw its transformation from a locally based entity into a regional organisation specialising in the sale, rental and service of commercial and industrial generators. He rose to prominence in Trinidad and Tobago through his involvement in social and environmental causes and was elected Member of Parliament for Chaguanas East on 28th May 2010.

Trinidad and Tobago has gone to great lengths to boost trade and investment between Commonwealth countries during its chairmanship of the Commonwealth. What have been the principal lessons and outcomes of this exercise?

One of the things we recognised very early on is that the trading patterns remain the same as ever – that is to say that the trade always heads north. One of the main outcomes of the Caribbean Investment Forum, which we hosted earlier this year, was to get Commonwealth countries to really start looking at each other instead of simply focusing on the developed markets such as Great Britain or Canada.

Of course, there are all sorts of problems associated with that because the transport infrastructure, freight and air links and so forth, are all geared towards south-north trade as well. So, we have to improve the communications between southern countries if we are going to realise the potential of south-south trade going forward.

Intra-Commonwealth trade is worth close to \$4 trillion but, like many other countries, I don't think we are getting our fair share at the moment. The will is there but the obstacles are significant, so that is one of the main things we have been looking to improve upon over the course of our chairmanship.

Of course, we have our regional trading partners in CARICOM, but we have pretty much maximised the volume and value of our trade with our regional neighbours. In addition to which, most of them are still suffering the effects of the 2008 crash because their

economies are heavily dependent on tourism, and their major markets in the US and Europe have serious problems of their own. As a result, we have been looking at expanding our reach into Central and South America, with Brazil being one of our main targets.

In addition to that, a number of other Commonwealth countries have fared rather better in the crisis than the northern economies – such as the emerging oil and gas producers in Africa – which is why we have been paying particular attention to the likes of Ghana, Tanzania and Mozambique, as well as established producers such as Nigeria. We believe that using our oil and gas expertise as a way into these countries will allow our non-energy sector companies to gain entry on the back of it.

Your energy cooperation with Brazil would appear to offer a good potential foothold in one of the world's strongest and fastest-growing economies. How do you intend to capitalise on this advantage?

Well, we don't expect to sell coals to Newcastle, of course. Brazil has enormous oil and gas reserves of its own, so we're not going to be exporting LNG or other petroleum products to them, but we do feel that our oil and gas service companies can help to assist in the development of Brazil's offshore discoveries. The sheer scale of the finds and the infrastructure required is, I think, more than Brazil can handle on its own, so we need to identify the areas where they're falling short and be able to pick up some of the slack.

In terms of oil and gas processing, for example, they are going to require a huge number of platforms and other offshore infrastructure, and Trinidad and Tobago can cater to that. We have the capability to provide the sort of platforms, ships and other support vessels that they require, so we need to make sure we capture our fair share of that business.

But aside from energy services, we are also importing Brazilian iron ore for processing at our steel plants at Point Lisas, and northern Brazil – which is not too far from here – is a huge area for food and food processing, so I think we can capitalise on that too. Even cement – which is a sector in which you would think Brazil would be self sufficient – is proving profitable for companies such as TCL (Trinidad Cement Limited), and there are many other areas where we believe we can carve a niche as well. Brazil's President, Dilma Rousseff has



Photo: bbTT

Trinidad's fabrication yards offer a potential new source of valuable exports to countries such as Brazil

accepted an invitation to visit Trinidad and Tobago in the next few months and we are confident that her visit will further enhance the relationship.

Looking further afield, we have a new EPA implementation unit, which is intended to maximise the opportunities arising from our Economic Partnership Agreement with the European Union, and we are making every effort to ensure that our manufacturers and service providers understand the opportunities that exist and make the most of them.

The other economic superpower with which Trinidad and Tobago has historically had good relations is, of course, China. How successful was the recent China-Caribbean Economic Trade & Cooperation Forum, in your view?

I think it was very successful, and it created a valuable space for people to meet and to understand who we are. But to be honest, the hardest thing is getting our exporters to feel comfortable. China is such a humungous economy that they feel they might easily get swallowed up, but there are all kinds of opportunities there and we have to find ways of making them accessible.

Can we compete with Chinese manufactured goods? Probably not, because we can't match the economies of scale that China has. But the middle class in China is growing every day, as is the Indian middle class, and that presents opportunities for travel and tourism providers, as well as many other types of services that are unique to the Caribbean that we can sell into China. So, we have to identify those areas and focus on them. For instance, during the Forum we signed a \$50 million, three-year deal with the China Railway Construction company to supply them with Trinidad Lake Asphalt, which is one of our world-class indigenous products.

As someone who went into politics as a response to the government of the day's perceived failure to tackle rising social unrest and criminality, how do you feel about the current State of Emergency in Trinidad and Tobago? Should the public and the business community be reassured that something is being done, or concerned about what might come after it?

I think the government had to make a decision and it did so, as we have done a number of things in our first year in office aimed at eliminating crime. We appointed a Commissioner of Police, for instance, whereas the previous administration had had acting commissioners for several years. The Police Service has now been given its own budget, so it doesn't have to go cap-in-hand for funding every time it needs to buy equipment or services, and we have enacted a number

of pieces of legislation to reduce the levels of crime in our country.

I think the international community recognises that Trinidad and Tobago has acted decisively, and that can only be good for business confidence in the longer term. Rather than allowing the situation to drift and deteriorate further, we have dealt a serious blow to the gang-and-drug culture, money laundering and other manifestations of criminality that were becoming increasingly prevalent. We could not have continued in the way that we were going.

As a successful businessman yourself, what would you say are the most compelling arguments for investing or doing business in Trinidad and Tobago?

I think the most persuasive aspect is our economy itself. We have a strong economy with a proven track record of growth. We have a mature and stable political system, and we will celebrate our 50th Anniversary of Independence next year. Our legal system is sound; we follow the British common law system and the Privy Council in London remains our Court of Final Appeal. Our financial laws and regulations follow those of the Western world; there are no issues regarding the movement of foreign exchange or repatriation of profits. And our banking system has proven extremely robust in the face of the economic turmoil that has decimated the sector in other countries.

I think foreign investors can have confidence in our labour laws; we don't operate sweatshops, we don't allow child labour and the quality of life here is good. In terms of physical infrastructure and communications, our IT systems and broadband access are among the best in the region and we have convenient air links to most of the major cities in the Northern Hemisphere. At the same time our human resources are very much in demand, which is why McDonald's recently opened its regional headquarters here and why they are appointing Trinidadians and Tobagonians to management positions elsewhere in the region.

So, we have a lot going for us in Trinidad and Tobago. We're English-speaking, we're in the same time zone as Buenos Aires to the South and New York to the North; we have an industrialised economy, we know how to work and we know how to function in the international arena. So, whatever services are required I think we can provide to a very high standard.

When a company comes to Trinidad and Tobago it doesn't have to reinvent the wheel; it's an open market and already has the infrastructure in place for a successful business. You only have to look at the insurance companies and banks setting up their credit card processing facilities and other back-office functions here to know that this is where the smart money is. E

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