

“Facing up to the
Diversification
Challenge – Issues
for T&T and the
wider Caribbean”

“The Diversification
Promise:
New Business
Opportunities”.

Overview of presentation



1. Guiding principles of the Chamber's **Diversification Study of 2009**

2. Business opportunities through Diversification:
 - o *Export agriculture*
 - o *Tertiary education*
 - o *Tourism*
 - o *ICT*

2010: The tipping point



- Current economic scenario in T&T clearly builds the case for diversification of the economy
- Recommend stimulation of the non-energy sector rather than reducing activity in the energy sector
- Need to produce more value added goods and services, not just a country of traders
- Impact on country competitiveness
- Export diversification – generates foreign exchange and proven to aid in growth and development

Guiding principles of the Diversification plan



- Diversification must be directed towards export sectors in order to de-couple overall economic growth from volatile energy receipts,
- Enhance economic competitiveness by making strategic investments in sectors, industries and value chains where there is a comparative/innovative advantage and where there is market opportunity and good growth potential.
- T&T should benchmark its diversification strategy against transformation economies such as Norway, Ireland & Singapore, which have all made radical transitions in their economic structure over the last 2 – 3 decades.

Chamber's pick for Diversification

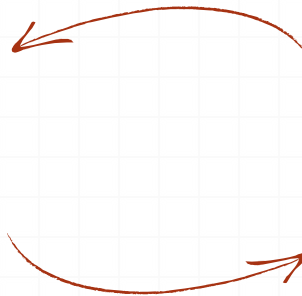


Sectors

1. Export Agriculture
2. Tertiary Education Hub
3. Tourism
4. ICT – Enabling Clusters

Areas of focus

- o *Cocoa*
- o *Tilapia*
- o *Pineapple*
- o *Cultural Tourism*
- o *Medical Tourism*



Chamber's picks: #1. Export Agriculture



Comparative Advantage

- o Cocoa
- o Pineapple: (Green)
- o Tilapia

Market Opportunities

- o T&T's cocoa is in high demand. Global cocoa production is projected to increase from 3.7m tons in 2007/08 to 4.5m in 2012/13.
- o T&T has the right soil and climatic conditions for a high chance of successfully cultivating green pineapples. The world production capacity of pineapples is 1.4m tons and falling while global demand stands at 2.1m tons. Pineapples are the 2nd most popular fruit internationally.
- o An established Tilapia industry already exists in this country. The consumption of tilapia is estimated to grow from 1.5m tons in 2003 to 3.5m tons in 2010.

Plan of Action: *Cocoa*



Strategic Objective	Strategic Initiatives	Responsibility	Timeframe
Capture 1/3 of the global cocoa production market by 2020	Make world class R&D at Cocoa Research Unit (CRU) more readily available to local farmers	CRU, UWI	On-going
	Use the global research & technical hub at the CRU & Germplasm bank to sell technical services to cocoa producing countries	CRU, UWI	On - going
	Investigate the feasibility of horizontal & vertical linkages for value added products and services related to cocoa.	MoFP&MA / CRU, UWI	1 year
	Utilise ICT to link cocoa farmers to undertake training	MoFP&MA in collaboration with MoPA	1 to 3 years

Plan of Action: *Pineapple*



Strategic Objectives	Strategic initiatives	Responsibility	Timeframe
Capture 50% of the global pineapple market by 2020	Conduct research on best practices & undertake feasibility study on pineapple cultivation	UWI	6 months
	Knowledge transfer to farmers on best practices in pineapple cultivation	UWI	1 – 3 years
	Meet specific market requirements for export of pineapple into North America and Europe.	MoFP & MA	3 – 5 years
	Access R&D subsidy offered by major brand name pineapple processors	MoFP & MA	1 – 3 years
	Develop competitive market intelligence on rival pineapple producing nations such as Hawaii, Ivory Coast and Ghana.	MoFP & MA	On – going

Plan of Action: *Tilapia*



Strategic Objective	Strategic initiatives	Responsibility	Timeframe
Overtake Taiwan to become the leading global exporter of tilapia by 2020	Expand acreage of land specifically designed for farming to triple tilapia production capacity	MoFP & MA	3-5 years
	Meet specific market requirements for export of mature tilapia stocks into North America	MoFP & MA	3-5 years
	Establish tertiary level programs to stimulate interest in aquaculture as a viable business	UWI	1-3 years
	Develop competitive market intelligence on rival tilapia producing nations especially Taiwan	MoFP & MA	On-going
	Exploit ICT to link the tilapia farming community and to undertake training	MoFP & MA in collaboration with MoPA	1-3 years

Chamber's Pick #2: Tertiary Education as a hub



T&T's Comparative Advantage:

- Strategic geographic location
- English as the core language of instruction
- A growing tertiary education cluster located in the wider St. Augustine area gives impetus to the formation of an industry
- A vibrant business community requiring management training
- Successful operation of a globally competitive Energy Industry where students can get “hands on” practical experience
- Globally renowned players already operating in T&T through partnerships

2: Tertiary Education



Market Opportunities:

- The global education market is estimated at US\$2.2 trillion.
- The growth in the education sector would come from full-fee paying regional and international students. Growth rate for foreign students in higher education was 5% per annum over the past 30 years.
- On-line education programmes is a market segment with strong growth potential in the region. ICT can be used to develop and market these.

Strategic Objective : Capture 5% of the global tertiary education market by 2020

Chamber's pick #3: Cultural & Medical Tourism



Niche Market

o Cultural Tourism

o Medical Tourism

Comparative Advantage

- As a multi-cultural, multi-ethnic society, T&T is well positioned to market its own brand of cultural tourism to the world in terms of its festivities, food, music, dance, architecture, traditional customs and language.
- Medical Tourism provides a complement to cultural tourism. T&T is an exotic tourist destination rich in culture and heritage that can use its emerging medical cluster to become an oasis in the modern world providing complete health and wellbeing.

#3: Cultural & Medical Tourism



Niche Market

o Cultural Tourism

o Medical Tourism

Market Opportunity

- Increasingly, visitors are seeking out destinations that dazzle their senses, touch their hearts, stimulate their minds and can be incorporated into their lifestyles.
- Apart from a few hotels that offer spa and wellness facilities, no true medical tourism destination exists in the Caribbean to serve the North American and European markets.

Strategic Objectives :

Cultural Tourism: Capture 5% of the global cultural tourism market by 2020

Medical Tourism: Capture 2% of the global medical tourism market by 2020

Chamber's pick #4: ICT Enabling Clusters



- **Rationale:** The formation of business clusters and networks in specific strategic areas will allow Trinidad and Tobago to stamp its mark within the global ICT arena:
 - ICT Energy Services
 - Health Care Business Process Outsourcing (BPO)
 - Development of technology parks, such as the Tamana Intech Park, provides a shared space for commercialization of ICT services.
- **Strategic Objective:** Attain a ranking of 20 in the WEF World Networked Readiness Index by 2020.

Making it Work: Implementation is key



- Install a **national co-ordinating body** with the mandate and **authority** to achieve economic diversification with tangible performance metrics:
 - ✦ Aspire to rival rankings enjoyed by benchmark economies such as Norway, Ireland and Singapore on the global indices scale for ease of doing business and economic competitiveness.
 - ✦ Use target metrics:
 - Economic concentration
 - Diversification ratio
 - Sharpe ratio
- Provide funding for sector and business studies