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***KEYNOTE ADDRESS***

**“Economic Outlook: Improving the Competitiveness of Business in the Caribbean”**

by

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at the

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## INTRODUCTION

It is truly a privilege to address you this morning as it is my first feature address as the President of the Caribbean Development Bank (CDB), outside of Barbados. *On a more personal note, Trinidad and Tobago holds a special place in my heart as I pursued my engineering degree at St. Augustine, but more importantly, it is where I met my wife, started a family and actually had my first job at the Ministry of Public Works.*

The Trinidad and Tobago Manufacturer's Association (TTMA) was the first organisation to reach out to me after my election and I extend my heartfelt thanks to the association for inviting me to say a few words at this leadership discussion and networking session.

Ladies and gentlemen, a lot has happened since I received the invitation from TTMA in December. Changes in foreign policy, in particular the cessation of United States Agency for International Development and restrictions in information sharing by National Oceanic and Atmospheric Administration mean that multilateral aid and development cooperation between the Caribbean and its neighbours look a lot different than before. Shifting trade policy means that our economic and development prospects may also look a bit different than they did before. Yes, these times are filled with uncertainty, but I am reminded that within the past few years, we have had to address the protracted effects of the Great Recession, catastrophic impacts of hurricanes, a pandemic with attendant supply chain disruptions, volcanic eruption and in Haiti, an earthquake. Some of these impacts occurred at the same time, giving rise to the term poly-crisis, but we are a resilient people, and with inclusive social and macroeconomic policies and steely resolve, we were able to weather those difficult times.

As we reflect on the economic prospects for the Caribbean and the strategies we can employ to improve the competitiveness of our businesses, we must consider both the challenges and opportunities that lie before us. The vulnerabilities that exist in the Region have been brought into sharper focus by the geopolitical developments that are still evolving as we gather here. In the wake of the second World War,

Sir Winston Churchill was quoted as saying “never let a good crisis go to waste”. While we are not in a global crisis, I want to rephrase this quote to suggest that we should not let these challenging times go to waste.

This morning, I will discuss the prospects for the Region; identify some risks that attend the global economic context; and suggest some policy imperatives for fortifying the private sector ecosystem which underpins regional development.

### **OUTLOOK FOR 2025**

Ladies and gentlemen, before I turn to the prospects for 2025 and policy imperatives, we have to acknowledge how far we have come over the past 4 to 5 years. After the COVID-induced slump which saw our economies contracting to real Gross Domestic Product (GDP) levels not seen since the early 2000s, our economies have largely been on the rebound. In 2024, regional output, excluding Guyana, expanded by 1.7%, with fifteen countries surpassing pre-pandemic real output levels. If included, Guyana pulls up the regional average to 8.8% because that economy has surged by 43.5% on account of increased oil production and expansion in non-energy sectors.

While these improvements in real GDP are a positive sign, the pace of human development, that is, development which takes into consideration factors such as health and education in addition to the standard of living suggest that we as a Region still have some significant ground to cover.

Looking ahead, regional growth is expected to remain moderate, with CDB projecting a 2.5% growth rate, excluding Guyana. Including Guyana this figure rises to 4.6%. However, the headwinds are strong.

- (1) **First**, geopolitical tensions and protectionist policies can lead to slowdowns in major trading partners, such as the United States or European Union, and can result in reduced demand for Caribbean exports, impacting a broad industries like tourism, agriculture, and manufacturing. The knock-on effects include lower revenues, reduced investment which can impact overall economic stability; and a decline in remittances which will

disproportionately impact vulnerable households as these are more likely dependent on income from relatives. Inflationary pressures will be notably higher as we have to import most of what we use – food, electronics, cars, clothes. As small open economies we are heavily dependent on international trade.

- (2) **Second, are domestic Risks:** Timely execution of infrastructure projects is crucial for improving transportation, energy, and communication networks, which are essential for business operations and competitiveness. We all understand that delays can occur due to budget constraints, bureaucratic hurdles, insufficient personnel or logistical challenges. Notwithstanding the cause, a project delayed, is development delayed. When the school is not completed on time, it is the student and society that suffers. When resilient road infrastructure is not completed on time, it is the business that suffers as goods and services take longer to be provided, the community suffers as it takes longer for students to get to school and in some instances for emergency vehicles to attend to sick persons.
- (3) **Third are climate change risks.** The Caribbean is highly vulnerable to natural hazards such as hurricanes, floods, and droughts. In fact, we are seven times more likely to be impacted by a natural hazard than other parts of the world. Climate change is increasing the frequency and intensity of these events, posing significant risks to economic stability and development. We must enhance disaster preparedness and response mechanisms to mitigate the impact of natural hazards. For instance, the devastation caused by Hurricane Maria in Dominica highlighted the need for resilient infrastructure and effective disaster response strategies.

Friends, the question then becomes, how do we mitigate the impact of these risks. We need to support our own local and regional producers. Regionally, it is said that Guyana along with other Caricom countries has the capacity to supply the entire Region with produce. Conceivably this could help us to

reduce bill by more than 25%. But what we need to address is logistics and connectivity so that the demand can be satisfied. The Bank stands willing to support the Region in this regard as this could be a potential game-changer for the Region. We also need to rekindle or strengthen old friendships (eg Canada and UK) and seek out new friendships (countries in the African continent).

I mentioned the domestic risk of delayed implementation. This is a very real issue confronting the Region and its causes are complex. While we at the Bank build mechanisms in our projects to help ensure smooth implementation, we recognise that this is not enough. Consequently, we have embarked on an implementation diagnostic which will help us to identify the unique challenges confronting individual clients and offer bespoke solutions. We will also be looking internally to see how we can transform our processes to become more efficient and eliminate value depleting layers.

The third type of risk to the regional outlook is climate risk. Addressing these risks must underpin every facet of the Region's development. As a Region, and as a Bank we have been placing quite a bit of emphasis on recovery from natural hazards. But we need to focus more on the ex ante or preemptive support. The Contributors to our Special Development Fund just recently approved a \$460mn programme that will help us to reduce poverty and vulnerability across our membership. One of the key changes is that the programme will place a heavier emphasis on proactive support to our members e.g. through adaptation and mitigation measures, and through the mainstreaming of disaster risk management policies in national and sectoral plans to name a few.

### **IMPROVING COMPETITIVENESS**

Ladies and gentlemen, I now turn specifically to how we might improve competitiveness. But before I go any further, I want to commend the work of TTMA. The TTMA has as its mission "increasing the value and growth of the manufacturing sector in Trinidad and Tobago". In pursuit of this mission, the association provides advocacy on government legislation and policy, ensuring that those legislative instruments and policies improve the ease of doing business in the country. The Association also provides

perspectives on issues related to infrastructure and logistics. Moreover, the Association promotes productivity enhancement among its members by facilitating the use and improvement of digital technology. My friends, I cannot overstate the importance of these activities in driving the competitiveness of the manufacturing sector in Trinidad and Tobago. At the Bank, we have been emphasising the importance of building out business ecosystems across the Region that generate dynamic, internationally competitive firms. Such ecosystems not only allow firms to get goods and services to the market at prices, quality and the reliability required by those markets, but also engender in them the dynamism to evolve in the face of market and technological shifts. In large measure, therefore, I feel as though the Bank and the TTMA are in perfect alignment.

Indulge me however, to share a few thoughts on what I view as some of the key aspects needed to create a thriving ecosystem, vital for fostering dynamic, internationally competitive firms. This involves:

- **Start-up Support:** Providing guidance and resources for entrepreneurs to develop business plans and secure financing. Business support organisations play a crucial role in offering advisory services, networking opportunities, and training programs.
- **Export promotion.-** Beyond startup funding, companies also need targeted support to expand into international markets and enhance their export capabilities. This support can include access to market intelligence, export training, assistance with navigating international trade regulations, and support in building networks with global buyers and distributors.
- **Product Development:** This includes ensuring access to labs for testing and compliance with international standards. This helps businesses meet quality, safety, and nutritional content requirements. the Caribbean Industrial Research Institute right here in Trinidad and Tobago provides testing and certification services to help businesses meet international standards.

- **Access to Finance:** Offering a variety of financing options, including traditional loans, credit guarantees, venture capital, and crowdfunding will serve to develop a level of diversity that can provide businesses with the necessary financial resources to grow and innovate.
- **Credit Access:** Implementing credit bureaus can reduce information gaps and increase access to finance. Robust credit scoring systems can help lenders assess the creditworthiness of businesses more accurately. For instance, the establishment of the Credit Reporting Act in Jamaica has improved access to credit by providing lenders with reliable credit information.
- **Investor Protection:** Strengthening legislative frameworks is necessary to protect investors and encourage risk-taking. This includes laws that allow movable equipment to be used as collateral. For example, the implementation of the Secured Transactions Act in Saint Lucia has facilitated the use of movable assets as collateral, improving access to finance for businesses.
- **Regulatory Efficiency:** Streamlining and digitalising processes can enhance business registration, import/export clearance, and licensing. E-government services can improve transparency, reduce bureaucratic delays, and increase overall efficiency. For instance, the implementation of the ASYCUDA World system in several Caribbean countries has streamlined customs procedures, reducing clearance times and costs for businesses. Our Compete Caribbean program supports the development of the Business Registration and Licensing Systems, a digital platform designed to simplify the business registration and licensing process. This system allows entrepreneurs to register their businesses and obtain the necessary licenses online, reducing the time and cost associated with manual processes.
- **Infrastructure:** Incorporating smart technologies in infrastructure development can improve efficiency and support sustainable growth. For example, the development of the Caribbean Regional Communications Infrastructure Program has improved broadband connectivity and digital infrastructure across the Region.

- **Skilled Workforce:** Ensuring access to quality education and vocational training is essential for developing a workforce that is ready for the future. Emphasising continuous learning and professional development helps workers stay updated with industry trends and emerging technologies, such as Artificial Intelligence (AI) . By fostering skills in AI and related fields, workers can remain competitive and adaptable in the evolving job market.
- **Communities of Practice:** Creating communities of practice where businesses can share knowledge, best practices, and technological innovations is essential for harnessing the full power of a robust regional business ecosystem. For example, the Caribbean Export Development Agency (Caribbean Export) organises trade missions and business forums to promote collaboration and knowledge sharing among Caribbean businesses.
- **Climate Resilience:** Friends, our infrastructure needs to be able to withstand climate hazards and we need to develop institutions that can quickly adapt to changing climate conditions. This is essential for minimising economic disruptions. Integrating climate considerations into development planning can no longer be optional. It is essential not just for the survival of our businesses but the survival of our people. And speaking of the survival of our businesses, these same businesses must also prioritise business continuity plans to ensure they can recover quickly from climate-related disruptions. These plans should outline strategies for maintaining operations during and after natural disasters, including data backups, supply chain diversification, and employee safety measures.
- **Fiscal Discipline and Strong Institutions** – All of the preceding elements of the ecosystems must be undergirded by a relentless focus to maintain prudent fiscal management while investing in productive infrastructure and social well-being.



## **PRESIDENT'S VISION: INNOVATE, TRANSFORM, AND THRIVE**

As we look forward to the future with all its uncertainties and opportunities, I can think of no other word that encapsulates my vision for CDB than “**Rebirth**”. This vision rests on three main pillars: Innovate, Transform, and Thrive.

- **Innovate:** Innovation is the heartbeat of progress. By innovating in our sectors of engagement, we will pioneer cutting-edge solutions and leverage new technologies to address complex development challenges. Under this pillar, we will prioritise data for development as a key area for informed decision-making in a dynamic Caribbean. Additionally, we must innovate by collaborating with partners to create new and innovative financial products. This includes supporting the energy transition.
- **Transform:** The transformation pillar is internal to the Bank. It speaks fundamentally to reshaping processes and systems to enhance efficiency, inclusivity, and sustainability. By adopting first principles thinking, we will enhance what drives client-focus and delivery, increasing the scale, speed, and effectiveness of climate and disaster risk reduction financing.
- **Thrive:** Thriving means not just surviving but excelling, with a vibrant, resilient economy, healthy environment, and a society where everyone has the chance to succeed. This includes seamless movement of goods and services, achieving the CARICOM target of a 25% reduction in food importation, low levels of unemployment, declining incidents of violent crime, and high levels of human development.

## **HOW CDB IS SUPPORTING THE IMPROVEMENT OF THE ECOSYSTEM: THE NEW PRIVATE SECTOR STRATEGY**

As the Region’s sole indigenous multilateral financing institution, we know we must raise the bar. We must critically assess our operations, policies, procedures, and systems—not just to meet our clients’ needs, but to exceed them. The question is therefore: How do we make everything faster and more impactful

while delivering a standard of excellence? Every aspect of what we do will be scrutinised for speed and quality of results.

Regarding the specifics of our support to the private sector, we have recently launched a new private sector strategy focused on strengthening the business ecosystem in a systematic way. Many of our core operations—like financing road, port, and water infrastructure upgrades—directly or indirectly support this ecosystem.

Additionally, we are enhancing the efficiency of regulatory frameworks. A prime example is our work in Barbados, where we're financing the implementation of an electronic Port Community System. This system will streamline interactions between importers, exporters, and regulatory agencies, cutting down on red tape and making the process easier for everyone. These initiatives are crucial in lowering production costs, particularly for MSMEs, where such costs are a significant burden.

Through our Accelerated Sustainable Energy and Resilience Transition (ASERT) framework, we're driving the integration of renewable energy sources to reduce and stabilise energy costs across the Region. As part of this effort, we're backing geothermal energy exploration in Dominica, Grenada, St. Kitts and Nevis, and St. Vincent and the Grenadines. We are also working on developing an e-mobility fund, which can be used to support government and private sector transition to green transportation.

So let us pause for a moment on this ASERT framework, to emphasise what it could mean for Trinidad's energy economy, and by extension to the membership of TTMA. At its core, what ASERT is in service of, includes the realisation of a regional energy interconnection infrastructure, and Trinidad and Tobago can be the recipient of some of this renewable energy—such as from geothermal, solar and wind generation - in the form of electricity transported from and between the Caribbean islands.

Not only does this vision create energy resiliency between our Caribbean countries, but it also holds the potential to provide much needed green electrons to the single greatest existing industrial off-taker for renewable energy that the Caribbean has – the Point Lisas Estate right here in Trinidad. Your ammonia and

methanol plants would be welcome recipients of those electrons when they are used to convert water to green hydrogen, as it would help supplement your current natural gas feedstock supply.

The current Chairperson of CARICOM, the Honourable Mia Amor Mottley, recently reminded the global community at the Sustainable Energy for All Forum held in Barbados a few weeks ago, of the Region's significant potential for surplus renewable energy generation, and that in addition (and I quote) "*within our own Community, Trinidad and Tobago has stood as a credible and large supplier of ammonia not just in this Region but to Europe*". She also added that (quote) "*while green hydrogen is explosive for transportation, its conversion into ammonia creates a different business.*"(end quote). That is, a green ammonia and green methanol export business to Europe, is one vision that the CDB is encouraging through its ASERT framework, which embraces the Rebirth Vision and its Pillars outlined earlier: this **Innovative** and **Transformative** Vision of Regional Energy Interconnection, can boost Foreign Exchange generation for Trinidad and Tobago and by extension the Region, and create a **Thriving** Economy for all.

So, friends, the central theme of our new private sector strategy is unlocking innovative ways for the private sector to play its part in delivering long term sustainable development. We're focused on expanding trade and non-traditional private sector activity—particularly in export industries, women-owned Micro Small and Medium-sized Enterprises (MSMEs), and the creative sector—through portfolio guarantees and counter-guarantees. The bank also continues to support financial intermediaries, providing them with resources to extend financing to MSMEs in key sectors like agriculture, industry, and tourism, ensuring businesses have the financial support needed for growth and innovation.

Consequently, we are actively designing and will deliver to the Region a new CDB Trade Financing Programme which will unlock new opportunities for Caribbean trade by partnering with local financial institutions (LFIs) through a tailored risk-sharing initiative. This programme will support de-risking LFIs' portfolios, enabling them to finance more trade, both within the Region and globally.

For women-owned MSMEs, we have already taken action. Partnering with the International Trade Center, we've established a regional She-Trades Hub—a platform designed to expand opportunities for women in global trade by connecting them to markets, networks, resources, and knowledge. This is about breaking barriers and ensuring that women entrepreneurs have the tools to compete and thrive.

Under the Economic Partnership Agreement and the CARICOM Single market Economy Standby Facility, CDB supported three projects in Trinidad and Tobago to enhance trade competitiveness and export capacity. The Fit 4 Europe II project (2024) builds on its predecessor by expanding European Union market access for non-energy goods, with a focus on women-led enterprises. The Trade Facilitation Enquiry Point project, concluding in 2025, focuses on improving trade transparency and access to information. The National Quality Policy project promotes quality management principles through public sensitisation and sector-specific guidelines. Together, these initiatives strengthen the export ecosystem and support sustainable economic growth.

## **CONCLUSION**

The road ahead is uncertain, but it is also filled with opportunity. As old alliances are challenged, there are tremendous opportunities to forge new relationships or strengthen existing ones. Indeed, now may be the most opportune time for us as a Region to come together to solve some of the vexing problems of food insecurity, interconnectivity etc. Rest assured ladies and gentlemen, whatever comes our way, CDB is your unwavering partner. Unlike our counterparts, who can diversify away from the Caribbean Region when times become difficult, the CDB will not. It cannot. Our clients comprise only Caribbean economies and so our futures are inextricably linked. We are not just CDB, we are the Caribbean's Development Bank.

Thank you.