

THE REPORT

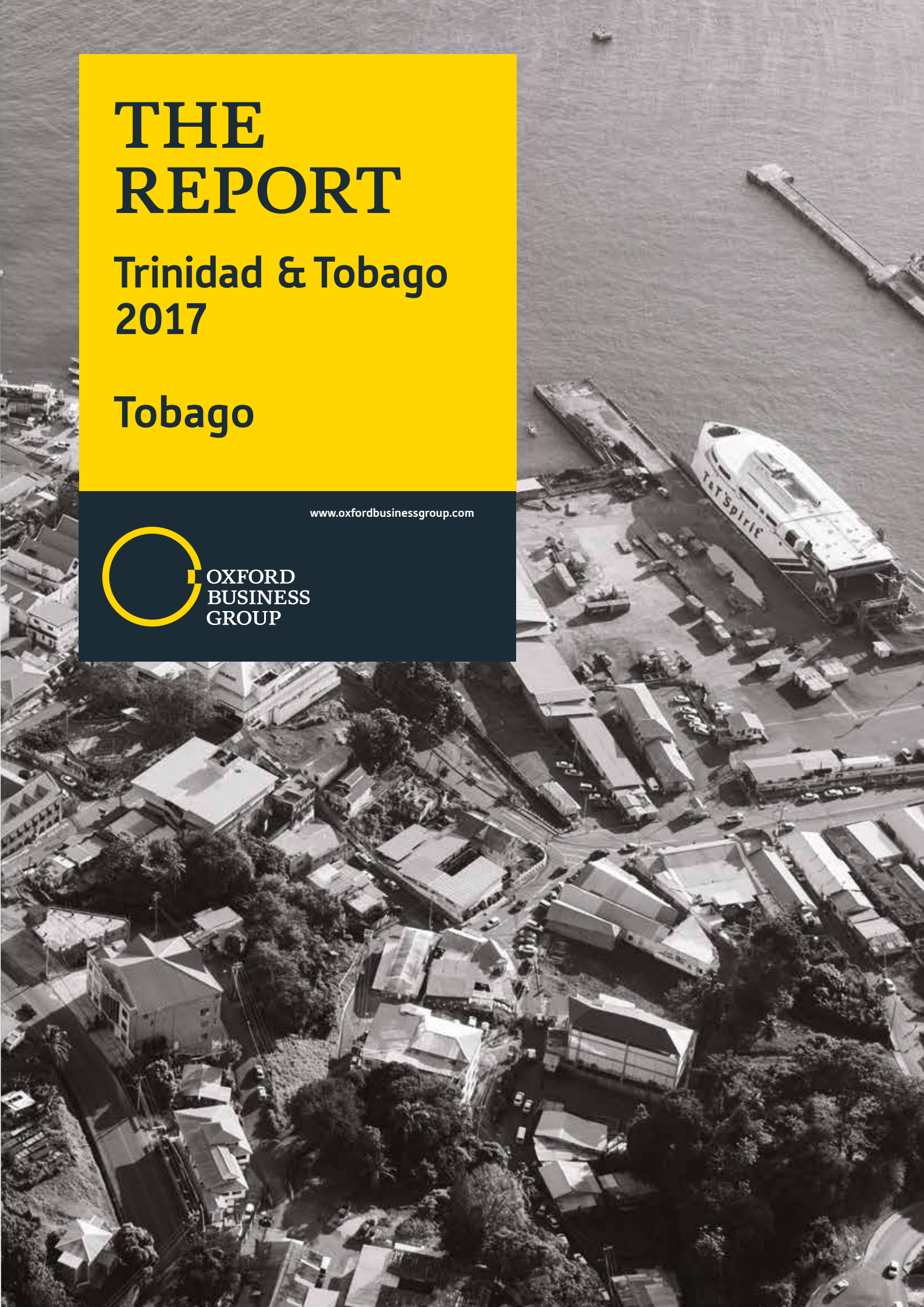
Trinidad & Tobago
2017

Tobago

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CLEAN, GREEN, SAFE AND SERENE



A new local government took office following elections in 2017

Poised for take-off

Development plans emphasise the need to transform and diversify the economy

The new administration of Tobago takes office at a time of both opportunity and challenge. Tobago is one of the most beautiful, unspoiled islands in the Caribbean, which is a highly attractive proposition in today's competitive tourism environment. Tobago is ready for take-off, with the island at a critical point in its economic development. After years of abundance, largely based on a share of the oil and gas revenues generated by the republic of Trinidad and Tobago, the island is now facing a fiscal squeeze. Tobago's GDP saw a decline in 2016, while its tourism sector has been underperforming for some time. However, these difficulties also present a major opportunity for growth.

NEW GOVERNMENT: A new local government took office in Tobago following elections on January 23, 2017. Kelvin Charles was sworn in as the new chief secretary of the Tobago House of Assembly (THA), representing the People's National Movement (PNM). Charles' appointment marked the end of four consecutive terms in office – totalling 16 years – for his predecessor and former PNM leader, Orville London. During London's last term, the PNM controlled all 12 seats in the THA. The party again claimed a majority in the most recent elections, winning 10 of the 12 seats, with the remaining two going to the opposition Progressive Democratic Party, led by Watson Duke. At his swearing-in ceremony, Charles said that his administration would prioritise dealing with crime, agriculture, tourism, productivity, education and customer service. The chief secretary has also previously called for increased autonomy for Tobago within the central government structure.

YOUNG ECONOMY: According to the last census in 2011, the population of Tobago was 60,874, up 12.6% on the previous census held in 2000. This represented 4.6% of the combined population of T&T.

Since 1990 the population of Tobago has been growing at a faster rate than that of Trinidad. Population density is greatest in the south-western corner of the island, in the parishes of St Andrew and St Patrick. It is

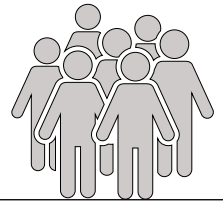
lowest in the opposite, north-eastern end of the island, in the parish of St John.

In Tobago the largest age group is of those between 20 and 29, who make up 17% of the population, and the median age is 28.1. The majority of people identify themselves as being of African descent (85.3%), followed by mixed African/East Indian (4.3%), mixed/other (4.2%) and East Indian (2.5%). The East Indian community makes up a much smaller share of the population than in Trinidad. There has been significant outbound emigration over the years, with many Tobagonians leaving the island, often in search of employment opportunities in North America, Europe and other parts of the Caribbean. As a result, there has been some concern that Tobago has suffered from brain drain. Census data shows that in 2011 a total of 859 people – just over 1% of the population – emigrated. The majority (62%) went to the US, followed by the UK (14%), Canada (7%) and other Caribbean islands (3%).

GDP MAKEUP: The composition of GDP is heavily weighted towards three sectors: government, financial services and tourism. The largest single contribution comes from the government (46.9%), according to preliminary figures for 2016. It is followed by finance, insurance, real estate and business services, with 25.3%. Other sectors include distribution and restaurants (8.7%), transport storage and communications (5.4%), construction and quarrying (4.3%), electricity (3.2%), and hotels and guest houses (2.9%).

The government's share of GDP increased from 40.8% in 2011 to 46.9% in 2016, with sectors such as manufacturing and agriculture accounting for only 0.4% and 0.2% of Tobago's GDP, respectively.

The total non-institutional population aged 15 and over was 48,000 in 2015, and of that number 34,100 were in the labour force, giving a labour force participation rate of 71%. Unemployment as a proportion of the labour force was 3.7%, and has oscillated in the last seven years around 3-4%. The largest categories in the



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Tobago's share of the state budget will be held at 4.4% in FY 2017

The desire to develop small businesses and encourage entrepreneurship has been a consistent part of government strategy, particularly in light of the overdependence on the public sector for employment.

labour force were classified as elementary occupations (28% of the total), service workers (15.3%), craft and related workers (14.2%), clerks (12.8%), and technicians and associated professionals (10.9%). In Tobago's industrial sectors, most are employed in community, social and personal services (41.8% of the total), followed by construction (22.2%), and wholesale and retail trade, restaurants and hotels (14.5%). The majority of those in employment work in the public sector. In 2015, the last full year for which data is available, 73.8% of those in employment worked for the government, public service enterprises, statutory boards or government enterprises, up from 72.2% in 2011 and 70.6% in 2008.

DEVELOPMENT BLUEPRINT: A key feature of Tobago's economic strategy is the Comprehensive Economic Development Plan (CEDP). The first CEDP covered the 2006-10 period, while an updated, revised version, CEDP 2.0, was developed for 2013-17. Both documents emphasised the need to transform and diversify Tobago's economy, with the latter developing earlier ideas to formulate eight strategic priority areas for economic

development. These priority areas include branding Tobago, good governance and institutional reform, business development and entrepreneurship, human capital development, social development and resilience, improved infrastructure and utilities, enhanced safety and security, and environmental sustainability.

Much of the thinking on branding in the CEDP 2.0 document revolves around the marketing of the island as "clean, green, safe and serene". The slogan aims to capture the attractions of island life, not just for tourists but also for the domestic population. CEDP 2.0 calls for mass media and social marketing of the brand, and suggests that local companies and institutions should align their own advertising and marketing efforts with that overarching concept.

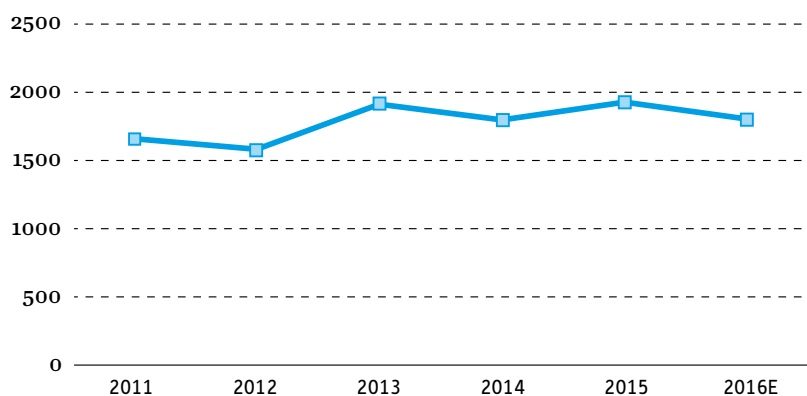
TAXES: The strategy notes Tobago's desire for greater devolved responsibility from the central government of T&T, along with greater powers to both raise and spend taxes at local level. The document adds, however, that until Tobago's relative share of GDP matches that of the rest of T&T it is likely to remain a net recipient of transfers from the central government. At the time the CEDP was written, Tobago accounted for 5% of the republic's population, but generated only 1.2% of its GDP. Other aims of the good governance priority area include modernising administrative processes within the THA, along with the introduction of improved ICT.

The desire to develop small businesses and promote entrepreneurship has been a consistent part of government strategy, particularly in light of concerns relating to overdependence on the public sector for employment. The document urges Tobagonians to set up businesses, with a particular focus on tourism, distribution, commerce, agriculture, agro-processing, fisheries and light manufacturing.

There is a commitment to try to create an entrepreneurial class in Tobago, with training and credit provided by agencies such as the Business Development Unit (BDU), the Enterprise Assistance Fund (EAF) and the Venture Capital Equity Fund (VCEF). Another initiative supported in the strategy is the development of Cove Eco-Industrial and Business Park (CEIBP), which includes space for incubators and start-ups. In human capital development the focus is on transitioning Tobago's labour force into one that is competitive by 21st century standards. In addition, the plans also call for a range of educational and training initiatives, greater coordination with universities and improved internet connectivity to support distance-learning programmes.

The paper acknowledges that a growing economy will require an influx of labour and residents. The new arrivals will need to adjust to their new surrounds, while Tobago's relatively homogeneous society will also need to adapt as it becomes more diverse. There are also commitments to develop health, welfare, sport, recreation, and social and community services, while particular attention is paid to priority area VI: the improvement of infrastructure and utilities. Continued expansion of physical infrastructure is considered to be one of the major challenges facing the island, particularly given the need to update building codes to combat the risk

Tobago GDP, 2011-16E (TT\$ m*)



Source: THA

*constant 2011 prices

of earthquakes, tsunamis, hurricanes and rising sea levels. Two major objectives are also referenced: to construct a commercial port for Tobago and to build a modern airport terminal at ANR Robinson International Airport (ANRRIA). Priority area VII, relating to safety and security, stresses the need to protect Tobago from the effects of both international drugs and arms smuggling, and local crime, with the latter seen as having the potential to compromise the island's image as a safe and secure location. Recommendations include the increased use of CCTV, development of local policing and the introduction of more modern scanning technology at ports of entry to check for narcotics and gun smuggling. Priority area VIII emphasises the importance of collective responsibility to protect the island's fragile ecosystem. Recommended initiatives include the development of a comprehensive land use plan, better waste management and the drafting of a disaster vulnerability assessment.

Elton Bobb, coordinator of CEDP 2.0, told OBG that the strategy outlined in the document gave cause for optimism about Tobago's potential. Asked about the economic climate on the island at the beginning of 2017 – the final year covered in the plans – he said, "We are poised for take-off. Out of 100 we are at 45." He recognised Tobago had not achieved all it had hoped in the plan, citing a combination of adverse international economic circumstances, and a possible lack of commitment and urgency. Despite these setbacks Bobb was

passionate about some of the policy directions mapped out in CEDP 2.0. These included the need to reduce the proportion of the population dependent on the THA for employment, and the case for diversification, particularly in local food production and processing. He felt that any island depending on tourism should be able to feed its visitors, which would mean reviving the rich local agricultural tradition that had been neglected in the years of thriving oil and gas revenues.

Regarding the possibility of a CEDP 3.0, covering 2017 onwards, Bobb said that much would depend on the wishes of the new THA administration, with details expected to emerge in 2017.

GDP IN 2016: According to preliminary data for 2016, Tobago's GDP dropped by 6.4% relative to 2015. However, this came after a year of strong growth, with GDP rising by 7.2% in 2015. The weakest sectors in 2016 were construction and quarrying (-48.7%), the government sector (-6.7%), agriculture (-4.6%), personal services (-3.4%) and electricity (-13%). In contrast, some areas of the economy recorded growth, including manufacturing (17.4%), petroleum distribution (6.2%), hotels and guest houses (3.1%), and transport storage and communications (1.6%). The downturn in economic activity in 2016 is consistent with reports of a drop in tourist arrivals and hotel occupancy rates. In December 2016 industry sources estimated that international tourism arrivals had slumped by 25% during the year, affecting hotel occupancy rates and visitor spending.

Although Tobago's GDP dropped sharply in 2016, some areas of the economy recorded positive growth, including manufacturing, petroleum distribution, and hotels and guest houses.

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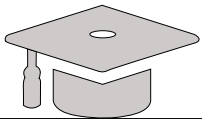
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Protecting the island's fragile ecosystem remains a high priority



By 2016 the proportion of the labour force with a university education had grown to

19%

According to local media, citing THA data, occupancy rates averaged 36.3% for hotels and 29.9% for guest houses, compared with a combined average of 41% in 2015. In a sign of the downturn in tourism in Tobago, Wendy Hamlin, reservations manager of the Blue Haven Hotel in Scarborough, told media that occupancy rates were down by 40% towards the end of 2016. Roger Patino, one of the owners of the Enchanted Waters restaurant in the south-west of Tobago, attributed the fall in the number of clients to the lack of destination marketing, and deficiencies in the air and sea bridge connecting Tobago to Trinidad.

SISTER ACT: Due to the nature of its relationship with its larger sister isle, Trinidad, Tobago's economy is heavily influenced by the ups and downs of the wider economy of T&T. One way of envisaging the relationship is to say that the performance of the wider economy sets the general cyclical trend, but that Tobago can be

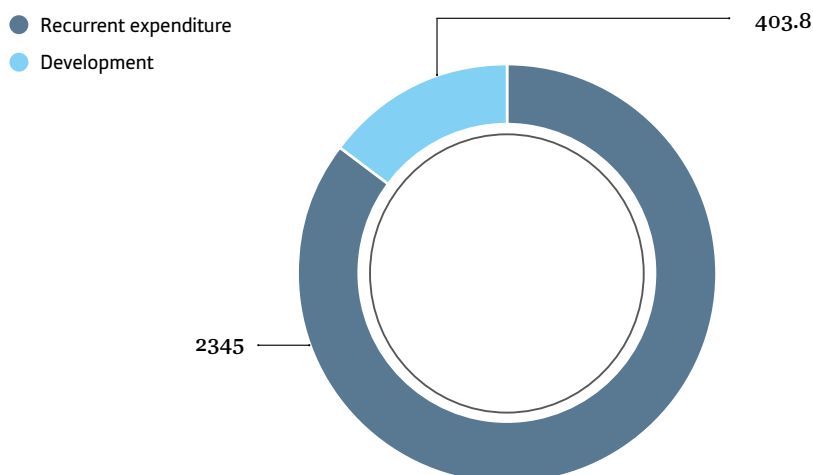
more volatile, performing above or below the trend line depending on specific factors such as the ebb and flow of local government spending or tourist arrivals. According to the IMF, in 2016 the twin-island economy saw a 5.1% contraction, less than the preliminary estimate of a 6.4% fall in Tobago. Despite the contraction in activity levels in 2016, officials remain confident of the island's strategic direction. Joel Jack, Tobago's secretary for finance and the economy, told OBG that global uncertainty and low oil and gas prices were having a negative impact on the finances of T&T, resulting in a knock-on effect for the Tobago administration. However, he said that the THA remains focused on the diversification of the island's economy, with a focus on the development of tourism, while the THA has already invested approximately \$50m in programmes aimed at developing the private sector. Jack expects the oil and gas price cycle to begin to move up again in the last quarter of 2017, with further increases in 2018 and 2019. "I am very optimistic about the economic outlook for Tobago, and for T&T together," he said, describing the current environment as "positively challenging".

BUDGET: Due to its dominant role in the local economy, any changes in overall THA spending have a major impact on Tobago's economy. Under existing agreements the THA budget is fixed within a percentage band of the national budget, ranging from 4.03% to 6.9%. Two key variables therefore affect the total THA spend; first, the size of the national budget, and second, the exact proportion of it, within the agreed band, that is allocated to the THA.

In recent years the national budget has come under pressure as a result of the sharp drop in oil and gas revenues. Spend peaked at TT\$64.7bn (\$9.7bn) in 2015, then fell by 2.5% to TT\$63.1bn (\$9.4bn) in 2016. However, Tobago was cushioned from the reduction in 2016 because the central government agreed to increase the THA's share of the national budget from 4.03% to 4.4%. As a result, Tobago's total budget allocation actually rose by 6.2% in FY 2016. Although the central government agreed to hold Tobago's share of the budget at 4.4% in 2017, the island could not be protected from the effects of a shrinking national budget. THA's allocation looks set to fall to TT\$2.35bn (\$351.1m), a reduction of 15.1%. However, the necessary savings were evenly spread between the two islands, with central government expenditure set to fall by 15.3%.

The THA budget emerges from a negotiating process conducted between the island's authorities and the central government. In his national budget speech on September 30, 2016, Colm Imbert, T&T's minister of finance, dedicated a special section to Tobago's funding allocation for FY 2017, which consists of the 12 months leading up to the end of September 2017. The minister praised the island's long-term development, noting that unemployment had fallen to around 3%, down from 11% in 2001. Imbert also highlighted the fact that the proportion of the labour force with a university education had grown to 19% (up from 5% in 2001), and that headline and food price inflation had come down to moderate levels following double-digit growth a

Tobago budget breakdown, FY 2016 (TT\$ m)



Source: THA

decade earlier. Despite these improvements, Imbert said that there was still much to be done to increase developmental momentum. The minister reiterated the importance of tourism for the island's economy, emphasising its capacity to earn much-needed foreign exchange. He said that the refurbishment of the existing terminal, and the construction of a new terminal at ANRRRIA, would commence during the course of the financial year. In addition, there was also a promise to enhance the management and operation of inter-island air and sea transport. The minister said that there was currently a mismatch between supply and demand for these services, leading to delays and inconvenience. The THA budget allocation for 2017 also includes funds to strengthen tourism marketing and expand the island's room stock. Other key points in the budget speech included a reaffirmation of existing diversification and entrepreneurship initiatives, with specific mentions of the CEIBP, and the Enterprise Assistance Grant Programme. A commitment was also made to accelerate the building of publicly financed new houses, given that some 7000 applicants were on the housing waiting list. While noting that Tobago's crime levels are below both the national and CARICOM averages, Imbert nevertheless pledged funding to build new police stations at Roxborough and Old Grange, describing the developments as part of an upgrade to modern security architecture.

In the context of sharp reductions in government expenditure at both national and Tobago level, Imbert

stressed the need to continue investigating other sources of finance. "We will continue to collaborate with the assembly in finding novel ways to supplement their budget allocations through alternative financing mechanisms, including public-private partnerships (PPPs)," he said. According to Imbert, central government ministries would also be carrying out work in Tobago in line with their national responsibilities, in addition to the THA budget allocation. Under these funding streams efforts would be undertaken to address chronic water shortages in south-west Tobago and increase the reliability of electricity supply across the island.

Orville London, then-THA chief secretary, welcomed the announcements. He acknowledged that both islands were seeing "strained economic times", but considered there had been equity in the allocation for Tobago. London highlighted the importance of central government commitments that will be funded from outside THA's budget allocation, including the expansion of ANRRRIA, the construction of a new desalination plant and improved electricity supply for the CEIBP. He also pointed to the announcement of fiscal incentives for agro-processing.

INNOVATION & ENTREPRENEURSHIP: The THA, as part of its diversification strategy, has been seeking to promote innovation and entrepreneurship as part of its vision to create a more dynamic private sector. The aim is to reduce the relative size of the public sector by promoting greater private sector employment.

The Tobago House of Assembly, as part of its diversification strategy, has been seeking to promote innovation and entrepreneurship as part of its vision to create a more dynamic private sector.

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Tourism is key to the economy of Tobago, as it has the capacity to earn much-needed foreign exchange

Initiatives aimed at boosting the private sector include the creation of the EAF and VCEF. Through the EAF the Tobago government provides grants of up to TT\$25,000 (\$3,740) for new start-ups, and loans of up to TT\$250,000 (\$37,400), which are repayable over five years at a flat interest rate of 5%. The VCEF can provide anywhere from TT\$250,000 (\$37,400) to TT\$2m (\$299,000) of equity or partnership funding. Shelly Ann Baptiste, enterprise assistance fund manager from the THA's BDU, the body that administers these funds, told OBG that during the course of 2016 TT\$1.25m (\$187,000) had been disbursed in loans, with a further TT\$900,000 (\$134,000) awarded as grants. These totals were slightly down on 2015 levels.

The BDU was also seeking to intervene in a catalytic role to try to kick-start entrepreneurship in particular business sectors deemed to be promising. In recent years there has been a specific focus on garment manufacturing, the fashion industry and agro-processing. As an example of this approach, Baptiste said that the BDU had helped send a group of would-be entrepreneurs to the Caribbean Fashion Week show in Jamaica in 2014 and 2015, and enabled some to attend a "Fashion Upgrade" workshop in Tobago, with others going on to work with the national FashionTT agency. As part of this push, promising young Tobagonian designers and entrepreneurs could receive mentoring and training organised by Raymond Wong, a professor of fashion technology at New York University. The aim was to help local designers to monetise their talent and study the feasibility of setting up a Tobago-based garment production facility. Such a facility might concentrate on local demand, offer a platform for exploiting more fashion-oriented export markets and also provide avenues for young and emerging designers.

In November 2015 London said that the THA had spent close to TT\$500m (\$74.7m) over 13 years to stimulate and nurture business development on the island. A total of 262 Tobagonians had received TT\$27.1m (\$4m)

in loans, while another 688 had received grants totalling TT\$11.8m (\$1.8m), with many of these recipients young people and women. CEDP 2.0 also highlighted targets in relation to entrepreneurship and local enterprise. The strategy aims to launch more than 75 new start-up companies at the CEIBP, increase the supply of local goods and services to the tourism sector by 25%, boost exports of small and medium-sized enterprises by 10%, and increase the overall number of new viable businesses by 25%. No detailed outcomes against these objectives is publically available yet.

Sweden Hewitt, a Tobago-based programme support officer for the Arthur Lok Jack Graduate School of Business, told OBG it was hard to obtain reliable statistics on the performance of business start-ups. However, in its first seven years of operating in Tobago, around 50 people had graduated from various business courses offered by the school. Hewitt believed only four or five had launched their own businesses. She put this partially down to differences in the business culture between Tobago and Trinidad, noting that while most Tobagonians inherit family-owned property, many Trinidadians – as a result of different conditions on the island – are forced to take out mortgages in order to acquire property. However, she believed that increasing levels of education, and the return of Tobagonians who had worked and studied abroad, was gradually creating a more business-friendly local environment.

PUBLIC-PRIVATE PARTNERSHIPS: In the current period of fiscal austerity, both the central government of T&T and the regional government of Tobago are showing increased interest in cooperating with the private sector through PPPs. Work on developing the PPP framework is at an early stage. At national government level, Nadira Lyder, coordinator of the national Ministry of Finance's PPP Unit, told OBG that while a central tender board traditionally managed government procurement, attempts to fast-track private contracting had resulted in the creation of stand-alone state companies known as special-purpose vehicles. A new procurement law had been introduced in 2015 and amended in 2016, and regulation of the law is in the process of being drafted. Separately, an initiative launched by CARICOM countries to standardise their approach to PPPs, which is expected to be finalised by mid-2017, could further influence T&T's rules and practices regarding public-private cooperation. Lyder said the ministry was focusing on a potential PPP arrangement covering the operation and management of the newly built Couva hospital in Trinidad. Such a development could serve as a pilot or breakthrough project, setting the standard for other PPPs across the country. It is expected that the central government will lead two potential PPPs in Tobago, while the THA would manage several other projects on the island. Giselle Small, technical advisor of PPPs at the THA, said that while the proposed update of the ANRRRIA remains under the remit of the national government, the THA has recently begun the tender process for a feasibility study on the new commercial port. This should be awarded shortly and a report produced within six months of that. However, the THA is

As of November 2015 the Tobago House of Assembly had spent close to

\$74.7m

over 13 years on stimulating business development on the island

looking at a number of other opportunities to work with the private sector. Work is now under way to develop the Tobago Infrastructure Investment Strategy Plan that would set out the strategic priorities over the medium term and would be guided by the national procurement legislation. While the approach is still under discussion, officials have identified areas where PPPs could be effective. Among these is the affordable housing programme, where the THA has more than 7000 applicants for housing, and is considering how to build additional residential units in the most cost-effective way. There could be private sector participation in projects to manage urban sprawl in south-west Tobago, and to develop eco-friendly tourism on the eastern side of the island. PPPs might be considered to fund light manufacturing and a new power station at the CEIBP. However, Small indicated that not all PPPs would necessarily conform to a design-build-finance-operate-maintain model. The THA was interested in performance-based contracting modalities in the social sector, particularly in health care, education, water projects and sanitation. The thrust of the regional government's thinking was to use PPPs to relieve the pressure on public funding, allowing the THA to protect its core public sector investment programme during this period of fiscal austerity.

ECO-INDUSTRIAL PARK: One of the government's major initiatives has been the creation of Cove Eco-Industrial Business and Development Park (CEIBP). A public-sector company, the Eco-Industrial Development Company of Tobago (E-IDCOT) was created to set up and run the park. Bernard Mitchell, former CEO of E-IDCOT, told OBG that the company's mandate was to aid the development of the economy of Tobago beyond tourism. The park was not seen as an alternative to tourism, and indeed might prosper by serving the needs of tourism-related companies, but the ultimate vision was that it would not be limited to that sector alone.

CEIBP is based in the south-western peninsula, close to both ANRRRIA and Scarborough, Tobago's main city. It consists of 57 ha of land, currently divided into lots ranging from 1200 sq metres to 10,000 sq metres. Four major factory shells have been built with the intention of housing small and medium-sized businesses, along with multi-producer units that could benefit from a business incubator environment. These businesses may expand within the park to occupy and develop larger lots. E-IDCOT is currently seeking to attract larger utilities, creating a cluster of companies with the ability to develop critical mass between them. In addition, the park contains a shared business centre, an innovation centre and E-IDCOT's administration building.

Mitchell said that T&T's economic downturn had constrained the pace of development at CEIBP, but that if allowance was made for that and some other obstacles he was happy with the pace of growth. The park was on track to add 10-20 new jobs every year, while the four factory shells were close to being fully subscribed. The new start-up and small company tenants in the business park include a fruit juice manufacturer, a steel and aluminium fabrication company, a furniture-maker and an agro-processor producing items such as pepper sauce,



International tourism arrivals were estimated to have fallen by approximately 25% during 2016

ketchup and cake mix. The larger industrial tenants include the Trinidad and Tobago Electricity Commission, which since 2009 has been operating a 64-MW dual-fuel (natural gas/diesel) generator at Cove Park, and Tobago Natural Gas Receiving Facility, which is owned by the National Gas Company and has the capacity to process 100m cu feet of gas per day.

In Mitchell's view, for the CEIBP to take the next step the island must develop a commercial port and establish another fibre-optic link. He believes that a number of light manufacturing and other companies would rent space in the business park if there was a more efficient transit link for imports and exports. Reacting to the demand, authorities have committed funding towards a feasibility study looking into a possible location for a commercial port in Tobago, and are considering whether to develop the project through a PPP. The CEIBP itself has been highlighted as one possible location for the commercial port, which would boost the park's attractiveness to prospective tenants. Given the time needed to undertake a feasibility report and decide on how to tender the project, Mitchell believed the port could become a reality within three to four years. Partly in response to this issue, E-IDCOT has encouraged local start-ups and entrepreneurs to enter the IT sector, with an emphasis on audio-visual and creative industries. During his time as CEO, Mitchell was keen to promote the development of local computer animation skills, setting up a training programme for those interested in the industry.

OUTLOOK: Tourism is set to play a central role in the THA's efforts to stabilise Tobago's economy. At the same time the focus on using alternative sources of finance is expected to ease the pressure on public funding. A potential investment by the Sandals hotel chain may help kick-start a recovery in the tourism sector and accelerate investment in infrastructure. The fall in hydrocarbons revenues over the past three years is also likely to act as a further catalyst to change.

Located close to both ANR Robinson International Airport and Scarborough, Cove Eco-Industrial Business and Development Park is on track to add 10-20 new jobs every year, while the factory shells are close to fully subscribed.



Kelvin Charles

Definitive steps

Kelvin Charles, Chief Secretary, Tobago House of Assembly (THA), on self-determination and the island's tourism potential

What will be the full implications of self-government for Tobago should it be approved by the Parliament?

CHARLES: The Tobago population, through a series of consultations, has sought to achieve a more equitable relationship with Trinidad. The consensus emerging from those consultations was a desire for a federal-type structure in which both islands could equally contribute to the sustainable development of the nation. Should this policy be approved by Parliament, it will form the platform for the sustainable development of Tobago. It could provide the legal, social, economic and political framework to propel Tobago towards a sustainable development path. There are some fundamental elements in democratic self government for Tobago that will facilitate the speedy transformation of our island. The Tobago administration will be authorised to formulate and implement policy on all matters affecting the lives of residents in Tobago; there will be equity status between the two islands, which will be reflected in the new constitutional, legislative and administrative framework; and there will also be constitutional adherence to a federal-type system of government.

There would also be a comprehensive definition and delineation of the boundaries of the respective islands, and within Tobago's defined territory, it would assume full control over all economic resources. It would also mean that the Tobago administration will have full authority to formulate laws relating to the governance of Tobago, to seek and borrow funds to be utilised in the development of our space, as well as the authority and responsibility to formulate and implement fiscal policy, including taxation measures. There will be discontinuation of Cabinet dominance, including veto powers over decisions made by a Tobago administration.

What key measures are being taken to enhance Tobago's value proposition as a tourism destination?

CHARLES: The Executive Council has already approved the new Tobago Tourism Agency, which is now being set

up to manage all aspects of tourism events, marketing and our strategic direction. This process has been supported through upgrades of major tourism sites and attractions, heritage trails and the monetisation of Fort King George in Scarborough. The move to realign the Tourism Division portfolio to include the Department of Culture is an indication of our strategy to leverage the creative industries and Tobago's talent to enhance the tourism product by offering an authentic taste of Tobago – not just through sand, sea, sun and food – but by sharing our culture and traditions as well.

Of course, collaboration with the government to strengthen security and conduct upgrades at the port, as well as extend the ANR Robinson International Airport, will all add to the appeal of Destination Tobago as having the capacity, the appeal and the ambience visitors are looking for. We are also implementing a number of other initiatives to enhance our island's value as a tourist destination, including a comprehensive redefining of our island's tourism product, preparing a comprehensive marketing plan, increasing and upgrading our hotel and guest house room stock, and implementing and enforcing an industry-wide quality assurance programme with high rates of compliance.

We have additionally taken definite steps to improve customer service within the service sector on the whole and the tourism sector more specifically, as well as revising the system for land acquisition by foreigners to re-establish a presence in the villa and holiday home markets. The administration is also paying particular emphasis to manpower training, thus building the capacity of our human capital. We are zeroing in on increasing and improving training for stakeholders in the tourism and hospitality industry, and improving the quality of our service providers in general. Service providers such as tour guides and taxi drivers have already been trained as we seek to maximise the inflow of passengers to Tobago, even as we continue to work to attract visitors from less traditional markets.

To what extent does resort tourism have the potential to catalyse the development of the economy?

CHARLES: Resort tourism offers two major advantages the potential for additional foreign direct investment and greater market access to a wider clientele pool, and Tobago intends to exploit this opportunity to accomplish both. These goals are not mutually exclusive; greater investment will make the island more attractive, which will open Tobago up to new possibilities and strengthen our tourism product.

Finding the right opportunities that will enhance what we already have is the challenging part, and that is where I think negotiations with interested investors such as the Sandals Group – with whom we are currently in talks for two proposed resorts at the Golden Grove Estate – will allow us to influence how we achieve this. Opportunities like this will have a ripple effect on various other sectors of the economy, which will be impacted by resorts' food production, light manufacturing, entrepreneurship, and arts and culture.

How will measures such as zero-rated tax relief for agro-processing stimulate new activity?

CHARLES: What we are doing currently is creating an environment that is not only conducive for investment, but for allowing local businesses to thrive and expand. So tax relief works both ways. It rewards incoming investors for setting up businesses and being profitable. They can invest in equipment and technology – safe in the knowledge that this will carry benefits – as will successful exporting of goods that have been produced locally, while also utilising local manpower and engaging in training. Tobago producers, in particular with support from the THA's Business Development Unit (BDU), are also seeking to make inroads in foreign markets through creating and leveraging partnerships, increasing production and expanding their businesses. However, while tax relief may encourage economic activity, the private sector must also do its part.

How will the THA look to enhance and expand the existing sea and air links with Trinidad?

CHARLES: That process has already started. Tobago recently hosted a meeting of national security heads to discuss the current security measures and assess how best to optimise our security resources. Tobago's ports of entry in particular were discussed. There are plans to upgrade the port facilities and add a new international terminal to the ANR Robinson International Airport, in collaboration with the central government. We are also in contact with Caribbean Airlines and the Port Authority of Trinidad and Tobago to find ways to enhance the transport system. On the sea bridge, negotiations are under way to procure new cargo and passenger vessels, which will bring us the level of predictability we are seeking. In the next few years, the country will secure a new custom-made cargo vessel, owned by Trinidad and Tobago, which will best serve our needs.

What steps are being taken to facilitate the success of Tobago's entrepreneurs?

CHARLES: Tobago's entrepreneurs have been the beneficiaries of business expansion support and training initiatives geared at diversification and stimulation of the economy. This effort has been led by the BDU, which was recently moved to the Division of Community Development, Enterprise Development and Labour as we employ a community-centric approach to enterprise development. This means bringing more resources to the communities, and allowing community businesses more opportunity to create wealth and expand. It will also result in more jobs and vocational skills training within the communities to build the skills capacity needed for an expanded economy. Businesses now have access to packaging, while we have provided space in several microenterprise malls for businesses in those communities. We will also transform the Scarborough Esplanade into a hub that takes advantage of the proximity of the Scarborough Port and cruise ship traffic.



Tobago's population of 61,000 accounts for only 4.6% of T&T's total

The path to self-governance

A new draft bill could increase Tobago's autonomy within the twin-island republic

Established in 1980, the Tobago House of Assembly is tasked with overseeing local affairs, such as agriculture, tourism and transport, among others.

Tobago was first grouped with Trinidad under British colonial rule in 1889. In 1962 the twin islands achieved independence and became a republic over a decade later in 1976. After independence, Tobago was considered an administrative and electoral region of the country, with administration being handled solely through the Ministry of Tobago Affairs. Greater demands for self-rule, however, led to the establishment of the Tobago House of Assembly (THA) in 1980. Tasked with the administration of local affairs, the THA remains to this day the main institution in charge of Tobago's affairs. While demands for greater autonomy have continued throughout the decades, the latest effort for constitutional reform has the potential to significantly expand Tobago's autonomy within the republic.

LOCAL REPRESENTATION: Though it has limited legislative and executive powers, the THA is comprised of a legislative and an executive arm. The legislative arm encompasses the Assembly Legislature, composed of 12 elected members serving four-year terms. A presiding officer and a clerk of the assembly further support the legislative function. The executive arm consists of an Executive Council, led by a chief secretary. The council carries out the tasks of the assembly through its 10 divisions, each led by a secretary. The divisions have responsibilities over specific areas of local affairs, including agriculture, marine affairs, environment, tourism and transport, planning and development, infrastructure and public utilities, health and social services, finance and enterprise development, among others.

Orville London was chief secretary from 2001 to late 2016, when the assembly was dissolved in anticipation of new elections on January 23, 2017. Kelvin Charles, whose Tobago Council of the People's National Movement's (PNM) party won 10 out of 12 seats in THA, became London's successor. Nationally, the island is represented by two appointees: Shamfa Cudjoe, who serves as minister of tourism, and Ayanna Webster-Roy, who is minister of state in the Prime Minister's Office.

SELF-GOVERNMENT: With a population of 61,000, representing only 4.6% of T&T's total population, Tobago has nonetheless consistently sought greater autonomy within the existing constitution of the twin-island republic. The latest campaign for self-government started in early 2013, after the PNM's sweeping victory in that year's elections, against the central government-sponsored Tobago Organisation of the People. The PNM gained all 12 seats in contention, effectively leaving the THA without a minority leader.

The Tobago-based PNM had long sought greater autonomy for the administration of local affairs, often suggesting that bureaucracy from national ministries and agencies had inhibited development of the island. After the election, a round of discussions between the THA and the Tobago Platform of Truth, as well as representatives from the Tobago-based PNM led to the establishment of the Forum of Political Parties. The latter went on to lead the autonomy campaign, holding extensive consultations with stakeholders in T&T before arriving at the draft bill. With the PNM, led by Tobago-born Keith Rowley, regaining power nationally in the 2015 general election, the stage was set for a national debate. Prime Minister Rowley said his government would set up a joint select committee comprising senators and members of the government and opposition to examine the bill before submitting it.

DRAFT BILL: The final draft bill was formally accepted by the THA on October 27, 2016 and is now being forwarded to Parliament for debate in 2017. London, then-chief secretary, told a THA plenary session that the bill represented "an important and critical juncture" on Tobago's road towards self-government. If approved, the bill will significantly expand the island's legislative and executive powers, with Tobago effectively dropping its current status as a ward within T&T.

Among the most significant changes the draft bill seeks is the establishment of an autonomous Tobago legislature, which "shall make laws for the peace, order

Under the People's National Movement, which is based in Tobago, the island has sought great autonomy and has introduced a bill for debate in Parliament.

and good government of Tobago.” According to the draft bill, the legislative body would consist of the House of Assembly and a new second house, with members to be determined by the THA. In addition, the draft bill proposes the establishment of an Executive Council with expanded powers, which “shall have the general direction and control of the Tobago Island Government and shall be collectively responsible therefore to the Tobago Legislature.” The central government would continue to have exclusive powers over, among other matters, immigration, foreign policy, national security, aviation and the judiciary. In order to obtain parliamentary approval, the draft bill will require a two-thirds majority, which the current PNM government does not have. The latter holds 23 seats in T&T’s Parliament.

SUSTAINABILITY: While the draft bill received overall support from the THA, Gary Melville, Tobago’s former secretary of infrastructure and public utilities, expressed concerns about a potential increase in administrative costs. “We have to be careful that the cost of governing Tobago is not too high. To have a People’s House as proposed in the bill would increase cost,” Melville stated. Local media also reported concerns regarding the appointment process of the proposed second house of the legislature, whose members would be selected by the ruling party within the THA.

Ensuring sustainable governance in Tobago is likely to remain a priority for T&T’s Parliament, while debating the draft bill in 2017. The island has enjoyed significant development in the past 15 years. According to Colm Imbert, the finance minister, unemployment decreased from 13% in 2001 to 3% in 2016, while the proportion of the labour force with tertiary education reached 19%, up from 5% in 2001. Meanwhile, headline and food price inflation have declined to moderate levels, from double-digit levels a decade earlier.

Recent years have also shown a stable economic performance. According to the THA’s Division of Finance and Enterprise Development, Tobago’s real GDP increased by an average annual rate of 2.2% between 2013 and 2015, with the island’s GDP standing at approximately TT\$1.93bn (\$43.1m) in 2015, up from TT\$1.65bn (\$246.5m) the previous year. The services sector remains the backbone of Tobago’s economy, accounting for some 90% of GDP.

However, Tobago continues to face significant developmental challenges. Government spending remains the main growth driver and largest employer on the island, with government activity accounting for about 47% of the island’s GDP and some 55% of its labour force. Recent growth was spurred in large part by a 34% increase in government spending in the five years to 2016. For FY 2017 Tobago received a budget allocation of TT\$2.35bn (\$351.1m), representing 4.4% of the national budget, of which TT\$2.05bn (\$306.3m) has been earmarked for recurrent expenditure, TT\$289m (\$43.2m) for capital expenditure and TT\$20m (\$3m) for the Unemployment Relief Programme.

ECONOMIC FOUNDATIONS: Despite its reliance on government spending, several areas of Tobago’s economy are showing promising growth, in particular



Tourism is the island’s single strongest economic activity, as it offers both cultural and natural attractions

finance, insurance, real estate and business services, all of which expanded by 10% in the five years to 2016, according to the Division of Finance and Enterprise Development. Moreover, Tobago has untapped potential in the agriculture, industry, education and health care sectors, which, if properly explored, could see the isle assume a larger role in T&T’s economy.

KEY SECTOR: Tourism remains the strongest single economic activity on the island, representing some 12% of GDP. Rich and varied, Tobago’s tourism sector offers significant potential for growth. In addition to beautiful beaches, Tobago features tropical forests, a wide range of leisure activities and is home to a number of attractions including the Tobago Main Ridge Forest Reserve, a candidate for UNESCO World Heritage status and Pigeon Point Beach, which has been ranked among the world’s best beaches by international media.

Given its capacity to generate foreign currency, the development of the tourism sector in Tobago is a pillar of the national diversification strategy. In May 2016 a special committee headed by Prime Minister Rowley was created to lead Tobago’s tourism sector. Members of the committee include Cudjoe, tourism minister; Imbert, finance minister and Webster-Roy, minister of state in the Office of the Prime Minister, as well as representatives from the THA, among others.

A number of measures are also being undertaken in the FY 2017 to stimulate growth in the sector, including increasing marketing efforts, enhancing tourism offerings and expanding the island’s room stock. The latter is expected to increase by at least 1000 high-quality rooms in the next three years, according to the THA, with a highly anticipated Sandals Resorts International hotel set to account for at least two-thirds of the total. The start of work on a long-awaited new airport terminal at Crown Point and continued improvements to the existing terminal, as well as improvements to sea and air transport links between the twin-islands are also expected to significantly improve tourism prospects.

Debate over an autonomy bill in 2017 will likely include concerns over sustainability and the cost of self-governance, although the islands have been able to improve employment and education.



Destination marketing is a key factor in boosting tourist interest

High priority

The tourism sector is set to benefit from major investment

Passenger arrivals in Tobago rose to 705,647 in the first eight months of 2016, yet international arrivals accounted for only a small proportion of that total.

With its beautiful beaches, biodiverse tropical forests and wide range of leisure activities, there is undoubtedly major potential for the further development of tourism in Tobago, which remains relatively unchanged by the industry. However, the recent performance of the sector has been disappointing. In late 2016 Wendell Mottley, former minister of finance, said that Tobago was out of step with what was going on in the rest of the Caribbean, where the industry was growing at annual rates of up to 17%, while Tobago was seeing a contraction. He added that average overnight hotel room prices were around \$250 in the Caribbean, but stood at just \$150 in Tobago.

Mottley called for closer cooperation between local hoteliers and the THA to reverse the trend, and get the sector back onto a recovery path. He also said that boosting tourism was all the more urgent given expectations that T&T would experience another difficult economic year in 2017. He said that Tobago needed to do the hard work on tourism and diversification before 2020, when a new cyclical upturn in oil prices might once more reduce pressure and motivation for change.

INVESTMENT NEEDED: Other stakeholders raised concerns that the island was not realising its full potential in relation to tourism. Lorraine Pouchet, president of the Trinidad and Tobago Incoming Tour Operators' Association, said that over the last 15 years a succession of governments had failed to make necessary investments in the sector. Brian Frontin, CEO of the Trinidad Hotels, Restaurants and Tourism Association, said government budgets for tourism promotion had been reduced since 2013. Meanwhile, Demi John Cruickshank, chairman of the Trinidad and Tobago Chamber of Industry and Commerce - Tobago Division, told OBG that tourism had not been able to live up to the promise of the boom years of 2008 and 2009. In those years, despite the global slump, international tourist arrivals had totalled approximately 88,000, caused in part by a hurricane in Grenada, which resulted in many people

changing their plans and travelling to Tobago. "We are now below the halfway mark in visitor arrivals compared to back then. We are surviving. We don't have massive unemployment, but we in the business sector are barely keeping our heads above water," Cruickshank told OBG.

VISITOR DATA: Official data for the first eight months of 2016 showed total passenger arrivals in Tobago were steady, with an increase of 0.04% to 705,647, according to Tracy Davidson-Celestine, the former THA secretary of tourism and transportation. International arrivals accounted for only a small proportion of that total. Close to half (46%) of international visitors arrived via the air bridge service from Trinidad, while 44% arrived on the inter-island ferry service from Port of Spain.

In terms of direct international arrivals to Tobago, 7% came on cruise ships, while 3% arrived on international flights. According to Davidson-Celestine, efforts were being made to increase airlift, with additional Condor flights from Manchester, the UK and Munich, Germany having started in November 2016.

ENORMOUS POTENTIAL: Despite the recent fluctuation in tourism numbers to Tobago, the central government has prioritised the industry as part of a push for greater economic diversification. As a result, officials are on the cusp of a major and potentially landmark project: the construction of a new hotel in Tobago from the Sandals International chain.

Almost all stakeholders agreed that if confirmed, the development had the potential to trigger a major step-change in Tobago's tourism business. It was widely reported that Keith Rowley, T&T's prime minister, had reached out to the Jamaican-born founder of the Sandals chain, Gordon "Butch" Stewart, before the September 2015 general election and expressed an interest in attracting hotel investment to Tobago. Negotiations between the two sides then began after Rowley was elected and installed as prime minister. While talks are ongoing, there have been a series of reports on the status of the proposed development,

In the first eight months of 2016

46%

of international visitors arrived via the air bridge service from Trinidad

with details such as value of the investment, the location and the size of the proposed hotel still unknown. **EARLY NEWS:** However, by early 2017 it was clear that progress had been made in the talks. Although no official announcements had been made, some key points were emerging. The proposal was said to involve the construction of two hotels, a 250-bed Sandals hotel and a 500-bed Sandals beach resort, along with an associated golf course. The number of rooms is significant, given that the island currently has an estimated total capacity of 1000 rooms, while the THA has plans to increase this number to 2500. So, if confirmed, the Sandals project would increase the island's hotel capacity by 75%, and go halfway to meeting Tobago's overall target for increasing hotel room stock.

The location is expected to be a 182-ha site at Buccoo Estate in Tobago's south-west. Earlier reports suggested the hotels might be built at No Man's Land, a nearby area of uninhabited sandy beaches and mangrove swamps, but environmental groups have raised concerns over any proposed large-scale tourist development there, as it is considered a fragile ecosystem. Later reports indicated that the hotel chain was looking at the purchase of privately owned land in Buccoo Estate, and not in No Man's Land.

Given that talks are ongoing, the value of the investment has not yet been finalised, but similar projects elsewhere in the Caribbean involved capital expenditure of \$80m-100m. The Sandals hotel complex in neighbouring Grenada was built in 12 months, with other similar projects taking up to 18 months or two years to complete. Should an agreement be reached in reasonable time, it has been suggested that the project could be completed before the next T&T general election, due in 2020.

Chris James, president of the Tobago Hotel and Tourism Association, told OBG that he was hopeful the Sandals project would serve to kick-start wider tourism development on the island. He said that such a development would help Tobago in four ways: it would boost essential destination marketing for Tobago; lead to improved airlift to the island; increase demand for accommodation in other hotels in Tobago; and stimulate local economic activity in other sectors, such as agro-processing and food supply. James said these four things could help Tobago achieve its critical long-term objective of hosting year-round sustainable tourism.

A key factor in boosting tourist interest in any location is destination marketing, which tends to be expensive. In this regard, Sandals spends an estimated \$80m each year on advertising and marketing. The group is already a strong tourism brand, so Tobago could use its advertising campaign to gain valuable exposure.

In terms of airlift, James explained that airlines generally consider a route to be commercially viable if they can fill an average of 65% of their seats, while companies operating routes below that passenger load factor often try to negotiate government subsidies or guarantees to make the service viable.

On routes to its hotels, Sandals often block-books up to 42% of the seats for its all-inclusive customers.

Therefore, the challenge for Tobago is to find a way to fill the remaining seats, ensuring that flights to the island have an average booking rate of at least 65%. According to James, this can be achieved by attracting customers to other hotels.

MULTIPLE BENEFITS: Evidence in international markets suggests that the arrival of a major and relatively upmarket hotel brand like Sandals could actually attract business, rather than taking it away from other local operators. "What we have found is that Sandals' marketing will drive holidaymakers to its website, where they look at its hotels and resorts in different destinations. A proportion of them may find the cost too high, but many of them are enticed by the destination, and will then search online and book other, less expensive hotels in the same place," James told OBG. An example of this was seen with Spice Island Beach Resort in Grenada, where occupancy rates and profitability increased after the arrival of Sandals in the area.

There is also reason to believe a Sandals development would have a positive impact on the local economy. Apart from employing local staff, and contracting local service providers such as tour guides and taxi drivers, the chain has a policy in the Caribbean of promoting local cuisine, and of buying locally produced fresh produce to serve to its guests. This has fuelled expectations that the chain's arrival might also help revive local agriculture and agro-processing. Cruickshank told OBG he believed the Sandals development would create approximately 2000 jobs, which would then have a multiplier effect through the local economy.

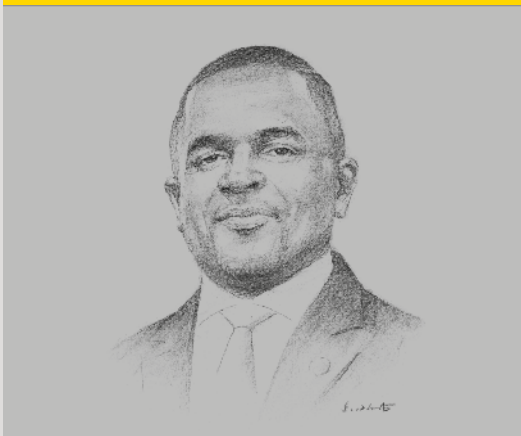
KEY AIMS: Sector participants believe a catalyst – like the arrival of Sandals or another major hotel operator – is necessary to achieve the ultimate aim: year-round sustainable tourism. To do this, industry representatives say authorities should target five main international tourism markets, and attempt to secure two non-stop weekly flights from each.

Some have suggested the UK, Germany, Scandinavia, the US and Canada would be the best markets to target in order to boost tourism in Tobago. Those markets already provide a diverse range of holiday patterns, with US tourists preferring four-to-five-day visits, while UK tourists generally opt for a two-week stay. They also have different public holidays and preferred getaway dates. Another key factor in this approach is the need for more non-stop flights to Tobago, as stopovers that add additional hours to an already tiring long-haul flight are likely to deter would-be tourists. Cruickshank pointed to the positive airlift experience in Grenada. Before the arrival of the Sandals resort, the island had four shared weekly flights. Three years after Sandals began operating in Grenada, the number of direct weekly flights had increased to 14.

Another important element in year-round sustainability is domestic tourism. Industry players are looking to build on the strong appeal to Trinidadians, who often spend weekends in Tobago as part of shorter holidays. The combination of five northern-hemisphere markets and domestic tourism would further increase the sector's resilience to fluctuations in the exchange rate.

A major international hotel project would help Tobago boost destination marketing, improve airlift, increase demand for accommodation in other hotels and stimulate activity in other sectors.

To achieve year-round sustainable tourism, industry representatives say that authorities should target five main international tourism markets, and attempt to secure two non-stop weekly flights from each.



Joel Jack

Mindful development

Joel Jack, Deputy Chief Secretary and Secretary of Finance and the Economy, Tobago House of Assembly (THA), on the priorities for investment and upcoming challenges

How has the THA adapted its operations in response to the current financial climate?

JACK: The global economic uncertainty relates directly to the price of oil and gas on the international market and as a result, there has been an inevitable impact on the revenue-earning capabilities of our country. The THA receives a percentage of the national budget, as outlined in the THA Act, of between 4.03% and 6.90%. Historically, we have received the minimum allocation, but in the last two budget presentations (FY 2015/16 and 2016/17) the THA received 4.40%. However, the national budget has been cut quite substantially from previous years and we are working with a reduced sum, which has impacted both our expenditure and revenue policies. In addition to the national budgetary allocation and state tax collections, Tobago generates approximately \$217m of its own revenue.

What are the THA's priorities for investment?

JACK: Preventing the sort of economic shock we are currently experiencing would require increased revenue from non-oil sectors; in Tobago this primarily means increased foreign exchange revenue from the tourism sector. In our Comprehensive Economic Development Plan we identified the need to expand our stock of hotel rooms. At the time we had a gap of approximately 1500 to 2000 rooms, which has since widened further. We need to facilitate airlift coming to the island and continue economic diversification initiatives using tourism as an anchor, forming and strengthening its linkages to supporting industries like agro-processing, agriculture, the creative industries and manufacturing. Ensuring the growth of the Cove Eco-Industrial Business Park is high on the agenda too. We identified the need to get into new industries, including ICT – animation, business process outsourcing and data storage. Our flagship projects – the Enterprise Assistance Fund, Grant and Tobago Venture Capital Equity Fund, are designed to expand our indigenous entrepreneurship, and create

new businesses outside of the traditional sphere. We have been looking at leveraging ICT through the establishment of an innovation and technology centre supported by Tobago Information Technology Limited. As part of our developmental policy we also intend to construct a commercial port. The Executive Council has approved the necessary funding and planned for a feasibility study to map out an appropriate location.

How is Tobagonian reliance on public sector employment being reduced?

JACK: The number of persons employed by the state was, at one time, over 60%. At the last count for Tobago this had declined significantly to approximately 55%, so we are seeing the number shifting. We want to ensure this downward trend continues. To encourage this, we are promoting private sector activity by providing funding and support for entrepreneurs, so that they are able to take the calculated risks required for success.

What are the main components of the THA's economic approach for the short to medium term?

JACK: While the short term looks very challenging, there's a lot to be optimistic about from 2018 onwards. We may not see oil prices pushing \$100 per barrel again, but a price in the vicinity of \$60 or a bit more is feasible. We need to make critical adjustments to reduce government expenditure, as well as corresponding investment in sectors that could generate significant foreign exchange, primarily agriculture and manufacturing, with a strong focus on tourism. We are considering strategies to incentivise the private sector, to ramp up investment in new areas and allow for entrepreneurial development. However, we are mindful of the type of development that happens in Tobago and have shied away from mass tourism. Instead, we aim for niche tourism that protects the natural habitat. We are cautious about what developments go ahead, and abide by our slogan for new projects: Clean, Green, Safe and Serene.



Inter-island ferry traffic and cruise ship arrivals are both on the rise

All hands on deck

Rising arrival numbers highlight potential for further growth in the cruise segment

Amid fluctuating international arrivals, cruise ship tourism has stepped up and may be set to start fulfilling its significant potential in T&T after four consecutive years of steady growth. The country welcomed 100,791 cruise passengers in the 2015/16 season, up 115% on the previous season and surpassing 100,000 for the first time since 2009/10. Tobago remained the more popular of the two islands, receiving 70,298 passengers from 60 cruise ship calls, while Trinidad welcomed the remaining 30,493 passengers with 25 ship calls.

Shamfa Cudjoe, T&T's minister of tourism, attributed the segment's robust performance to several factors, including "aggressive marketing campaigns undertaken by the Tourism Development Company (TDC) in partnership with the Port Authority of T&T, enhanced collaboration with the Florida-Caribbean Cruise Association (FCCA), the improved quality of the shore excursions, berthing facilities and piloting services, and the excellent service rendered by the expertly trained and friendly visitor guides."

CRUISE CONTROL: While T&T has not traditionally ranked among the most popular cruise destinations in the Caribbean, interest could be picking up. The country's location at the southern end of the Caribbean archipelago, quite distant from primary cruise ship hubs such as Miami, has often put it at a disadvantage compared to other Caribbean destinations when competing for the bulk of North American cruise ship arrivals. Most cruise itineraries start with ships collecting passengers from transport hubs in the north Caribbean. They then head south – although typically not as far south as T&T – before returning to the homeport.

As a result, T&T has typically only received a modest share of total cruise passengers to the Caribbean, and the performance of its cruise segment over the past decade has been particularly volatile. Total cruise arrivals increased dramatically from 44,505 in 2008 to 114,763 and 102,386 in 2009 and 2010, respectively, according to the Port Authority of T&T and the Tobago

House of Assembly's Division of Tourism and Transportation. However, this was followed by a progressive decline to a low of 33,053 in 2013. Growth has since picked up again, with total cruise passengers increasing by 135% in 2015 to 79,405, and reaching 82,698 in 2016.

GOLDMINE: T&T's Ministry of Tourism (MoT) recognised cruising as a "goldmine for T&T" and "the most exciting and fastest-growing segment of the travel industry" in an October 2016 press release.

Cruise ship tourism generates an estimated \$6.7m in annual receipts for T&T. According to the TDC, cruise passengers spend an average of \$43 in Trinidad and \$74 in Tobago. These figures are significantly below the Caribbean and Latin American averages. A study commissioned by the FCCA, which included 35 destinations in the Caribbean, Mexico and Latin America, recorded average expenditure per passenger of \$104 during the 2014/15 cruise season.

Globally, the cruise industry remains the fastest-growing category in leisure travel. Since 1990 the number of cruise passengers has risen at a compound annual growth rate of 6.6%, according to Cruise Market Watch, an industry news outfit, and is set to surpass 25m by 2019. As a region, the Caribbean is the top cruise destination in the world, accounting for more than one-third of global deployment capacity in 2016, according to the FCCA data.

Data from the Caribbean Tourism Organisation (CTO) shows that cruise passenger arrivals to the Caribbean reached 26.3m in 2016, with growth of 1.5-2.5% predicted in 2017. North America is expected to continue to account for the largest share of cruise visitors, with the number set to surpass 14m by 2019.

READY FOR TAKE-OFF: Despite an increasingly competitive environment, T&T's robust tourism and accommodation offer, location outside the hurricane belt, and low fuel prices give it a competitive edge, and are expected to help it tap into the ever-growing global cruise industry. T&T was among the fastest-growing

The country welcomed 100,791 cruise passengers in the 2015/16 season, an increase of

115%

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Cruise ship tourism generates an estimated \$6.7m in annual receipts for T&T. Passengers spend an average of \$43 in Trinidad and \$74 in Tobago, significantly below the Caribbean and Latin American averages.



Cruise passenger arrivals are predicted to grow by 1.5-2.5% in 2017

Growth in the segment is expected to continue in the short to medium term, with annual cruise passenger arrivals projected to reach at least 150,000 by 2020. The country anticipates 85 vessel calls in the 2016/17 cruise season.

cruise destinations in the Caribbean in the first eight months of 2016. Interest in both the southern and northern Caribbean increased in the same period, with cruise passenger arrivals rising by an estimated 1.9%, yet cruise arrivals to the western Caribbean continued to grow at a faster rate over the same period, at 5.5%, according to figures from the CTO.

Growth in T&T's cruise tourism segment is expected to continue in the short to medium term, with the TDC projecting annual cruise passenger arrivals to reach at least 150,000 by 2020. The TDC anticipates 85 vessel calls in the 2016/17 cruise season, including major liners *Seven Seas Navigator*, *World Odyssey* and *MSC Poesia*.

The 2016/17 season opened on November 5, 2016, with the arrival of the luxury cruise liner *Sirena* to Port of Spain, transporting over 680 passengers. Princess Cruises is also set to begin calling at T&T in the 2017/18 season, while AIDA Cruises will be returning to the country after a three-year absence, according to local media.

SOUTHERN COMFORT: In the medium term the biggest boost for growth in the segment is expected to come from the launch of the Southern Caribbean Cruise

Initiative, which proposes an alternative itinerary circuit in the southern Caribbean, including stops in T&T, Grenada, St Vincent and the Grenadines, and St Lucia. The southern islands signed a memorandum of understanding in 2014, and discussions are now under way for the development of joint marketing strategies. T&T is set to be the primary homeport for the southern circuit – a natural choice given the country's fuel bunkering and room stock capacity.

To enable T&T to capitalise on the growing cruise segment, a number of initiatives are currently under way. The country is working to strengthen relationships with key tourism industry partners in order to attract new and returning vessels, increase the product's attractiveness and improve quality standards.

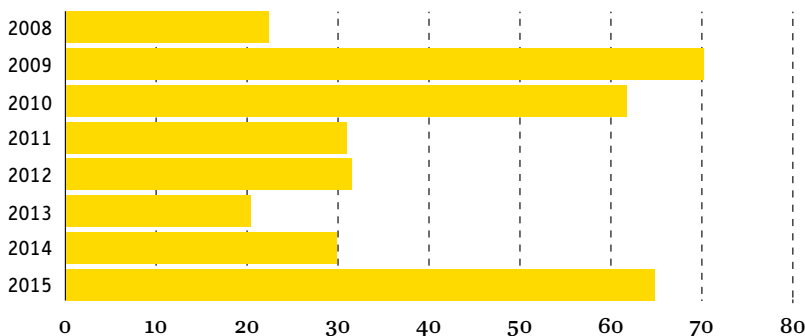
The MoT is additionally working to diversify the onshore activities and tours available to cruise passengers in and beyond Port of Spain, targeting increases in daily spending by cruise visitors. According to the ministry, 7000 cruise passengers participated in pre-booked excursions during the 2015/16 season, while another 3000 joined available tours.

INFRASTRUCTURE: Upgrades to infrastructure will be key to ensuring sustainable growth, particularly in Tobago, the recipient of nearly 70% of cruise arrivals in the 2015/16 season. At present, cruise ships visiting Tobago dock at Scarborough Port on the island's southern coast, where cruise visitors are greeted with duty-free shopping, local crafts markets, music stores and a tour office. In addition to cruise calls, Scarborough Port accommodates inter-island cargo shipments as well as the inter-island ferry operation, which carries nearly 1m passengers annually. Due to increasing traffic in recent years, the port currently operates at near-full capacity.

"At this point we schedule based on tentative arrivals of cruise ships to ensure the port can accommodate all operations, but in the near future we will conduct dredging works in order to accommodate more cruise vessel calls," Grant Leon, acting CEO of T&T Inter-Island Transportation Company, told OBG.

In Trinidad cruise ships dock at Port of Spain, on the city's southern side, where visitors have easy access to the city's shopping and financial districts, as well as its range of restaurants, museums and entertainment venues. Facilities at the Port of Spain's cruise ship complex include a Customs hall, car rental agencies, taxi services, shopping and tour guides.

Cruise ship passengers to Tobago, 2008-15 (000)



Source: THA

“Infrastructure upgrades will be key to ensuring sustainable growth, particularly in Tobago, the recipient of nearly 70% of cruise arrivals in the 2015/16 season”

Port of Spain's International Waterfront Centre has played a key role in improving the experience of visitors who come to the coast and is a vital asset in positioning T&T as a cruise ship destination. In addition to two 26-storey office towers, the project includes a waterfront esplanade, a plaza, gardens and a Hyatt Regency Hotel with the Caribbean's largest conference centre.



Trinidadians visiting Tobago help fuel demand for tourism services

Domestic bliss

A strong local tourism market helps reduce vulnerability to fluctuations in international arrivals

With volatility in international arrivals continuing in 2016, the domestic market is increasingly viewed as a critical component of Trinidad and Tobago's tourism industry. In recent years the domestic market has played an important stabilising role for the country's tourism industry, particularly in Tobago, where a constant flow of tourists from Trinidad has helped to offset the effects of declining international arrivals.

According to a study by the Tourism Development Company (TDC), the number and duration of domestic trips are on the rise. Domestic overnight trips increased by 6% from 2013 to 2015, reaching 278,846, while average trip duration rose by 13% to 5.25 nights. The industry generated an estimated TT\$862m (\$129m) in 2015, with an estimated 558,574 domestic tourists spending on average TT\$294 (\$44) per day. Accommodation, food and beverages, and transportation accounted for 87% of domestic tourism expenditure, with the remainder spent on tour packages, reservations, and equipment and facilities rental, according to the TDC. Beach and river activities are among the top reasons for domestic travel, accounting for 35% of overnight trips in 2015.

INTER-ISLAND FLOW: Tobago remains a popular domestic holiday spot for Trinidadians. Connected by a 25-minute flight or a two-and-a-half-hour ferry service, Tobago offers an attractive getaway for Trinidadians looking for holidays close to home. According to the TDC, an estimated 382,761 residents of Trinidad visited Tobago in 2015. Accounting for over TT\$500m (\$75m) of domestic tourism expenditure in 2015, Trinidadians visiting Tobago help fuel demand for tourism services and accommodation on the sister isle.

Meanwhile, Tobagonians made an estimated 123,619 visits to Trinidad in the same year, spending TT\$250m (\$37m). In Trinidad the local market helps sustain the hotel industry, particularly at weekends, when business tourism – one of Trinidad's most important visitor categories – tends to dip. Hotels in Trinidad often offer discounted rates for local residents at weekends.

Recognising the untapped potential of the domestic market, the TDC relaunched its "Stay to Get Away" campaign in July 2016 as part of an effort to spur growth in the segment. The campaign promotes hotel deals and activities for locals through discounts. A collaborative effort between the public and private sectors, the initiative brought together stakeholders including the T&T Tourist Transport Service Association, the National Trust, Small Tourism Accommodation Owners of T&T and the Public Transport Service Corporation.

At the launch of the campaign, Shamfa Cudjoe, T&T's minister of tourism, said that the initiative would encourage locals and residents to experience T&T's tourism product in new and exciting ways, while stimulating economic activity during slow periods. "The domestic tourism industry is poised to become one of the fastest-growing sectors in the country, and one that is sure to benefit from the economic downturn as families opt for holidays closer to home," Cudjoe said. Beyond increasing awareness of the domestic product, the campaign is expected to provide marketing exposure to service providers and encourage local tourism stakeholders to develop domestic tourism programmes.

CATERING TO LOCALS: Tourism operators are also placing increased emphasis on the domestic market, with more offers catering to locals. The T&T Incoming Tour Operators Association (TTITOA) runs an "Experience T&T" initiative, a campaign designed to raise awareness about the domestic tourism product, and to provide locals with affordable experiences. Initially introduced in 2000, the initiative has been growing ever since. According to the TTITOA, more than 3000 domestic tourists participated in tours in 2015, a significant increase from 100 participants in 2000.

"With 14 holidays in T&T's calendar in 2017, including five to six long weekends, Trinidadians will have ample opportunities to visit Tobago. We expect growth in domestic tourism to continue in 2017," Akilah Procope, market analyst and economist at the TDC, told OBG.

Connected by both a 25-minute flight and a ferry service, Tobago offers an attractive getaway for Trinidadians looking to take holidays close to home.

A collaborative effort between the public and private sectors, the "Stay to Get Away" campaign was relaunched in 2016 as part of an effort to spur growth in domestic tourism. The initiative promotes hotel deals and activities for locals through discounts.



A landmark hotel project could catalyse Tobago's tourism development

On the radar

Interest from a major international resort brand confirms the island's untapped potential

Initial projections put the project's combined yearly contribution to the economy at around \$74.7m, while it would also create an estimated 2000 direct jobs and purchase more than \$14.9m worth of local goods and services annually.

In 2016 news of a proposed Sandals International Resort for Tobago made headlines in the Caribbean, becoming the main talking point of Trinidad and Tobago's tourism sector that year. The potential arrival of the international hotel chain, which already owns 24 vacation properties in seven Caribbean islands, promises to be a game changer for Tobago's hotel industry. The landmark project could well be the catalyst needed for tourism development in the relatively untouched island.

The announcement comes after T&T experienced a 7% drop in visitor arrivals in 2016, with Tobago struggling in particular to maintain occupancy rates. In May 2017 Chris James, president of Tobago's Hotel Association, told local media that occupancy rates in the smaller sister isle had declined to 34%, compared to the Caribbean average of 66%, with hotels having had to drop rates to \$154 compared to the average \$228 charged in other Caribbean islands.

LANDMARK PROJECT: According to Sandals, the reasons for choosing Tobago are many. "Very much like Turks and Caicos, Tobago is one of the last true exotic locations in the Caribbean. One of its best-kept secrets is its great variety of flora and fauna compared to the majority of other Caribbean islands," Adam Stewart, deputy chairman and CEO of Sandals Resorts International, told OBG. "Geographically, T&T is in the south, placing it away from extreme weather activity, which is a major problem for holiday-makers and resorts. Finally, from an operational standpoint, at only \$0.03 cents per KW, utility costs are far below the regional average, which is upwards of \$0.30," Stewart added.

In early 2017 it was reported that the proposal involved the construction of two hotels, a 250-bed Sandals hotel and a 500-bed Sandals Beach Resort, as well as an associated golf course. The preferred location was reported to be No Man's Land, a strip of pristine white-sand beach in south-west Tobago, accessible only by boat. The site forms part of the Bon Accord Lagoon at Golden Grove, Buccoo Estate, situated on

243-ha of land. This was, however, met with opposition from environmental groups, reportedly concerned over the impact of tourism development on the area. Later reports suggested the hotel chain was looking instead at the purchase of privately owned land in Buccoo adjoining but not in No Man's Land.

WIDE IMPACT: If it moves forward, the project is expected to have a wide-reaching impact on the local economy. According to Colm Imbert, T&T's minister of finance, initial projections put the project's combined yearly contribution to the economy at TT\$500m (\$74.7m). In addition to boosting Tobago's hotel capacity by 75%, the project would also create an estimated 2000 jobs directly and purchase more than TT\$100m (\$14.9m) worth of local goods and services per year.

"Not only will resort tourism be a key source of foreign exchange, the linkages created will inject revenue directly into the economy. This includes creating employment for hundreds of locals including taxi drivers, farmers, fishermen, craftsmen and entertainers, further stimulating the economy," Stewart told OBG. "A resort the size of what is proposed to be built in Tobago will result in over 100 local excursions per day, consume roughly 2000 eggs each day and involve the movement of over 200 local taxis on an arrival day. This takes place all year round because Sandals operates 365 days a year," Stewart added. Tobago would also benefit from increased international visibility. "The presence of a high-profile resort will also lead to greater international exposure – particularly within the North American market – elevating the island's profile and resulting in improved airlift and more arrivals," Stewart said.

However, in May 2017 Reuters reported that Sandals Resorts International was exploring strategic alternatives, including a potential sale of the company, casting a shadow of doubt over the future of the deal. While it remains unclear how this would affect the future of the Tobago resort, Sandal's interest in the island remains a clear signal to investors of Tobago's untapped potential.

As of early 2017 the proposal involved the construction of two hotels, a 250-bed hotel and a 500-bed beach resort, as well as an associated golf course.



Work on the airport expansion project will commence in 2017

Better connections

Improving transport links is vital for the development of the local economy

For an island economy, air and sea transport links are critically important. There is lively debate about the current state of Tobago's transport links and the need to upgrade in the future. One of its main connections is the regular air bridge service of shuttle flights between Trinidad's Piarco Airport and ANR Robinson International Airport (ANRRIA) in Tobago, operated by state-owned carrier Caribbean Airlines (CAL). While the air bridge offers a cheap and easy service for people travelling between the islands, there has been debate over how to maximise return for CAL, Tobago and the people of Trinidad and Tobago.

Various stakeholders in the tourism sector have called for the air service to be improved. The T&T Chamber of Industry and Commerce (TTCIC) has been at the forefront of lobbying efforts to expand and upgrade the air bridge, saying that developments are essential for the survival of the tourism product. **FINANCIALS:** There are also concerns over the financial sustainability of the air bridge service in its existing format. CAL offers a fixed, government-subsidised fare of TT\$300 (\$45) per round trip. However, in testimony to a senate committee in early 2017, Shameer Mohammed, chairman of CAL, said the fare had been fixed for 10 years and did not cover operating costs. He estimated the true cost of carrying a passenger on a return trip to be between TT\$600 (\$90) and TT\$700 (\$105), depending on the cost of fuel. He said that CAL received TT\$300 (\$45) from each passenger, plus an extra TT\$100 (\$15) per passenger in government subsidies, but that this was not enough to operate the route on a commercially sustainable basis. Other issues included the no-show rate on flights, which was often as high as 25%. CAL proposed changes that would allow it to charge additional fees for excess baggage or booking changes as part of an attempt to increase cost recovery on the service.

The debate over whether the air bridge should operate on a strictly commercial basis has also

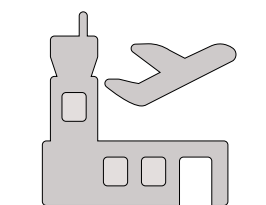
attracted a wide range of opinions. Chris James, president of the Tobago Hotel and Tourism Association, has questioned such an approach. He believes it is in Tobago's best interest to make the air bridge as cheap, efficient and easy to use as possible, arguing that if the government was to offer entirely free flights, the net cost-benefit impact for T&T would be positive. In his opinion, such a measure could maximise net foreign currency earnings from tourism. Business visitors to Trinidad would be encouraged by the free flights to also visit Tobago, where they would subsequently spend foreign currency. Meanwhile, international tourists to Tobago might equally be encouraged to see Trinidad.

Perhaps most importantly, free or cheap flights would encourage domestic tourism. If more Trinidadian holidaymakers were to visit Tobago instead of elsewhere in the Caribbean, the twin islands would make a saving of scarce foreign currency. As a result, some argue that continuing to subsidise the flights could be an economically rational policy to follow.

AIRPORT UPGRADE: Plans for upgrading ANRRIA in Crown Point, Tobago, have been discussed for a number of years. In his budget speech in September 2016, Colm Imbert, T&T minister of finance, said work on the project would begin before the end of the 2017 fiscal year. Orville London, the former chief secretary of Tobago, had said the intention of the project was to increase ANRRIA's total annual capacity from 1m passengers to around 3.5m. The Airports Authority of Trinidad and Tobago (AATT) is managing the central government-funded project.

Hayden Newton, general manager of the AATT, said that the aim of the project is to transform the airport into more than just a simple point of passenger embarkation and disembarkation. "ANRRIA is undergoing more than just an airport upgrade," he said. "We will be developing an entirely new terminal with expansive opportunities for foreign and domestic

Government-subsidised flights between Tobago and Trinidad cost \$45 per round trip, but the fare has been fixed for 10 years and does not cover operating costs.



ANR Robinson International Airport's annual capacity is to be boosted from 1m passengers to around

3.5m



Tobago's main port in Scarborough serves as a key terminal for ferry services, cargo and cruise ships

A feasibility study will assess Tobago's port needs and the possibility of developing a commercial port capable of supporting the importation of raw materials, along with the export of locally made finished products.

investors alike. This will significantly enhance Tobago's appeal as a destination for international airlines, and it will also generate significant activity for the local Tobagonian economy." Frederica Adams, former director of tourism at the Tobago House of Assembly (THA), told OBG that the airport illustrated both the great promise and the practical challenges facing the development of tourism in Tobago. For example, in its current configuration the airport's only terminal receives three long-haul flights every Sunday. At 5.00pm a Caribbean Airlines flight arrives from New York carrying around 160 passengers. This is followed at 7.00pm by a Condor flight from Germany with 300 passengers, and at 8.00pm a Thomas Cook flight with a capacity of more than 250 arrives from Manchester.

The need for an upgrade is exacerbated by the fact that the arrival hall at the airport has a maximum capacity of 150 people. In addition, current procedures require every item of luggage to be individually scanned. As a result, Adams said, it would take relatively little to cause major congestion and passenger inconvenience. If some flights were delayed and arrived closer together there could be long passenger queues, while rain could also cause traffic problems on access roads. The airport upgrade has thus been earmarked as an urgent priority as Tobago looks to increase the overall number of passenger arrivals.

Gary Melville, former secretary of infrastructure and public utilities, agreed with Adams, pointing out that the area currently available for passengers, passport control, baggage reclaim and Customs is limited.

FERRY SERVICE: Another major piece of Tobago's transport network is the inter-island ferry service and port facilities. The ferry runs between Port of Spain in Trinidad and Scarborough in Tobago, operated by the state-owned company, T&T Inter-Island Transportation. While it offers a cost-effective and easy form of transport between the two islands, concerns have been raised over the efficiency of the operation.

Because the ferry service shares docking facilities with other vessels in Port of Spain, in the past there have been reported disruptions to planned journeys.

Meanwhile, major events in the Trinidadian capital have also led to blocked or delayed access to docking facilities. According to the Inter-Island Ferry Committee and the TTCIC, an example of these disruptions took place in October 2016, when a cargo service was suspended for four days to accommodate the Conference of Defence Ministers of the Americas, which was being held at the Hyatt Regency Hotel on Port of Spain's waterfront. Businesses did not receive prior warning about the interruption, according to Diane Hadad, chair of the ferry committee.

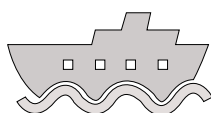
"Four days is a lot of days to miss cargo coming into the island," said Hadad. The operating company responded that there had been consultations, and that efforts were made to provide alternatives for lighter goods and vehicles.

There has also been discussion over Tobago's main port, which is located in Scarborough. The Scarborough port serves three main roles: first, as a terminal for the regular daily ferry services to and from Port of Spain; second, as a destination for cargo ships using the same route between the two islands; and third, the Scarborough facility acts as a passenger terminal for cruise ships, an important source of tourist visits to the island.

CRUISE FACILITIES: In a positive sign for tourist numbers, government officials expect 36 cruise ships to dock in Tobago during the 2016-17 cruise season. While such figures are a boost to the local economy, Melville told OBG they also expose the need for further expansion and development at Scarborough port. "We have been trying to attract more cruise ship visitors, but when the ships come in Scarborough becomes very congested. The THA would like to see the development of a cruise ship facility."

As Scarborough's port facility becomes busier, there have also been increased efforts to develop a commercial port in Tobago capable of supporting the importation of raw materials, along with the export of locally made finished products. Melville said the national government had committed to funding a feasibility study to assess Tobago's port needs, which would consider various options and locations. One possibility would be to expand the existing port to deal with different passenger and cargo needs, while another would separate passenger and cargo facilities, with the possible construction of a commercial port at Cove Eco-Industrial and Business Park.

At a more local level, the THA was exploring the option of engaging in a public-private partnership for transport services, with officials saying that Tobago's public bus system was under review. The system does not have a central terminal, while there were additional problems posed by traffic congestion and a lack of parking facilities in Scarborough. A proposal has therefore been made to consider granting a private sector consortium a concession to build and operate a combined bus terminal and car-parking facility.



36

cruise ships are expected to dock in Tobago during the 2016/17 season



Local agro-processing companies are seeking to expand their reach

Go local

Agro-processing holds substantial potential for development

Along with tourism, agro-processing is another area that holds significant potential for the diversification of Tobago's economy. According to stakeholders there are three developments that will help to realise this potential of the industry. The first includes a revival of the island's traditional agriculture and livestock production. Farm output in Tobago has seen a long-term pattern of decline in recent decades, which is associated with the boom in oil and gas production. It is hoped that the passing of the oil boom will allow a revival in agriculture. Second, it is important to find the right products to process and package as well as the right markets to sell them to and the right marketing strategies to make agro-processing profitable and sustainable. And lastly, it is vital to identify and support a core of new entrepreneurs who are willing and able to take on the challenge of setting up and developing private sector agro-processing companies.

One of the factors thought to be holding back the development of entrepreneurs is the dependence on the public sector for employment. Despite a recent increase in fiscal austerity, unemployment in Tobago remains comparatively low, with most of the workforce in relatively secure employment in the public sector. The country also has an effective social safety net, with mechanisms such as the Unemployment Relief Programme (URP). Many sources say people on URP work less than a full eight-hour day. This means there is a disincentive to leaving a relatively secure and non-taxing environment in order to take on the long hours and risk associated with launching a start-up.

START-UP CHALLENGES: Charmaine Springer, a member of the Agro-Processing Association of Tobago (APAT), told OBG that there were a number of practical issues facing agro-processing start-ups. She explained that local processors buy raw produce from local farmers, process it in a variety of ways and then sell it to supermarkets, small shops, hotels and restaurants. Typically, operators in the sector elaborate root crops

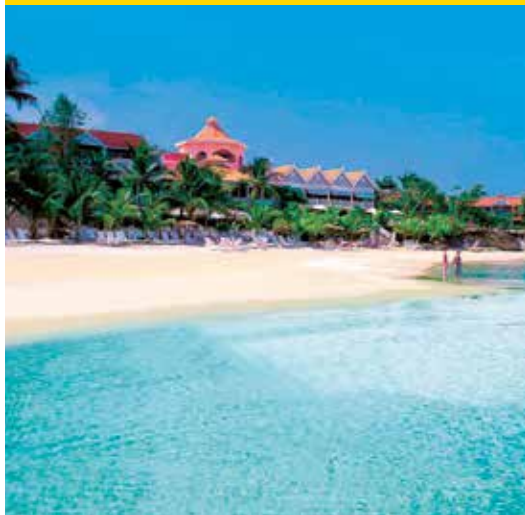
such as dasheen, sweet potatoes, yams and cassavas, producing jams, jellies, fruit juices and various types of traditional sauces. According to Springer, the challenges include developing attractive product lines, raising working capital and breaking into wider markets. Her company, Springtime Food Products, has been in business for six years, starting as an operation to peel and package garlic. Over time it had developed 11 different product lines, including cassava dumplings, and now employed four people. After attending the Fancy Foods Show in New York, Springer was convinced there was a strong market for her foods, not only in Trinidad and the wider Caribbean, but also in the US, Canada and the UK.

FINANCING: Among the challenges Springer faced was the difficulty in raising the necessary working capital to expand her business. Despite receiving a TT\$25,000 (\$3700) grant from the Tobago House of Assembly's Business Development Unit, she did not have enough funding to meet operational costs. Springer estimated that the type of food processing equipment she required to expand the operation would cost 10 times that much. Given the tough phytosanitary requirements of developed economy markets, she needed high-quality equipment in order to comply with health and safety standards. To compound matters, commercial banks were unwilling to lend money without guarantees or collateral. These difficulties led some of Springer's fellow APAT members to use the multi-producer unit at the Cove Eco-Industrial and Business Development Park, as they too were finding it difficult to raise funding for the equipment. Springer ran her processing operation at home and bought a small plot of land where she intended to move the operation. The key issue facing small operators is to find a way to increase the scale of production and reach wider markets.

However, Springer agreed that future expansion of the Tobago hotels sector might give local agro-processing entrepreneurs the kind of critical mass they need to make a breakthrough in sustainable growth.

To realise the potential of the industry, traditional agriculture and livestock production needs to be revived. It is also important to find the right products, markets and marketing strategies, and to support new entrepreneurs.

The challenges for local agro-food producers include developing attractive product lines, raising working capital, increasing the scale of production and reaching wider markets.



Coco Reef Resort & Spa

For business or leisure

TOBAGO

COCO REEF RESORT & SPA

PO Box 434 Scarborough
 T: +1 (868) 639 8571
 F: +1 (868) 639 8574
www.cocoreef.com
cocoreef-tobago@trinidad.net

Rooms: 135 rooms, junior suites, full suites and villas.
Business & Conference Facilities: One boardroom (20 people) and one conference room (80 people).
Health & Leisure Facilities: Spa, fitness centre.
Guest Services: Concierge, currency exchange, air conditioning and multi-channel satellite television, car hire, shopping, sports tours and adventure trips.
Wining & Dining: Tamara's Restaurant, Bacchanal's Beach Bistro, Bobster's Bar, Gallery Bar, Cafe Coco Restaurant (off property).

THE VILLAS AT STONEHAVEN

PO Box 1079 Bon Accord, Blackrock
 T: +1 (868) 639 0361
 F: +1 (868) 639 0102
www.stonehavenvillas.com
manager@stonehavenvillas.com

Rooms: 14 luxury, 3 bedroom oceanview villas.
Business & Conference Facilities: Alamanda conference room accommodates 30 with theatre, conference and U-shape seating arrangements.
Health & Leisure Facilities: Infinity pools and sun decks.
Guest Services: 24-hour guest services, wedding planner and events coordinator, Wi-Fi.
Wining & Dining: Pavilion Restaurant, Clubhouse Lounge.

CASTARA RETREATS

T: +44 (0) 7908 978 477
www.castararetreats.com
lorna@castararetreats.com



The Villas of Stonehaven



Castara Retreats

Rooms: 15 accommodations located within tropical gardens with views to the ocean, ranging in price between £95 and £270 per night. All apartments are self-catered and fully equipped with necessary appliances including oven, fridge/freezer, kettle and essential kitchen basics.

Business & Conference Facilities: All of our apartments are equipped with Wi-Fi.

Health & Leisure Facilities: Three health and wellness practitioners providing Kundalini yoga, Thai massage, and Swedish relaxation massage. Castara also runs yoga retreats in addition to these services, while the beach is a short two-minute walk from the resort.

Guest Services: Airport transfers, excursion and day trip service.

Wining & Dining: Caribbean Kitchen Restaurant and Bar is open daily for lunch and supper, and serves freshly prepared meals, great cocktails and has fabulous views towards Castara Bay. Reservations can be made by calling the restaurant directly on 868 766 1010.

MAGDALENA GRAND BEACH & GOLF COURSE

Tobago Plantations Estate, Lowlands, Tobago
 T: +1 (868) 660 8500
 F: +1 (868) 660-8503
www.magdalenagrand.com
Info@MagdalenaGrand.com

Number of Rooms: 178 rooms including 22 one and two bedroom suites.

Business & Conference Facilities: Ballroom (area totalling 1922 sq metres) and two small meeting rooms (are totalling 665 sq metres).

Health & Leisure Facilities: PADI five-star diving centre with training pool, day and night tennis, complimentary bicycles available, 18-hole PGA Championship Plantations golf course, driving range, pitching and putting greens, fitness centre with sauna, 3 swimming pools (one for adults only).

Guest Services: Daily activities programme for guests,

kids club and playground, on-site concierge to assist with tours as well as car rental.

Wining & Dining: Robinson Crusoe Pub, Kali'na Fine Dining Caribbean Fusion Cuisine, Pembois Restaurant & Terrace Main Resort Restaurant, Tavaco Lounge Lobby/Lounge Piano Bar, Li'l Nylon Pool Swim Up Pool Bar, Benné Café – Gourmet Pastry Shoppe and Café, Salaka Grill Poolside and Beachfront Grill, Fairways Bar & Grill, and meal plans are also available.

THE SEAHORSE INN RESTAURANT & BAR

Grafton Beach Road, Black Rock
T: +1 (868) 639 0686
F: +1 (868) 639 0057
seahorsetobago.com
seahorseinntobago@gmail.com

Rooms: All four rooms have air-conditioning, ceiling fan, cable TV, private shower room en-suite, fridge, coffee maker, safe, hair dryer, iron, beach towels, patio or balcony and a view of the Caribbean Sea which is just a two-minute walk from the Seahorse Inn steps.

Guest Services: Weddings arranged and catered for, plus family reunions, rehearsal dinners and corporate events, off-site catering, office manned from 8am to 23.30pm each day, overnight security, tours, car hire, inter-island transport arranged.

Wining & Dining: Seahorse Inn Restaurant and Bar.

BLUE WATERS INN

Batteaux Bay, Speyside
T: +1 (868) 660 4341
F: +1 (868) 660 5195
www.bluwatersinn.com

Rooms: A total of 3 bungalows, 4 deluxe rooms and 31 standard rooms.

Business & Conference Facilities: One conference room with Wi-Fi access.

Health & Leisure Facilities: Diving, kayaking, bird watching and glass-bottom boat tours.

Guest Services: Parking, internet and television.

Wining & Dining: Aqua bar and restaurant.

TRINIDAD

HYATT REGENCY TRINIDAD

1 Wrightson Road, Port of Spain
T: +1 (868) 623 2222
F: +1 (868) 821 6401
www.trinidad.regency.hyatt.com
trinidad.reservation@hyatt.com

Rooms: 423 spacious and modern guest rooms, including 15 suites.

Business & Conference Facilities: 3995 sq metres of meeting space, 1496-sq-metre Regency Ballroom, 913-sq-metre multi-purpose exhibit space, 12 breakout rooms including two boardrooms.

Health & Leisure Facilities: A 836-sq-metre spa with

six treatment suites, 24-hour Hyatt Stay Fit gym, infinity rooftop swimming pool and terrace.

Guest Services: In-room dining, concierge service, business centre, multilingual staff, large parking facility, valet service, complimentary Wi-Fi.

Wining & Dining: Many option including the Waterfront Restaurant (fine dining with gulf views, indoor/outdoor seating and local and international cuisine), Lobby Lounge (located in the lobby and featuring small plate dishes), Cinnamon (24-hour deli-patisserie), poolside grill and bar with the Hyatt spa menu, Lobby Bar, Sushi Bar and Regency Club.

HILTON TRINIDAD & CONFERENCE CENTRE

1B Lady Young Road, Port of Spain
T: +1 (868) 624 3211
F: +1 (868) 624 4485
www.hiltontrinidadhotel.com
POSHI-SALESADM@hilton.com

Rooms: 418 guest rooms, including 27 suites.

Business & Conference Facilities: We offer 1635 sq metres of flexible indoor meeting room space, in-house audio-visual equipment hire, complimentary printing service and fully equipped meeting rooms.

Health & Leisure Facilities: Our 465-sq-metre fitness room offers a number of private treatment rooms and saunas, as well as a large swimming pool and chevron tennis courts.

Guest Services: On-site bank and ATM, 24-hour taxi service, Nix Nacks Variety & Gift Shop, Europcar Rentals, Bmobile store, cable TV, MP3 alarm clock, in-room coffee & tea-making facilities, concierge desk, laundry and valet services, multilingual staff, foreign currency exchange, 24-hour room service, in-room safe, safety deposit box, 24-hour security, 24-hour Stay Connect station with computers & printers in the lobby, Wi-Fi/high-speed internet access.

Wining & Dining: Our offerings include Pool Terrace Garden Restaurant, Coffee & Lobby Bar, Gazebo Pool Bar, Luce Sushi Bar & Lounge.

NORMANDIE HOTEL & CONFERENCE CENTRE

10 Nook Avenue, St Ann's, Port of Spain
T: +1 (868) 624 1181
F: +1 (868) 624 0137
www.normandiectt.com
reservations@normandiectt.com

Rooms: 84 rooms with refrigerators and coffee makers, plus free Wi-Fi and TVs with cable channels.

Business & Conference Facilities: Three conference rooms, two meeting rooms, conference and meeting areas can hold 120 people, banquet area, catering outdoor function area.

Health & Leisure Facilities: Outdoor pool, fitness room, hair/beauty salon, Nook's spa.

Guest Services: 24-hour front desk and security, currency exchange, dry cleaning services, complimentary parking and Wi-Fi.

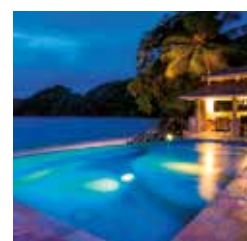
Dining: Ciao! Restaurant (international cuisine).



Magdalena Grand beach & Golf Course



The Seahorse Inn Restaurant & Bar



Blue Waters Inn



Facts for visitors

Useful information for new arrivals

VISAS: Visitors from most countries do not require a visa for stays of up to 90 days on holiday or 30 days on business. Immigration officers carry out interviews of travellers at all ports of arrival and visitors are highly recommended to travel with a printed return ticket, along with the address for their stay, be it a hotel or a residence. Visitors on a 90 or 30-day visa can apply for an extension up to six months, although this is granted only under thoroughly proven special circumstances.

TRANSPORT: Authorised taxis are readily available from the airport and at all major hotels. They can be recognised by their licence plates, which begin with the letter "H". It is advisable to get the contact number of either a taxi driver or reception at the hotel, as authorised taxis are not easily available. Pick-up times need to be agreed upon with taxi drivers whenever possible. Taxis are not equipped with meters, and the fares will vary based on a pre-determined arrangement involving waiting time and the destination. Maxi and shared taxis are also used with no defined time schedules. Local and international car rental companies are available; drive is on the left. With the exception of weekends and public holidays, flight tickets can generally be booked on short notice.

CURRENCY: The local currency is the Trinidad and Tobago dollar (TT\$), although the US dollar is also accepted and welcomed, especially by taxi drivers. The TT\$ comes in 1, 5, 10, 20, 50 and 100 banknotes and in 1, 5, 10, 25, 50 cents and 1 dollar coin denominations. As of early June 2017, the exchange rate was \$1:TT\$6.59 and €1:TT\$7.38. International credit cards are generally accepted, and ATMs are widely available across T&T.

ELECTRICITY: Electric sockets are designed for 220-V/50-Hz two-pin round plugs. Adapters would be needed for other plugs. These can be provided by most hotels and are easily found in local shops.

BUSINESS HOURS: The working week runs from Monday to Friday. Most private companies will operate from 8am to 5pm, although the public sector traditionally only operates from 8am to 4pm. The main supermarkets and pharmacies are generally open from 8am to 8pm, while other stores usually stay open until 6pm. Supermarkets operate until 1pm, and very few restaurants are open on Sundays.

DRESS: Despite the warm Caribbean climate, the business attire conforms to traditional Western styles. For office wear, men should wear long or short-sleeved shirts with a tie. Jackets are used on more formal occasions. Women are advised to wear conventional business suits, or skirts/trousers and blouses. Outside of business hours, lightweight casual clothing is the norm.

COMMUNICATIONS: There are currently two mobile network operators: Bmobile and Digicel. SIM cards can be purchased at the airport after passing through immigration controls for TT\$100 (\$14.94). Data plans can be activated directly from the device, following the operator's instructions. These provide a good level of service in most parts of both islands. Wi-Fi connections are widely available in hotels and restaurants. The local dialling code for Trinidad and Tobago is +1 (868), followed by a seven-digit telephone number.

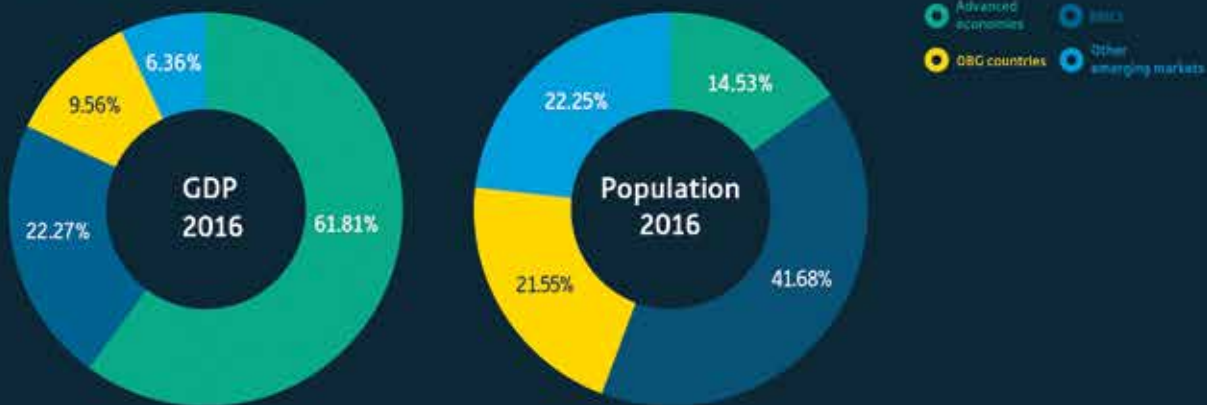
HEALTH: As of early 2016 T&T has experienced a few Zika Virus cases. The Ministry of Health continues to advise citizens to take the necessary precautions to prevent the spread of Zika, which includes the regular use of mosquito repellents. The country has several modern private hospitals and a network of public hospitals, district health centres and community clinics. Treatment is free to non-residents at all public health facilities. Walk-ins are welcome, but priority is given to emergency cases. Pharmacies are widespread and offer commonly used generic drugs, but some medicines can be difficult to find.

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