

SENATE*Wednesday, May 6, 1992*

The Senate met at 1.30 p.m.

PRAYERS[MR. PRESIDENT *in the Chair*]**FINANCE BILL**

[SECOND DAY]

Order read for resuming adjourned debate on question [May 5, 1992]:

That the bill be now read a second time.

Question again proposed.

Sen. John Rooks: Mr. President, I should like to congratulate Sen. Rahael on his maiden speech in the Senate. I am sorry that he is not here. It was really an excellent contribution. His recommendation that there should be an export company to represent manufacturers would seem to be the best course for sellers as well as buyers. The cost would be shared by the manufacturers and therefore would be much lower than if each company tried to do the marketing itself, and the prospective buyer would be offered a complete selection from one source.

I should also like to congratulate Sen. Prof. Spence on a fine contribution, in particular his graphic explanation of the possible effects of trade liberalization, which should make us all aware of the possibility of falling into the same trap like Jamaica and Guyana.

The Finance Bill indicates that Government have gone back to their old formula of increased taxation and controls. Let me quote from an article in *Newsweek* dated April 27, 1992, written by Mrs. Margaret Thatcher, a former Prime Minister of England. She talks about socialism in England and the effect that this had. She says:

"All this was submerged by the terrible creed of socialism which the Labour Party embraced: that you can plan an economy and everyone must conform; that even though you don't take over people's property, you can control what they do by laws and regulations. Our task as Conservatives was to uncover the enterprise, uncover this remarkable character. We didn't discover it. We knew it was there: we had great faith that although it had been

smothered and strangled, if we got the laws right again, the spirit of enterprise would re-emerge. It took time. People had become accustomed to having no responsibility. A manager couldn't manage. Why? Because so much was controlled by what had almost become a corporate state. Those controls had to go.

I set out to destroy socialism because I felt it was at odds with the character of the people. We were the first country in the world to roll back the frontiers of socialism, then roll forward the frontiers of freedom. We reclaimed our heritage; we are renewing it and carrying it forward. John Major and almost all the government know that.

In the last week of the campaign, when I was saying, 'Be positive,' because they had everything to be positive about, they turned and looked at our remarkable heritage. The thing that people said to me as I visited 30 constituencies during the campaign—all kinds of people, all kinds of background, all kinds of age groups—was, 'Thank you for what you have done for our country.' Britain's good name mattered to them.

I cut back the powers of government. Now they've got to be jolly careful they don't give government too many extra powers and undo what I've done.

For example, they think they would do more for the public services than I did. Some think that implies taking a bigger proportion of growth, leaving less to the people. That concerns me. You must pursue policies of wealth creation. The more you pursue those, the more resources you will have left over, with reasonable levels of taxation, to do more for the health service. Heaven knows, we did far more for the health service than ever the Labour Party had been able to do, because they assumed that wealth creation would go on no matter how high the taxation. Their policies started with wealth distribution. And the economy declined. The government's share of the national income has gone up again in a recession. The last Conservative government got it down below 40 percent. That is the point from which John Major's pledge to cut taxes further will be judged. I shall try to keep to this...

There are one or two straws in the wind that we must watch. If new ministers pursue a policy of intervening in industry, thinking that two or three of them know better than the infinite variety of men and women who run an infinite variety of industries, then the economy will go downhill again. Yes, there are many industrialists who love to have subsidies. Love it! Delighted!

They don't understand that if they start to take the money, they start to take all the government constraints that go with it.

The task of government is to have sound finance: keep public expenditure and borrowing down. Otherwise, government is taking away the very resources that industry needs to invest and grow. Investment can only come from savings. Alas, savings in the United States and Britain have gone down too far. The United States was built up on a high savings ratio: that is when Americans built their great industries. Since then, this ratio has tumbled rapidly."

We are now hoping to get investment into our country but, how can we when one considers the signals that we are sending potential investors, both those that are already here and others that may be giving consideration to Trinidad and Tobago as a country in which to invest. As I have said before, we are competing in the world market for the investment dollar, yet we have shown ourselves prone to changing the cost of doing business; indecisive regarding taxation to our major industry, petroleum, and have militant unions which get away with what they want. To quote Mr. Overand Padmore:

"The unions are virtually shooting themselves in the foot. There is a disturbing air of unreality surrounding these so-called settlements (oil and electricity) with each one providing the incentive for the others. State enterprises, in varying stages of financial unviability are buying, or being made to buy, industrial peace at the price of endangering their very existence."

Prior to 1986, very little new foreign investment, certainly none in the oil industry, and very little exploration drilling was done. New taxation was put into place in 1988 and was very successful, but with the advent of the new taxation for all except petroleum drilling and production, those operations have been put on hold. The Oilfields Workers' Trade Union is always talking about local control of the commanding heights of our economy, the petroleum industry, but those assets are at demanding depths under the sea, and possibly under the land where they are of no use or value until we can bring them to the surface. For this we require foreign technology, expertise and most of all, money. It is far better to have 10 per cent of something than 100 per cent of nothing, and the marshalling of local funds will certainly not satisfy the demand for finance or technology. The cost of one well 20,000 feet deep, the depth to which we have to drill today, would be around

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US \$25 million and not every well is a producer. That money, then, would have been sunk into the ground, we would not get it back.

1.40 p.m.

We are supposed to be a part of the Third World. The West was the first; the Soviet Bloc is the second and the third is the South. Today, there is no longer a second. I will quote from an article by a journalist, Charles Lane, who says:

"The Third World is a form of bloodless universality that robs individuals and societies of their particularity."

This now is a quotation from a novel by Shiva Naipaul, a Trinidadian—

"To blandly subsume, say, Ethiopia, India, and Brazil under the one banner of Third Worldhood is as absurd and as denigrating as the old assertion that all Chinese look alike.

Today, two new forces are finishing off the tattered Third World idea. The first is the West's victory in the cold war. There are no longer two competing 'worlds' with which to contrast a 'third'. Leaders cannot play one superpower against the other, or advertise their misguided policies as alternatives to 'equally inappropriate' communism and capitalism. The second is rapid growth in many once poor countries. The World Bank says developing countries will grow twice as fast in the 1990's as the industrialized G-7. So much for the alleged immutability of 'Third World' poverty—and for the notion that development must await a massive transfer of resources from north to south. No one would call the Singapore of Lee Kuan Yew, poor, strife-ridden or chaotic: per capita GNP is more than \$10,000, and its 1990 growth rate was eight per cent. South Korea, Taiwan and Hong Kong also have robust economies, and Thailand and Malaysia are moving up fast.

American steelmakers have recently lodged 'dumping' complaints against half a dozen Asian and Latin American countries. Cheap wages explain much of these foreign steelmakers' success, but the US industry's cry is still a backhanded compliment. 'A nation without a manufacturing base is a nation heading toward Third World status,' wrote presidential candidate Paul Tsongas. But Tsongas was using obsolete imagery to make his point: soon, bustling basic industries may be the hallmark of a Third World nation.

Nor can the Third World idea withstand revelations about what life was really like in the former 'Second World'. It was assumed that, whatever the USSR's political deformities, that country was at least modern enough to give the West a run for its money in science and technology. In fact, below a patina of modernity lay gross industrial inefficiency, environmental decay and ethnic strife. Nowadays, it is more common to hear conditions in the former Soviet Union itself described as the 'Third World', and Russia seeks aid from South Korea. Elsewhere in Europe, Yugoslavia's inter-ethnic war is as bad as anything in Asia or Africa. The United States itself is pocked with 'Third World' enclaves: groups with Bangladeshi life expectancies and Latin American infant mortality rates.

A concept invoked to explain so many things probably cannot explain very much at all. The ills that have come to be associated with the Third World are not confined to the southern half of this planet. Nor are democracy and prosperity the exclusive prerogatives of the North. Unfair as international relations may be, over time, economic development and political stability come to countries that work, save and organize to achieve them. Decline and political disorder come to those who neglect education, public health—and most of all, freedom. The rules apply regardless of race, ethnicity, religion or climate. There is only one world."

This, I think, fits in again very much and brings to our attention that there is not a Third World any more and we have to join the group of those who are meeting present conditions in this earth of ours and develop our pace of industry.

Thank you very much, Mr. President.

Sen. Rev. Daniel Teelucksingh: Mr. President, in his introduction of the Finance Bill yesterday, the hon. Minister of Finance spoke of the trade liberalization process in the context of certain global economic trends and how these trends impact on us and other developing countries.

I feel disturbed, but not hopeless, concerning our unfortunate and perilous position in the present world economic order. We experience unfair competition with the developed countries of the North, which possess the most protected markets in the world: the American market and the European Common Market. I may add today, that for decades there has been a serious shameful trade imbalance with Japan. Billions of our dollars maintain the motor vehicle trade with Japan and there has been no reciprocity. They showed little or no interest in our sugar or petroleum products.

The World Council of Churches in a report entitled, "Church Leaders meet in Washington to challenge the IMF and World Bank Policies", stated:

"What we are talking about is the crisis of the whole system of relations between North and South. Developing countries are subject to severe hardships and the current economic policy of global exploitation kills women and children, oppresses working people, and stifles human expression."

The World Council of Churches has indicated the need for a new global economic and trade order to be established—one that is based on justice, participatory democracy and equitable distribution of wealth and power. The recent Uruguay round of talks and the GATT talks highlighted the preoccupation of the developed capitalist countries with their own economic interests and their hesitation to listen to the requests of developing nations. A commentator described the last round of the GATT talks as a recipe for poverty for the developing nations.

1.50 p.m.

We are confronted with a global economy which seems capable of eliminating or absorbing any competing force. We are witnessing today a new form of economic imperialism, and already its tentacles of oppression have crept on to our shores. We all, Government and citizens, need to begin a programme of economic liberation. You see, it is becoming increasingly clear that the problem of economics is not just a technical problem for experts, but above all, it is a moral and spiritual issue. For the world in which we live is largely dominated by profit-making, egotism and greed.

When Latin American countries, and now Trinidad and Tobago, tried to negotiate with their so-called partners concerning their debt obligations, the answer was, "You should readjust," which means we have to adapt our economic institutions and procedures to those interests which control the world market. The process of readjustment is one-sided; the weaker countries toe the line. Those who are powerful do not think that re-adjustment is for them. We are expected, in the developing countries, to change our economic structures and institutions to foster the expansion of the free market. Therefore, we know that for the sake of the free market, people are sacrificed. We did ourselves proud, effectively challenging the recent USA ban on our yellow-fin tuna, and eventually having the ban lifted.

We have the propensity to consume foreign goods. This is not a myth, and the removal of the negative list will not only test our indigenous industries, but also summon from us greater discipline to keep in subjection our desire for imported goods, particularly the luxury items.

I stand here today to plead with the Minister of Finance and other policy makers on behalf of our nation to avoid any decision that may sink our country into further indebtedness to foreign institutions. I think that the previous Governments have done enough damage: To use two familiar expressions, "they have eaten sour grapes, and our teeth are set on edge;" and, similarly, "they have sown the wind, but we are reaping the whirlwind."

As reported in today's *Trinidad Guardian*, I think it is quite courageous for Antigua's Prime Minister to say, "I told the IMF we did not ask you for any money."

I now wish to draw to the attention of the hon. Minister of Finance certain specific matters in the Finance Bill which may require some reconsideration. I shall refer to a few items. I respectfully suggest a substantial decrease in the proposed fees for clubs, since prohibitive fees for the registration of clubs can result in, firstly, a rise in membership fees, as increased costs are transferred to members of the clubs; also membership becomes more expensive, and usually leads to the exclusion of a poorer clientele. And increased fees are a deterrent to new investors.

There is a woeful lack of recreational facilities in Trinidad and Tobago, particularly for evening hours, hence the need to encourage those willing to invest in the establishment and maintenance of clubs. This will certainly minimize the need for state provision in the critical area of social services.

In several villages and small towns there are no clubs providing recreational amenities for men or women, neither employed nor unemployed. Their basketball net sometimes stands on the sidewalk, under the nearest street lamp; and the culvert and pavement become their liming bench. For those who could afford, evenings are frittered away on rounds of beer at the nearest pub. Community centres are often abandoned, vandalized and underutilized. Well then, let us keep those club fees down and encourage the members' clubs and the proprietary clubs; give incentives for the purchase of tax-free billiard and pool tables; table tennis boards and sports equipment. Easily accessible, low-cost club facilities will contribute to wholesome recreation, and a possible decrease in crime.

Another area of concern, I share with the hon. Minister, pertains to Part IV under the caption "Births and Deaths Registration." The increase in fees seem reasonable. Since the venerable Red House has been subjected to disaster which threatens precious records of national significance, I suggest that a portion of revenue earned through the increased fees, be utilized to duplicate registers of births, deaths, marriages, *etc.*, in microfilm, or computer discs and stored elsewhere, other than the Red House. This will enable a more efficient recording and preservation of vital documents. It will also facilitate easy and rapid retrieval of information, and end the long delays suffered by the population when requests are made for copies of documents; and this system will provide the additional security for that part of our history now stored in this building.

In Part II of the Sixth Schedule, there is a cluster of goods, some of which are subject to increased duty. Yes, the intention is to protect the local market. But I would advise a reconsideration of proposals affecting popular, common and nutritious foods like liquid milk, slated for a 50 per cent surcharge, or fruit juices carrying 45 per cent to 50 per cent surcharge. I would not classify these as luxury items. If there are shortages on the local market, then such foods of foreign origin, but exorbitantly priced, will never reach the tables of the poor.

2.00 p.m.

The last item to which I draw your attention, Sir, is the 25 per cent increase in the price of artificial sweeteners. Of course, the rich would not worry too much. But how will this affect the 40,000 to 50,000 and more diabetics in this country? Although they are advised to stay away from sweets, there are many who use artificial sweeteners in their beverages. Also, health conscious citizens are included among the users of such sweeteners. Any programme for a healthy society is to be applauded. Thank you very much.

Sen. Everard Dean: Mr. President, in my very brief contribution to this debate, I should like to make probably two or three comments.

I am very pleased to see that the Government has taken steps to amend or to strengthen the administrative machinery as regards the VAT legislation, by plugging the loopholes. You see, Sir, while the consumers are called upon to pay that 15 per cent, some merchants do not make the corresponding payment to the VAT administration. If this is so, it is unfair, both to the consumer and the Government for such unscrupulous persons to get rich off a flawed system.

You may, I am sure, have heard that when you go to some stores, you are told that if you want to get the item cheaper, you do not have to get an invoice; but if you want an invoice, you have to pay the VAT. This, I think, is cheating. As a matter of fact, I feel both the merchant and the consumer are guilty of an offence.

Be that as it may, within recent times there is a need to address the advertisements that are coming out from some of our commercial houses; very prevalent misleading advertisements, inviting people to come and shop at their establishments and pay no VAT. I do not see how any businessman in Trinidad and Tobago would take out 15 per cent of his profits to pay over to the VAT administration on the consumer's behalf.

It is clear to me that what is needed is some kind of truth in advertising. The whole question of luring the consumer to shop at these establishments under the pretext of their not paying VAT, is distasteful. I believe that any commercial house advertising in this way, should be pounced upon immediately by the VAT administration, so as to ensure that they are paying the VAT over to the authorities and at the same time, be encouraged to do the right thing and tell the consumers they are paying the VAT.

Perhaps what is needed is a local Ralph Nader, so that we could have a leader in the community protecting the consumer at all times. You will agree that the consumer in this day and age of want and need, is a very vulnerable person. One only has to look at the "Action Line" column in the *Trinidad Express*, to see how many consumers are getting the runaround before a settlement is reached and on very small issues.

So I trust that Government will consider doing something positive, if not legislate, so as to discourage these misleading advertisements.

During the course of this debate we have heard many quotations and figures relating to our development. Only yesterday, the hon. Minister of Finance quoted from a book, *The Competitive Edge*, by one Mr. Porter. I feel it is the Porters of the world who have us remaining in an undeveloped state. I have here with me, a book entitled, *Underdevelopment is a State of Mind: The Latin American Case*, written by Lawrence E. Harrison. I just want to quote a short paragraph from it. The author of this definition is one Augusto Salazar Bondy, who it says, is a Peruvian intellectual. He states:

"Underdevelopment is not just a collection of statistical indices which enable a socio-economic picture to be drawn. It is also a state of mind, a way

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of expression, a form of outlook and a collective personality, marked by chronic infirmities and forms of maladjustments.

To make the point, the development of our people rests squarely on our shoulders and the shoulders of the government."

I go on to page 2 of the said book:

"Natural resources, climate, geography, history, market size, governmental policies and many other factors influence the direction and pace of progress. But the engine is human creative capacity."

He went on to state:

"My own belief is that the society that is most successful at helping its people—all its people—realize their creative potential is a society that will progress the fastest.

How does a society encourage the expression of human creative capacity? Basically, in seven ways:

1. Through the creation of an environment in which people expect and receive fair treatment.
2. Through an effective and accessible education system; one that provides basic intellectual and vocational tools; nurtures inquisitiveness, critical faculties, dissent, and creativity; and equips people to solve problems.
3. Through a health system that protects people from disease that debilitate and kill.
4. Through creation of an environment that encourages experimentation and criticism (which is often at the root of experimentation).
5. Through creation of an environment that helps people both discover their talents and interests and mesh them with the right jobs.
6. Through a system of incentives that rewards merit and achievement (and, conversely, discourages nepotism and 'pull').
7. Through creation of the stability and continuity that make it possible to plan ahead with confidence. Progress is made enormously more difficult by instability and discontinuity."

2.10 p.m.

The purpose of that quotation, is to make the point that development is not necessarily about economics alone. It must take the people and the people's need

into consideration. If we continue to look at the bottom-line approach of getting development in the fast lane, I think we have a problem. We must look at our human resource and create the right environment in which they will progress.

During the course of this debate, and just a moment ago, my colleague Rev. Teelucksingh alluded to something about race and religion in a positive sense. I feel that the time has come that instead of dividing ourselves, because of our diversity, we ought to celebrate our differences; we ought to get together and appreciate each other so that each one of us will work for the betterment and the progress of our country.

There is one other point I should like to make which probably could be considered controversial. I hope it is not. I make the observation about the debate in this Senate on the Finance Bill. I wonder if the system is still applicable to us in Trinidad and Tobago. It seems to me, having gone through the budget speech, having studied the estimates, having given the Government the authority by approving the budget, that the system should be looked at so that implementation of those provisions could be done under ministerial regulations. I am not trying to be insulting or offensive to anyone.

I think the contributions that came out over the last day and a half have been very interesting, eloquent and meaningful. Emerging were the questions of trade liberalization, and the monopolies commission. We have discovered that Sen. Rahael has qualified himself to sit on the front Bench of the Government; we have seen Sen. Barrack qualify himself to take over the leadership of the UNC in this Chamber.

Notwithstanding that, I feel this approach to settle all the matters concerning the budget, provides for political rhetoric that we can all do without in this august Chamber. It seems to me that what we have heard between yesterday and today is what we have heard before. Very little is new. I believe that our Parliament could be a little more productive—I am not saying we are not at this point—if we look at other issues that need to be looked at such as the very trade liberalization, the monopolies commission, even the BCCI scandal where many people lost money.

I think these areas are equally important to look at. I hope that probably some research could be done to see if it is absolutely necessary to have this debate on the Finance Bill. I am not advocating that we should disobey the Constitution, and that Members should not speak their minds. All I am simply saying is that it seems to me that we are perpetuating 400 years of colonialism. Thank you.

Sen. Ashick Hassim: Mr. President, I want to start with the production of edible oils as it affects the people of our country because we have been looking for a culprit to blame for the problems in the coconut industry which have been affecting thousands of farmers living in uncertainty.

I bring this point because we at the ADB have been faced with many problems from these farmers. Other banks and other creditors have also faced these problems. This is not something that escaped Government. I want to make this quite plain and we have been trying to get the solution to some of these problems.

I feel that a collective effort is needed to look into these problems to find ways and means of getting some ease for our farmers. I just want to go back and look at 1986 when the same thing happened and we are looking at the particular processing agency which has been creating more problems from time to time, even this year, and which we have been able to address partially. We have also been able to look at the short-term solutions and earlier this year the Minister of Agriculture had been looking at it and trying to get some of the options that could treat positively with the industry.

I raise this point because we have about 30,000 acres of land under coconuts. It is indigenous to the wetlands of our country and I do not think we have any other crop to replace that. Since the trees are there and they are producing, we have to find ways and means of utilizing the product.

2.20 p.m.

One of the ills that have been facing the farmers indirectly and directly is the marketing and improper public relations that have been carried out by different companies to induce the use of coconut oil. Quite recently we have had some very good reports and advertising. This has come out from CGA. I just want to quote for your information the myths and some facts, initially, as I go along:

"It was said that coconut oil has cholesterol."

This is a myth and we had this cleared by the Caribbean Food and Nutrition Institute which says:

"Cholesterol is only found in foods from animal sources."

That is a fact. We have the second one which is a myth.

"Coconut oil is bad, it raises serum cholesterol."

The fact is that the evidence so far does not substantiate this.

"Coconut oil has a neutral effect, neither raising nor lowering cholesterol levels.

Coconut eating people like the Filipinos have low serum cholesterol and a low level of coronary heart disease."

I just want to disabuse our citizens' minds of the myths and let them see that coconut oil is a good oil which is very safe. The kind of propaganda which has been going on is certainly affecting our farmers directly. I thought it best to bring it out here so that people would start using coconut oil again.

There is a report in the *Trinidad Guardian*, 1991 about the NFM. Now let me get back to the National Flour Mills. I do not want to get in between but what has been happening is that the soya bean, single pod in this country is processed for animal feed and the oil is also used. So there is a direct kind of competition. What I think we need to do is look at the two products and see whether we could have some better approach in marketing them.

As I said before, we are not only a caring Government, but also a listening Government. As we go along we shall look for the kind of assistance and co-operation that will allow our farmers to be in a better position, and they would be able to live their lives as they ought to.

The last problem we had was in September, 1991, as I was mentioning. There was some arrangement whereby NFM would deal with Lever Brothers and CGA and buy soap. What has happened is that a breakdown in the arrangement has resulted in what we are getting today in terms of the farmers' produce. There is a lot of produce housed in the Cedros/Mayaro area that has not been sold. As a result of this the Industry does not have the urge to go forward because of the inability of the farmers to sell their produce.

I want to point out that there are 30,000 acres of land, as I mentioned before, and 12,000 persons are depending on the industry. We should like to advance some suggestions and this is in train, because Government has seen the wisdom to use some of these ideas so that they could make the coconut industry a more viable one.

There is a study done by the IDC which gives a total report in terms of the use of coconut. I talk about the coconut in terms of the total number of trees we are looking at to be introduced with IDC and ADB. This in fact will create jobs. We shall be able to use more of the people in the production and downstream

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industries to manufacture mattresses, decorative clothes, fibre, rubberized fibre, yarn and mat making, hand-crafted coconut shell products and other products. We are looking at this and I think it is a positive step where we could use the industry to diversify.

I would suggest to Members on the other side, that instead of contradicting or finding fault, they should find some collective approach on the issues because they affect everyone, especially those who are not so endowed with the kind of resources in terms of—

Sen. Hosein: I wonder whether the Senator is recommending a national government.

Sen. Hassim: I was saying that we need the collective wisdom of all of us to start a new approach for the people of Trinidad and Tobago. As I have said before, we are both a listening and a caring Government and I do not think it is too much to ask our brothers or Members to pool ideas to get something done for the welfare and good of our people. We are open to suggestion and we are looking first of all towards expanding production.

What is important is that if we start to diversify into other products, we need to look at the export thrust for coconuts which I think we have not been doing. This is an area where we have been looking at job creation in the downstream industries of the coconut industry. I feel it is an area which we could look at and move on expeditiously. This is a country with free enterprise and I do not think that Government can just step in and stop CGA and stop NFM and stop Lever Brothers. What we are talking about is a more direct approach in terms of getting our people together and working out solutions. We have already done some work on it and I hope that with my contribution I shall be able to get other Senators incensed to do something to improve the industry.

2.30 p.m.

Earlier this year our Minister knew of the problems; he was involved in discussions with CGA who are also having some studies done and are, in fact, now trying to diversify. I have a report here, which can be read by anybody, in terms of the use of livestock under coconut, which is now receiving attention. As I mentioned before, we have to improve our advertising of coconut oil to have more and better use of the product. We are looking at areas also where coconut oil must have a larger share of the edible oil market.

Sen. Hosein: I wonder whether the good Senator can tell us what assistance the Government is prepared to give, immediately, to those starving coconut farmers. So far all I have heard is about studies and what is coming downstream. I wonder whether he can tell us what the Government can do, immediately, for these people.

Mr. President: The Senator is not a member of the Government. That question should properly be addressed to the Minister.

Sen. Hosein: I beg you pardon, Sir, I thought he was on the Government side. I must be making a mistake.

Sen. Hassim: Mr. President, probably I can answer. At the ADB we have several farmers now who are in a very difficult position to meet their financial obligations and what we have done, first of all, is to restructure their repayment schedules. That is one way we are helping them. We are trying to relieve them right now of that problem. The second way we are trying to help is by diversifying, using the livestock industry.

As I said before, we, as a Government, do not have all the answers to the problems in the coconut industry. We have to talk about the diversification plan. We have had several studies done with respect to diversifying the industry. It is now a matter of implementation and we are waiting for other people to sit down and work at the plan.

I do not feel that the position is as bad as one would expect it to be because we are actively working on this problem. We have information now that the diversification plan of 1991 is trying to help farmers to resuscitate and to have the full use of the resources. The plan is there and we have to implement it. The Government and other people have to sit and work at the plan, but we have not let that settle and just remain there unattended. We have put structures in place and are waiting now on the plans of the different companies so that we can sit together and produce something that is implementable.

Before I go on, allow me to look at two areas here, on page 23, anthuriums, cut flowers and cysanthemums. The import surcharge on anthuriums is zero per cent; cysanthemums, 25 per cent. I just want to mention here that, because of the extent of the investment in anthuriums and cysanthemums, something is being done here to protect the grower in Trinidad and Tobago, so the 25 per cent import surcharge will allow the local growers of cysanthemums to increase their production.

There is also the question of hatching eggs for the breeder and broiler flocks dealt with at page 22. As you know, we in Trinidad and Tobago are very fortunate in terms of the poultry industry which at present produces more than sufficient for our people in all aspects of production—from the eggs to the finished birds. We are trying to produce as many eggs as possible locally, hence the reason for hatching eggs having an import surcharge of 50 per cent.

I made my comments, on the coconut industry as I saw it because I feel, as part of the whole agricultural scenario, coconuts—and most of our Senators will agree—are causing a problem and we should move expeditiously to ensure that the problem is removed.

Mr. President, thank you.

Sen. Diana Mahabir-Wyatt: Mr. President. I begin this afternoon by congratulating Sen. Rahael on his really excellent maiden speech. I agree with my fellow Senators that he is obviously ripe for the Front Benches. He obviously did much research and showed conviction in what he said. It was very impressive.

I do not often speak on purely economic matters. I think that so many other people in this Chamber are so much more qualified than I am to speak on these things, but I have, with very sober consideration, come to the conclusion some time ago that in the long term, trade liberalization is inevitable, and this has been the topic in a lot of ways, going on in this debate.

As Minister Kuei Tung has said in another place, we are in a river that is running in that direction and we cannot get ourselves out of that river. I do not think we really have a choice; we are going to be carried by that current, willy nilly, the alternative being to give up and sink to the bottom and get to be like Haiti or Burkina Faso. I personally do not want that to happen to my country, and I do not want that to happen to the country that my children and my grandchildren are going to be living in.

2.40 p.m.

I have no argument with the removal of the negative list, provided that the obvious safeguards are being put in place to protect the surcharges or the non-tariff barriers, those small industries or the vulnerable industries that really cannot take care of themselves in the mean time.

That trade liberalization has historically worked out to the advantage of the developed countries is really no surprise. Yesterday, Sen. Muntaz Hosein

expressed the view that if we got into trade liberalization and swallowed this as a policy, we would have been hoodwinked. I actually wondered at his innocence and I was not sure who is being hoodwinked. I think that we know perfectly well what happens; it is not fair, but it does happen. It is one of the bitter facts of life that you have to accept. In introducing this bill, Minister Mottley said that it was only about the firms becoming competitive, on an international basis, against those whom they have to compete. I think there was much truth in what he said.

He also went on to say—and I hope that I am quoting him accurately here—that the Government's role in doing what it has been doing here over the past two days, is simply to create the ambiance in which this process of increasing efficiency, productivity, and competitiveness can take place. Then in a rather classic understatement, he went to say it is a risk, but there is no choice; we have to prepare for free international competition, and we have to come to terms with it. I think that this is something which is fairly obvious and I cannot argue with that.

I think that given the economies of scale that exist—and we do not seem to be taking this into account too much—most importantly, access to foreign exchange is not just what we can export, it is also the whole question which came up in the debate on the agricultural issue which was introduced by Prof. Spence, that the access to foreign exchange is also absolutely crucial when one is dealing with these matters of trade.

Local businesses have got restrictions on their access to foreign exchange in order to bring in raw materials and other goods, and to expect that we can compete on any kind of basis with countries the size of Brazil and Colombia, much less the United States or Canada, is a big bite to swallow.

I have no intention of spending useless energy in trying to fight policy directions that have already been decided, but I seriously believe that before we get to accepting, totally, the realization of trade liberalization, we have got to have in place, one, fiscal measures; two, reform in Customs Department to enable them to monitor and control things like under-invoicing, to curb the extent of corruption which we know goes on. Everybody knows that it exists. I mean, names and incidents are no secret in countries much given to “macociousness” like Trinidad, but this is not mentioned in a forum such as this.

Thirdly, the package of legislation—and this has been said by a number of other persons—unfair trade practices, things like the anti-dumping legislation

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which Sen. Daly was speaking about or under-invoicing, improper packaging, improper labelling, that kind of thing. I know the Government has, in principle, accepted that these things have to be done but, in principle, they have been accepted. I think the bill states that part of it will come into effect on May 12 and part in June, and this legislation is not here, so we would go ahead and all these things will be happening, and then we will run into problems.

I understand also that computerization is in train in the Customs Department. That will certainly help the situation, which I think Sen. Spence brought up, in that, from now on or whenever it gets through, individual customs officers, instead of having to use their own judgment as to where a particular item belongs, can have access to internationally agreed classifications and values, so you just press a button and it is there. Hopefully, that would take care of some of the problems.

To get from start-up level to export level, which is apparently what we are trying to do and what we see we shall have to do in terms of trade liberalization, it means we have to build up a base first, and small companies have got to start up being more efficient than they have been in the past. Because of the size of the market, because of the resources that are so scarce, fledgling industries in Trinidad and Tobago really still do need to have a certain amount of Government support which will create the ambiance in which they can develop. Fortunately, the Government, to its credit, does grant duty free concessions for raw materials, machinery and other basic inputs to our local manufacturing industries so that our manufacturers may compete internationally. I think it is essential that this be maintained, and I am very pleased to see that in this legislation nothing has been done to remove it.

There is, however, another area in which the appreciation of the needs of people involved in economic development has not been so evident. I have been involved in social and community work of one kind or another in this country for a number of years. One of the most depressed areas in Trinidad and Tobago that any social worker has to deal with is the area surrounding Point Fortin in the south. It is an area where there is only one major industry which employs some 320 persons who, on average, it is estimated, support four or five persons each; and probably through supplying services, such as cutting hair, groceries, and that kind of thing support another two or three persons.

So, all in all, 2,000 to 2,300 people depend on one industry, which is in Point Fortin, for their livelihood. It is already an area of extremely high unemployment.

The last study that was done by one of the economic organizations revealed that the unemployment rate was over 30 per cent. There is a high rate of alcohol and other substance abuse; and child abuse and family violence. It is a very depressed area with all the social crimes that go together with that sort of depressed area, and unemployment.

On page 30 of the bill before us, it is stated that tyres—the product made by the Point Fortin factory—are being taken off the negative list, and are being given a 50 per cent surcharge. That factory, as everybody knows, has been closed down for the past five or six weeks. I think that Sen. Rooks referred to it in his contribution a couple of weeks ago. I gathered that part of the reason for this is that they have a very high inventory. In other words, they are productive and efficient in the way that Mr. Mottley said he wanted the industries to be. However, the fact of the matter is that the market here is extremely small, the demand is very low, and it is no secret that a considerable number of illegal tyres come into Trinidad and Tobago that somehow get past Customs.

As a feature of the retread industry, "runners" are imported very frequently. Runners are tyres which are brought in, I gathered, mainly from the United States. When a tyre wears down so that there is only 120th of a millimetre of rubber, or something like that, is left, apparently, in the United States owners are no longer allowed to use such tyres because they are considered to be unsafe for US roads—which is a joke when you think of some of our roads compared to theirs. But people can import them into Trinidad and Tobago. They are supposed to be buffed—or whatever they call it—ground down, so that they can be recapped here.

What I gather from people who are in the industry is that these runners are just brought in for something like US \$2.00 to \$5.00 and sold, as is, here for TT \$100, \$150. When I was doing some research on this, one of the persons to whom I spoke said that, apparently, the two highest income-earning illegal industries in Trinidad and Tobago are cocaine and tyres. You can pay US \$2.00 to \$5.00 for a tyre and sell it for TT \$100 without doing the legally necessary thing of buffing and recapping it. So, it seems that we have got caught again.

Quite apart from that, the problem is that the tyre factory in Point Fortin, apparently, cannot really keep going on a surcharge as low as 50 per cent. In fact, it seems to be one of those industries that just cannot—at least for the time being—keep on going if tyres are taken off the negative list.

If these provisions on page 30 go through—as has been said over and over again, and this is hardly anything new—the factory is simply going to close. I recognize the difficulties that people have dealing with monopolies, and I think that in terms of Trinidad and Tobago, this is obviously a monopoly. But it is also an industry which, I recall, was started up in that area when the Shell people were moving out and the enormously high unemployment and the problems that were facing that area then.

2.50 p.m.

There is nothing else in that area of Point Fortin. There is a proposal that, I believe, a methanol plant is going there, but that from what I have been able to gather, is not going to be able to get underway for at least three years, anyway. Even that is not going to be able to employ the numbers of people that the tyre factory employs, so that there are somewhere between 2,000 and 2,500 people in that area who are faced with no jobs, increased unemployment and all the attendant social problems that this is going to bring.

I gather that this is a problem because of the IMF conditionalities which say that you have to remove items from the negative list. But having said that, I gather there is a fair number of precedents, even with the IMF in tow, where countries which have had to deal with the IMF have been allowed to make exceptions for industries that are particularly vulnerable and where communities are particularly vulnerable. India, I gather, which has also got IMF conditionalities, has been able to wangle exceptions in the matter of taking both cars and tyres off the negative list. So this is not an unusual thing but it is a unique thing that we are being faced with. My worry is that, within the next three years or so, until methanol or alternative industries can get going, the livelihood of the people who work in that factory and are supported by that factory be protected. Hopefully, by that time the factory could become productive, in the sense that Minister Mottley has suggested, and be competitive in terms of a broader market.

I do not think that this is the same thing as putting light bulbs on and off the negative list. It is a situation where a local manufacturer simply has to get his act together, and it is also a situation where you have got one factory, in fact, virtually supporting an entire community. If it is one of those instances where the industry cannot get its act together in such a short time—we have not given many of them very much time—I think special consideration should be given.

There is considerable evidence that there has been a lot of work done in relation to quality, upgrading of machinery and equipment in terms of the factory. I gather that the Bureau of Standards has been very much involved in this, but the cost of producing a tyre in Trinidad and Tobago is still too high and the competition that the factory is facing from Caricom countries, again, is one of the factors we have been having to battle.

I think this is a matter that has been concerning both the trade unions involved, as well as the employers in the industry and employers generally in the area. Work has been done on it, but until something happens, I think that we really have got to take a serious look at this and see if we cannot find some way in which this can be assisted. Apparently what happens in the Caricom market is that Jamaica also has a tyre factory—I do not remember the name of it—Goodyear? And the Jamaican laws allow for Jamaica to import Goodyear tyres. So that Jamaica produces tyres in its own tyre factory and exports to Trinidad and Tobago. They can sell their tyres slightly cheaper here than we can produce them. They they import Goodyear tyres from the United States but they sell the Jamaican-made tyres in Trinidad and Tobago.

Our laws do not allow us to do this, but their laws permit them. I know that Article 29 of the Caricom Agreement does allow a member state to make special concessions in any industry, or sector of an industry, that is experiencing serious difficulties due to a substantial decrease in internal demand for a domestic product, which is obviously what is happening in Trinidad and Tobago. I am not really getting into the Caricom question at the moment. I know that this Parliament is not debating the Caricom issue. What it is doing is dealing with the issue which is before us and that has to do with the imposition of surcharge.

If this particular factory, the tyre factory at Point Fortin, cannot deal with the surcharge without closing down—and even anti-dumping legislation is not going to help that in the short term—I think that there is definitely a special case to be made out in relation to the type of community that it supports, which is fairly isolated. It is an extreme social situation and I think that it deserves special consideration and I really would make a strong plea to the Minister and Parliament to seriously consider taking what, I know, is very radical action, and that is, the action of exempting these particular items on page 30—I think they are 40.11 and 40.12—exemption from the negative list.

If it is not done, I think that it is only fair that the public be made aware that removing tyres from the negative list is going to have certain social consequences. I think this is something that should be said openly; the response should be made publicly. If we decide not to leave these items on the negative list, we should accept politically and socially the consequences that are going to ensue from this. The comments that have been made by the workers and the union have been quite open in respect of what they think. I think that everyone who votes for this should accept the consequences which are going to ensue, and we should not try to feign surprise and dismay afterwards.

The non-governmental organizations that deal with social services—and the hon. Minister opposite will be very much aware of this—dealing with wife and child abuse and rape crisis, with drugs and substance abuse have really just run out of resources in dealing with this particular area. It is one of the most difficult areas to deal with and nothing more, I think, is going to be able to be done by the NGOs than is presently being done. If the factory closes down it is going to increase unemployment and the problems are going to increase.

It highlights, I think, Mr. President, the drawbacks of a wholesale acceptance of the trade liberalization policy that we are adopting, as was said yesterday, without a social consensus; and without a consensus of the people in this Parliament as to whether this Parliament, which is responsible for passing this bill today and is responsible to the people of this country for the measures that we are about to pass, fully accepts that policy. I am, as I said before, in favour of that policy but I do not think that we should jump, feet first, into it wholesale without considering individual cases.

I think that Sen. Spence's remarks yesterday were very apposite here. He said that if we did have procedures for sending matters to a select committee and if we had used that procedure, then these remarks that I just made would obviously be unnecessary today. But I think the arguments in this case are self-evident. I have highlighted one of the areas that will be affected. I have done so, simply because I happen to have a special interest in the social consequences and I long since learnt way back in the old days that you cannot divorce economic from social policies, although too often it looks to me as though we try to pretend that we can.

3.00 p.m.

In this regard I should like to just say that I listened with considerable enjoyment to Sen. Ainsley Mark's comments yesterday, and his attempts to try to

convince us that raising the corporate tax rate from 40 to 45 per cent was really a small matter when it came to determining investment, both local and foreign. I must admit that I have not heard such disdain for supply-side economics expressed since one of my beloved professors in economics 101 at university whose tone of voice describing supply-side economics, could only be ascribed to an orthodox Jewish rabbi talking about pork eaters. Sen. Mark reminded me very much of him.

I think that in the intervening years, which have been many, since I was in economics 101, I have become a little more cynical about economic theory. I do not think that either one or the other works entirely and no one is totally without value. But I do agree with Sen. Mark that there are many other factors which are involved in determining investment, both internal and external. He talked about political stability. I accept this, but we have not really got a good record, at least not abroad, on this at the moment. Because what with the attempted coup 20-odd months ago and our recent spate of public sector strikes and sabotage, we are really not, abroad anyway, creating a very good impression.

One of the other points he considered important was market size. Well this whole tyre thing just points up the difficulties there. He mentioned the educated workforce that we have, and we have been boasting about this for a long time. But I do not know whether Sen. Mark has been looking at the illiteracy figures which have been springing up in Trinidad and Tobago lately, which are really getting to be quite alarming. If we look at the examination results, can can honestly say—and I do not think any of us can—that we have been keeping up as a country in terms of education when it comes to electronics as well as computer technology, which is now pretty well universally required? From the educated workforce point of view, we are not really doing brilliantly either.

I could go on, but I will not. What I am just trying to point out is that we need all the help that we can get. Anybody who is trying to go into business or stay in business these days, really needs help. I have spoken to four different companies just in the last week, each one has said that it is going to have to downsize in terms of staff. This varies from 20 to 40 to 80 persons to something beyond that. I find this is extremely alarming. Partly the downsizing is about to take place because of the legislation that we are discussing here. Not that it is a surprise, because the budget speech, of course, has warned people far in advance. But I think it is a serious matter which we have to take into consideration.

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Sen. Mark yesterday quoted Fr. De Verteuil in his speech and asked how much of either one is prepared to accept in order to get to the good. I think it is a very pragmatic question to ask. I also think it is a very dangerous question to ask, because in asking it, what you are doing is accepting the inevitability of swallowing those aspects which you think are evil and hoping that the good will be forthcoming eventually.

With the intention which was stated by Minister Mottley, that the Government wishes to create an ambiance which is going to encourage business to become more competitive to a point where it is going to be able to be more productive and expand into export markets, I cannot somehow tie that together with an increase in corporate tax from 40 to 45 per cent. If you take that in addition to the already high VAT, I just do not see that this is going to create that kind of climate. History has really shown us that increases in corporate tax do lead to increases in unemployment, partly because people have to tighten up in order to become more efficient, partly because companies cut off marginally profitable areas in order to, again, maximize the rest. But it also leads to limitation of funds which are available for savings and for investment. Since banks and other lending institutions also have to have their corporate tax increased, I cannot help but feel that there is a connection between increased interest rates and increased corporation tax as well.

In the last seven or eight years, several retail companies as well, have told me that they have never faced such desperate months in terms of business as they have in the past two or three years. They, again, are going into many attempts to save employment. There are things like rota systems for employment; there is job-sharing; there is part-timing. Many people, again, are turning to laying off. I spoke earlier about the manufacturing industry. Two weeks ago Sen. Rooks spoke about unemployment and laying off people in the oil industry. These things have not improved since. While I realize that we cannot do anything about the international current which we are in with respect to trade liberalization, and we have been forced to accept that, I think we can do something in this Parliament to try to protect those special communities that are at risk in this country. I think we can do something in relation to raising or lowering corporate tax.

I am not so idealistic and I am not so naive, I hope, as to expect that all of a sudden this Parliament is going to say, "okay, great, let us not go with 45 per cent; let us go back to the 40 per cent and everybody will be happy." I know that is not going to happen, but I can hope—at least I can still do that—that the Minister will

at least give us the assurance that is very clearly set forward in the manifesto; I got it out and re-read it last night—that corporate tax is, in fact going to be lowered; that this increase is going to be a temporary thing. I think if we can just get it stated as a fact that this is the intention of the Government, that would go a certain way in creating a kind of ambiance and that climate that Minister Mottley is talking about.

I do not want to comment very much on other provisions. There were a certain number of people who commented on the question of diamonds and precious stones. I am surprised that people in this Senate are just not aware of the extent to which we have talent in this country in design and manufacture of jewellery, that John S. Donaldson Technical Institute every year turns out and churns out hundreds of students who are enormously talented in this area and who really cannot compete on any kind of market, in or outside Trinidad, simply because they cannot afford to get the stones to place on the jewellery. I think this is an employment-generating thing. It is like the question of caviar which tastes ghastly, but apparently there are some upper ends in the tourist market who need it. These matters are petty. If you put caviar back on the negative list, it is not going to feed any vagrants; it is not going to help anybody. It is not the situation where an entire community is being affected.

I think that if we are going to have to look at anything or hope for anything such as a change in the bill that is before us, what we should be looking for is the needs of an entire community where the social fabric is already so fragile; where the quality of people's lives at the moment is so low compared to the rest of the country, that something has got to be done to keep stability in that area. I fervently hope that we will be able to look at this very seriously in dealing with this bill. Thank you, very much.

3.10 p.m.

[MR. VICE-PRESIDENT *in the Chair*]

Sen. Pundit Ramcharan Gosine: Mr. Vice-President, first of all I should like to congratulate you on your elevation to the Chair.

Sir, I support the Finance Bill, 1992, and shall indicate that perhaps this bill is the precursor to bringing stimulation of economic activity in the country. I want to talk about trade liberalization. So many Members seem to think that this is the bogey in the economy right now. I shall begin with Sen. Muntaz Hosein who indeed said that he agreed with trade liberalization but not totally. I wondered in

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my mind when I listened to him whether his support was 50, 80, 40, 20 or what per cent. Indeed, I want to say that trade liberalization at this moment is inevitable and what comes out of it is that over time we have been talking about getting our industries to be cost effective, efficient, to increase productivity and so forth.

You may recall, Sir, that when this country was struggling in the 1960s we offered pioneer status to a number of industries and I want to draw Members' attention to the Aid Pioneer Industries Ordinance in which people were given 10-year free tax concessions and a number of other incentives in order to invest in this country and provide employment and manufacturing and so forth. And what happened? We saw over the years that these businesses that only concentrated on the local market so that their cost of production was high. They siphoned off all the foreign exchange they could get and their profits went abroad and nothing really happened. That would indicate to me personally, and I believe to a number of people in this country, that they were really not interested in developing Trinidad and Tobago as such. And whenever it was asked well, why are you not becoming more efficient? They would simply say, we will close down. And put so many people on the breadline.

Sen. Hosein: Mr. Vice-President, I wonder whether the Senator could substantiate the allegation of siphoning foreign exchange by these industries that were given pioneer status.

Sen. Gosine: Mr. Vice-President, let me continue with this and I will deal with Sen. Hosein as I go along.

Sen. Hosein: Mr. Vice-President, I rise again. The Senator should either substantiate his allegation or withdraw it. It is a very dangerous thing to come to the Senate and talk about people who have got pioneer status, PNM people, and I am defending the PNM people now because those are the people who got pioneer status—and not be able to substantiate it. I ask for your ruling, Sir.

Mr. Vice-President: Sen. Gosine you will either substantiate your statement or withdraw it.

Sen. Gosine: Mr. Vice-President, this is as I said my perception and I said there are a number of people in this country who felt that way. But I wanted to deal with it in another way later on but since you have ruled that I should deal with it I want to reiterate what I said, that I personally felt that way and there are a number of other persons who felt that way, that the people who enjoyed pioneer

status, that is, those people who benefited from pioneer status, were taking advantage of the situation, and whenever the point came up that they should do something to become efficient—

Sen. Hosein: On a point of order. It seems that the Senator is taking advantage of the ruling. You have ruled and you should not permit any Senator to continue the argument after you have ruled.

Mr. Vice-President: I had assumed that you would have either substantiated the statement or would have withdrawn it.

Sen. Gosine: Mr. Vice-President, it is a perception. How can I withdraw a perception? I withdraw. I was saying that whenever the situation arose, when there was the question of removal or, the 10-year period was up and they had to pay taxes, what happened was they would bring up the bogey of laying off people, and this has happened.

I worked in the Ministry of Labour and, in fact, people were threatened and Government had to intervene and allow these companies to continue. Over time these companies had been told that they had to become efficient and get markets out there; they had to be able to produce things that they could sell in order to become competitive. This is what should have been taking place over a period, therefore trade liberalization indeed forces these situations. You either now become competitive or you die.

I want to point out that in trade liberalization we have built-in safeguards, we have the surcharge, the tariff.

I want to deal with the question of the motor vehicle which is going to be removed from the negative list. If one looked at a fully assembled imported vehicle it would be seen that the import duty on that is 45 per cent; stamp duty 20 per cent, import surcharge 15 per cent. On all of that you pay the VAT of 15 per cent. In addition, you will have to pay the motor vehicle tax, according to the CC rating of the vehicle. On the other hand, the locally assembled vehicle only has to pay five per cent on the imported CKD kit; it has to pay the value added tax of 15 per cent and the motor vehicle tax. Therefore, sufficient safeguard is there. But if that vehicle can come here with all of those taxes and the local industry cannot refurbish itself and become efficient, then they have to think again. This is the whole question of trade liberalization as we see it.

I want to touch on Sen. Hosein's statement on the garment industry and employment and where he indicated in December 1991, MICO had employed 250 persons and by April 1992 they had laid off 100 persons. We have information from a Mr. Juman and this came through the Ministry of Labour, that MICO Garment Factory Limited in December 1991 had 125 employees and in May 1992 they had 90 employees so that 35 persons were laid off. This is simply a matter of putting the record straight.

The other point I wanted to make is that these were not regular employees of MICO because whenever there is a need for an increased demand for MICO products, they would take on additional persons casually. Therefore, when that goes down they would then get rid of those persons and take them back again as time goes on. They have stated this. In fact, as soon as the business begins to move up again they would again absorb these people.

Mr. Vice-President, this is perhaps why I did not see anything in the newspapers about laying off and you know how very vigilant our trade union people are. They would have picked up any layoff of a 100 persons in a factory.

3.20 p.m.

Sen. Hosein: Mr. Vice-President, may I ask the Senator the date of the information which he has because, I mentioned in the Senate yesterday, in response to some other Senator, that my information was of Tuesday, May 4, 1992. It was a telephone conversation with Mr. Afzal Juman.

If his information is later than that, then, I bow.

Sen. Gosine: Mr. Vice-President, my information is dated Wednesday May 6, 1992.

Having said that, I want to turn to the area dealing with a few comments made by Sen. Mansoor. First of all, I want to deal with Government's position in the provision of incentives to savings. For example, the 25 per cent on the unit trust/credit union to a maximum of \$625.00, \$12,000.00 for home repairs and the provision of savings bonds in different categories. He made a statement that these things will only benefit the rich and not the poor. I want this Senate to listen very carefully. This incentive to save is meant to benefit all persons having an income. If the poor means the person without income, or very little income, that person does not even pay tax.

I shall illustrate here with some figures. If your income is \$12,000.00 yearly, your tax is \$600.00 and your tax credit is \$600.00; therefore you pay no tax. If we take a person with \$12,000.00 yearly and less, as the poor person, the other person does not pay tax, according to the tax structure. If we take a person with \$20,000.00 income, he pays a tax of \$1,800.00. His tax credit is \$1,200.00 and therefore he has to pay \$600.00 on his \$20,000.00 income, but with that income; if he invests \$1,975.00, Government is going to help him with \$600.00. So it is either he buys units or saves in the credit union and qualifies to pay low taxes and realize a savings at the end of the year of \$2,500.00 on which he would also be receiving interest. What I am saying is that this kind of thing is meant to help the poor people.

In fact, if we look at those persons—I do not know what is rich, but I can tell you from my view that the rich and super-rich are persons with an income of \$120,000.00 or more yearly, like the CEOs in private enterprise. To these people, this is insignificant, the question of \$12,000.00 and the amount of taxes which they pay, because I worked out that their tax might be in the vicinity of \$80,000.00 and they will reduce that to about \$70,000.00; a mere \$10,000.00 on \$200,000.00 is chicken feed. The whole point is that this structure of the tax is meant to help people in the low and middle income brackets especially the middle income bracket to realize a savings.

What is going to happen to this savings? If it goes to the credit union and they make loans to small businesses, there is a multiplier effect with many benefits coming out of it. In addition, I feel that the question of savings in home construction would indeed provide what I would call the multiplier effect. There would be all those firms that cater for repairs, the plumbers, electricians, painters, carpenters and others and not to mention the hardware stores. In this way you are really stimulating the economy by encouraging this kind of savings.

Sen. Mansoor further said that the savings on the bonds are an expensive form of savings by the Government. He quoted some figures 13 per cent on the five-year bonds and 15.8 per cent on the ten-year bonds. Indeed, it is the use to which you put the funds realized from the bonds, that matters most. The finances realized from this would go into building schools, provision of medical facilities, hospitals and, therefore, the benefits to be derived are greater than the cost. So, there is a trade-off. Not only does it have this trade-off in making finances available for investment, but it also builds into the psyche of the people on how to

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go about saving and encourages them to save, to become people who could mobilize savings, so that we may then have finances for investment.

I want to continue with Sen. Mansoor where he indicated—I think he termed it a nuisance tax—that is, the stamp duty for registering births and deaths. This is record keeping which is vital to the country. You must be able to keep good and proper records. Sen. Teelucksingh spoke about computerizing and keeping records and he was indeed supporting the issue of the increases. I want to say that sometimes we might feel that the tax is small. It might be small by way of revenue earning, but it has other values, and we must look at all the other values to be derived from these measures before we dismiss them as nuisance taxes.

3.30 p.m.

I want to touch next on a few comments made by Sen. Daly. I am sorry that he is not here otherwise I would have given him a little lesson on looking up some of these words in medical dictionaries. Anthelmintics is the word that he was worried about. Anthelmintics simply means preparations for the cure of worms: round worms, hook worms, any preparation. That is the broad category name for that kind of preparation. Because there is now no VAT on all of these items, he was worried about how you differentiate between them.

I wanted to indicate to the good Senator that the Food and Drugs Inspectors are the ones who keep the record on the quantity and price and regulate mark-ups. It is a regulatory device put in place by Government. For example, if there is a drug that comes from the United States that is banned over there, like recently there was a drug that had to be taken off the shelves because they suspected some kind of contamination, it was the Food and Drugs people who ensured that it got off the shelves; the onus was not on the consumer to have all of these things in his head. The way in which that situation was regulated was through the Food and Drugs Inspectors, just as you have schedule inspectors for scheduled prices and, if they catch you, you pay the penalty. All of these things are in place and I wanted to allay the fears of the good Senator that indeed these broad categories are quite simple to understand once you get the hang of it.

I take the point that some education in the area is necessary and we should indeed look at that aspect because the consumer will then become more vigilant, but he can only be vigilant when he has information. As I said, it is not his responsibility but the responsibility of the Government and the Government's agent, the Food and Drugs Department.

I close with these remarks and I hope that I have brought some enlightenment to the Senate.

Thank you.

The Minister of Trade, Industry and Tourism (Sen. The Hon. Brian Kuei Tung): Mr. Vice-President, let me join my colleague in offering my congratulations to you on your sudden elevation. There is every indication of great things to come for you, Sir.

I had hoped that I would have been afforded the opportunity to change somewhat the focus of my contribution, having myself made a contribution in another place and having had the opportunity to ventilate a little, our trade reform programme, but after hearing this debate and enjoining my colleagues in support of this Finance Bill of 1992, it has occurred to me that a great deal of hysteria, fears, and misgivings seem to be evolving around the question of trade liberalization.

So, Mr. Vice-President, it is necessary for me to rehash my arguments on trade liberalization and to seek the indulgence of the Senate if I sound somewhat redundant, or a little superfluous; it is all in the interest of seeking completeness in my own contribution.

To do so I should like us to throw our minds back to the 1950s and the 1960s when we began our own industrialization process. It was the pursuit of a policy which was then known as import substitution, deliberately to drive business, as it were, into the realm of manufacturing, a new realm, I must say, and a realm in which at that time many businessmen were a little fearful to enter. To do so, as my erstwhile colleagues have said, a number of fiscal incentives were developed, one of which was pioneer status—and I shall not elaborate any more on that. But there were other fiscal incentives; another of which was to deny imports into Trinidad and Tobago and as it were, to close our trade borders completely. So that, in a sense a captive domestic market became readily available to whosoever wished. I do know that a number of foreign manufacturers were also attracted because they themselves were export-led and wanted to get into the Trinidad market.

What in essence this particular policy achieved, was that it was able to utilize what, in those days, appeared to be relatively cheap labour and combine it with local and foreign investment to produce goods, which, up to that time, had been sourced and obtained from foreign markets. Now import substitution as a policy is

not one to decry, because I want to suggest that, import substitution is the engine that brought us the manufacturing successes we have had.

Import substitution, however, had a couple negative effects. One effect I want to talk a little about is the one which Sen. Daly, in particular, has expressed much fear about. What it achieved as a negative was that it created monopolistic profits for a favoured few who were given the opportunity to manufacture products without having to face any form of competition. What that did was to give rise to the creation of monopolies and so allowed manufacturers free rein in a captive domestic market. So that their products need not have been fair quality, need not have been price sensitive; they need not have cared about delivery schedules, whether they met them or not was immaterial. Alternative goods were not available until the manufacturer chose to bring them to the consuming public.

In essence, this import substitution, while it has benefited Trinidad and Tobago over the years, has brought with it several negatives. One negative obviously was the use of negative listing, a negative listing which I suspect some people might at another time have very well been criticizing, but today are some of its staunchest defenders; a negative listing that denied to the buying public of Trinidad and Tobago the right to foreign goods, even though they would have been cheaper in spite of whatever tariffs were imposed in those days.

I should like to digress a second. When I went into the Ministry one of the things that I looked at was the removal of motor vehicles from the negative list. I asked a few questions, and it was abundantly clear—

Sen. Hosein: Will the Minister give way to ask a question? Based on what he is telling this Senate, is he implying that negative listing means that you ban the goods? My understanding is that the Minister has the power to grant licences. Will he clarify that, please?

Hon. B. Kuei Tung: Negative listing initially was a ban for several reasons. It was intended to protect infant and vulnerable industries or manufacturers. It was also meant to protect substitute products. As I said in another place, as far as I know, we do not produce apples and grapes, but they were banned, so that it was meant to protect our citrus, our mangoes and other fruits from a substitute product. The negative listing, therefore, allows the Minister an opportunity to allow imports under licence. But the "under licence" itself is what I would also allude to as being able to create monopolistic profits in the hands of a few.

3.40 p.m.

So that to talk a little bit about the motor vehicle industry, as I was saying, on entering the Ministry, I asked: How is it that a completely knocked down car cost roughly about 10 per cent more than the cost of a completed car? The response, Mr. Vice-President, if you will allow me, was given to me as a joke. I was told: "In Japan, the Japanese do not produce completely knocked down cars; they manufacture cars." So that when we wanted to protect an assembly industry here we had to pay more by providing additional Japanese jobs to break down the cars into completely knocked down kits and send them to Trinidad so that we may provide a few jobs in an assembly industry. That is to suggest, in my view, that the negative list has long outlived its usefulness. To put it in further context, in the 1970s and 1980s—

Sen. Prof. Spence: Sen. Hosein has raised an extremely important point. In fact, it puts a stigma on the fact that the negative list was not properly used. It is not that it was not a useful device, because if the Minister chose, he could have put pressure on the local industry, but put it where it was necessary, and he need not have created monopolistic opportunities by giving licences to certain people only; he could have spread the licences. So what one is criticizing is not the system but the way that it was operated; which is a different thing completely, and it is a very important principle to look at.

If what the hon. Minister says is correct, why is it that the negative listing of motor vehicles is not going to be removed for another few years? I agree entirely with what he has just said, but why then that is not the one that is going to be removed when so many others are being removed?

Hon. B. Kuei Tung: I am sorry; I misunderstood that. Is Sen. Spence saying that motor vehicles will not be removed over the next few years?

Sen. Prof. Spence: Why would they not be removed in June like the other items? That is what I am asking.

Hon. B. Kuei Tung: Motor vehicles have already been removed from the negative list. All brand new motor vehicles are allowed without the need of a licence, or otherwise. Sen. Mansoor can bear me out.

I continue my presentation. In the 1970s and 1980s, arising out of the windfall of our earnings from the increase in the price of oil, there was a shift from a manufacturing or industrialization thrust to an oil and gas exploitation thrust and

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our industrialization policy moved into the oil and energy sectors. But a fundamental restructuring of the economy was realized through such investments which, together with the petroleum sector, contributed to the principal source of our foreign exchange earnings. However—and to be a little succinct—with the collapse of the oil prices in the early 1980s what happened is that there became a need to focus industrialization policy in another direction. It became obvious that we had to take the opportunity to review our entire non-oil manufacturing sector.

That virtually brings us to the 1990s. To understand a little about what is happening in the 1990s, I think we must accept that we are a very small player in the mainstream of economic activity worldwide and, therefore, we cannot afford to ignore the global trends. To do so, would be dooming us to being a backward country for the rest of our lives. If we choose to ignore some of these trends—which I should like to develop for a second—I believe, we would be doing ourselves a disservice in terms of not taking advantage of the opportunities as they come by. In terms of trends, we all know that the European Economic Community will be a reality very soon.

Mr. Vice-President, I shift from that side of the world and talk a little about our own western hemisphere. If one looks at what is happening around us in terms of trade liberalization—a term, as I said, that seems to engender so much fear in us—trade liberalization is inevitable. The three major countries in the western hemisphere, namely, Canada, USA, and Mexico, have already formed a North American Free Trade Association. What that means is they have literally pulled down their trade barriers among the three giants in North America. That is trade liberalization. That is something that we have to understand.

Secondly, if you look further south you would see that there is a Central American Common Market. If you look side by side with that, we have our own Caricom Common Market. Then if you look further south, you would see that there is the Andian Pact comprised of countries like Venezuela, Colombia, Peru, and Bolivia. And even further south, there is the southern cone of South America and there is what is known as MERCOSUR, comprising countries like Brazil, Argentina, Paraguay and Uruguay. We have literally seen the entire western hemisphere carved up in free trade associations, and we choose, even though we are part of that western hemisphere, to debate whether trade liberalization is good, bad, or otherwise.

Mr. Vice-President, I suggest that within the mainstream of that economic activity we really have very few options. One option is to step aside and imply that we do not want to be part of the global economic activity, that we are going to shut our borders; we are going to develop strategies that are inward-looking; that we can feed on ourselves.

Sen. Hosein: Mr. Vice-President, it seems to me that the Minister is telling us about trading blocs—not trade liberalization—and I know that is a reality. Which one of these blocs are we planning to join?

Hon. B. Kuei Tung: Mr. Vice-President, it is not a question about choosing to join trading blocs. My contribution suggests that trade liberalization is something that is going on within these blocs where these people have liberalized their own trade policies to the point of destroying or breaking down the trade borders. So that it is not a question of our aspiring—as a matter of fact, we have already begun to make entries. We have approached Venezuela for free trade. Venezuela has offered us one-way free trade, to start with. Venezuela and Columbia have already entered a total free trade association. Chile has already formed a free trade liaison with Mexico and is making proposals now to join the United States. There seems to be a mad rush for free trade associations because everyone wants to get in on the ground floor and everyone wants to make sure of some competitive advantage in one's trading.

As I was saying, we can step aside. I would not recommend that line of action, though. We can turn back within the mainstream of economic activity and presume that everybody, except us, is going in the wrong direction. I would not recommend that line of action, either. What I should like to recommend is another option which I think is much more applicable to our circumstances. That is, we pick our way carefully and gingerly through that mainstream of economic activity, by adopting strategies and policies which are applicable to us, our size, our environment and our given circumstances in terms of our present resources. There is a growing trend for us to want to emulate large developed countries and to say that Japan and Korea are doing this, I suggest that until our circumstances compare with Japan, Korea and other countries, we should, instead, develop policies and strategies that can suit our particular circumstances.

3.50 p.m.

Hon. Senator: Trade liberalization is one of them. Is it not?

Hon. B. Kuei Tung: One of the strategies that I would suggest we need to develop is, by prudent financial management, to disengage, ultimately, from the World Bank, the IMF, and the other banks. But in suggesting that that is a strategy to disengage, I believe it would merely come to nought if we continued our behaviour as if nothing else has changed. Because in disengaging, we have to understand that trade liberalization or trade reform would have been the basis under which we would have been able to get our economy to spring. I say so because there is no doubt in my mind that in the 1990s, export-led growth is where our economy needs to head.

If we continue to feed on ourselves, if we continue to think that we can only look at our local domestic market, we are really not going to be able to achieve the competitiveness on the international market that we need to pursue. So within the context of that environment, and understanding that trade liberalization or, to give it my own preferred terminology, trade reform programme, we need to develop specific policies which would see us, for the sake of argument, strengthening the management of our public sector investment programme, introducing tax reform—and I suspect that is a bit of a bogey in many people's minds, but it has to be ultimately one of our strategies—restructuring and divesting state owned enterprises, liberalizing trade and improving incentives for business expansion and promotion.

To that end, my ministry is currently developing a strategic plan which, for the benefit of this honourable Senate, sets objectives such as an acceptable target level of unemployment—we have not defined a percentage as yet, a rate of increase in the gross domestic product, which could be sustained at a level that is not any less than the rate of population growth, improve hard currency earnings in order to allow a balance of payments position with respect to gross reserves that would cover at least several months' imports, enhancement of government revenue in what we consider to be a non-inflationary way, in order to allow a surplus on the current account of, at least a certain percentage of the gross domestic product and at an acceptable level of inflation.

Now those five objectives should be perceived in the light of some of the strategies and the implications for national performance that trade liberalization, for the sake of argument, and an awareness of the fact that international competitiveness means far more within that scheme of things than local competitiveness. So we need to define what national strategies we can employ for

the business sector to reach an acceptable competitive position within that international perspective. I dare say I want to share with you, because I myself am very much an unrepentant capitalist, it is the only flaw in my otherwise perfect character, in the sense that it is the only—

Hon. Senator: Such modesty.

Hon. B. Kuei Tung: The only ideology, if I can use that word, that I am prepared to subscribe to, Mr. Vice-President. Why business? Because, in my view, businesses have a history of being able to adjust to even the most harsh and brutal of conditions. They are also an efficient and brutal allocator of resources. By that I mean that resources tend to be attracted and tend to move into areas where they are able to attract the greatest returns. Business has dynamic and innovative attributes and generally is the heart of economic life.

Now, Mr. Vice-President, I want to talk a little about investments because it really makes no sense talking about expansion and development of business if we really are not going to be in a position to get capital where it is needed most. There is a perception that we have a unique piece of the world that every single investor is dying to get his hands on. It is a perception that has grown over the years and we, somehow, expect that there is this long queue of investors sitting outside, maybe at Piarco, or maybe the Atlantic Ocean, waiting to bring their money into this country, because this country is going to give them something that cannot be found anywhere else.

There are many constraints on investment, whether it be of foreign or local investment. There is instead a very acute shortage of capital, both equity capital and loan capital in the world. There are a great many more demands for capital than there is for supply. In my contribution I need to alert every national, every Trinidadian and Tobagonian, to understand that everyone of us, leaders or otherwise, plays an important role in attracting capital, whether that capital is local or foreign. I dare say I do not know of any local investor who is going to invest in Trinidad unless he is satisfied that the circumstances are such that they are going to give him a fair rate of return. If there is no rate of return, there is no investment. So that if we perceive this investment as being a very slender thread that can easily burst at the slightest nudge of any wrong perception, we will understand how fickle is that quality which is called “confidence.” Because everyone of us plays an important part, everyone of us has a responsibility to contribute towards creating that atmosphere of a healthy investment climate. So

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that when, for the sake of argument, there is a risk that there will be no water or electricity, because of the urgings of certain leaders, investors say, "Should I invest when I am not going to have a reliable source of supply of electricity or water or telephones?"

I need to make this point abundantly clear, that everyone of us, in this Senate, in particular, as leaders, must understand the responsibility to attract foreign investment. Because without that foreign and local investment there will be no jobs. We all can sit here and talk about mobilizing youth and people and everything, but if we do not contribute towards that healthy investment climate, there will be no jobs. It is a fact of life that many of us choose to ignore.

Sen. Daly: May I say in passing, Mr. Vice-President, how pleasant it is to rise before your illustrious presence in the Chair, and if you would permit me, I invite the Minister to tell us whether the Aliens (Landholding) Act is not inconsistent with his view that we must be careful that we believe that Trinidad is a hallowed piece of ground. I should like to get his view about that, and whether his strategic plan includes any further reform of the Aliens (Landholding) Act which contributes to the perception that we are a special piece of ground. And I should also like to know whether his strategic plan includes anti-dumping legislation and when we will get it; whether it includes reform of the Companies Act and when we will get it, bearing in mind the Act is drafted already; and whether it includes monopoly legislation. Thank you very much.

4.00 p.m.

Hon. B. Kuei Tung: Mr. Vice-President, I am not sure how many people realize that this Senate is blessed with having three chartered accountants. We also have a number of lawyers. It is a particular opportunity for me to tell a man of the legal fraternity that he should know that the Aliens (Landholding) Act has been repealed and that there is, instead, a Foreign Investment Act, which in some measure had been driven by us when we were in Opposition, and to which we subscribe. In a few minutes I am going to develop a little more on some of the other strategies but I would want to hold my comment with respect to anti-dumping for a few minutes.

I was going to talk a little instead about the import surcharges and be a little direct. The import surcharges had been developed—and let me explain about how

these import surcharges were developed, because I got the impression that people think that certain things are exempt and there will be no duties on them.

The import surcharge is really topping up surcharge. Topping up, meaning, that generally these items already attract customs duty, stamp duty and a range of other tariffs. I will not say that I know them all, because there may be several hundred items on this listing. The import surcharge is one of the safeguard mechanisms which are being used to offer some measure of protection, as a transitionary arrangement, to manufacturers. So it is really a topping up. If there is a zero, what we are really saying is there is no need to top up.

So for the sake of argument—and I know the question of cheese was raised. Cheese, which, unfortunately is not being produced in Trinidad and which has been considered by most to be the poor man's food, has really not been imposed any additional surcharge because we did not want to make it any more costly.

In terms of how these surcharges were raised, there was—from my earlier comment—indication to a trade technical committee, a working committee, made up of people from the Central Statistical Office, the Central Bank, the IDC and the Ministries of Finance, Planning, Agriculture and Trade, technocrats who got together and did a review of these surcharges. In a sense they are the ones who came up with this—given certain policy guidelines—so that this listing generally reflects our own political direction and policy guidelines.

I have heard the suggestion. Well, that there should be provision for the creation of a Senate subcommittee on these matters. I suggest, that in such a case this bill will never be passed, because there are so many items here that can raise so many arguments, that to waste the Senate's time in talking about a Senate subcommittee, to do what can easily be done by a working technical committee, is really asking too much. I say that, because, really, the measure of input I, myself, as the Minister of Trade had to have in this, has been so minimal, only in the sense that we understand clearly there is a direction we want to move in. I am not in a position to defend, this afternoon whether it should be 15 per cent on chrysanthemums and 25 per cent on anthuriums or 30 per cent.

I have noted Sen. Mahabir-Wyatt's comments about tyres and I have made a note. I rather suspect that one of the things that we may not do is to allow used tyres into this country. We are going to contemplate that only because as far as we are concerned, the negative list is really to address imports of new goods or first quality goods.

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I come now to some of the other transitional strategies which I need to mention. We see trade reform as a package of measures that have to be put in place. Let me also preface my comment by saying, that as far as I am concerned, no manufacturer will ever be ready for trade reform. Even if he got his price down to one dollar—he might be able to get it down to lower than that—even if he got his product competitively priced internationally, he would still argue that he is not quite ready. The only analogy I can use to parallel that is that it is like moving into a new house—if you wait until everything is perfect, 10 years down the road, you would still be finding fault with the house and you would not have moved in. That is the way I see manufacturing at this time.

Regrettably, if we accept that export-led growth is the plank on which our economy is going to springboard, we have to do it sooner, rather than later. As businessmen, we all know that any lost opportunity never returns.

So that within that trade reform programme, I see the import surcharges which are here before us this afternoon, as being the first in a number of measures. Some of them do not necessarily require legislation.

But I want to talk a little about what is known as ASYCUDA which is a customs computer system which is presently being installed. The name really stands for an Automated Systems for Customs Data, which is something which we have been able to acquire out of the World Bank to help in customs reform, in terms of the administrative framework which currently exists. I am not going to be so loose to talk about some of the graft and corruption perceived in Customs. I am going to say instead, that out of our concern for things like under-invoicing and over-invoicing and to move into the age of technology we need to have a proper computer system which we can use as a database for which we can track every single entry of customs in Trinidad and Tobago. Without that, we are really throwing our manufacturers to the wolves. That ASYCUDA is going to be a critical and pertinent piece of that trade reform programme.

I now talk about anti-dumping and unfair trade practices. Within recent times we have had anti-dumping legislation already drafted. However, when we came into office, after discussions which I had with manufacturers, it occurred to me that the anti-dumping legislation did not go far enough to address a number of unfair trade practices. What we did was, we went out and asked certain businessmen, the Chamber, TTMA and what have you, whether they would give us some feedback as to how wide they needed the net to be, and we are now in the

process of drafting an Anti-dumping and Unfair Trade Practices Bill which should be available within another three to four weeks.

We have currently a committee looking at the question of how to enforce in more strict ways, certain pieces of legislation which are already on the books. Things like our standards, we need to establish a way or means to enforce standards for imports of goods. We need to enforce the stricter use of labelling in Trinidad and Tobago. We need to ensure that goods that come into this country are properly labelled in English. We already have the legislation, but it is not enforced. We need to understand that we need to enforce food and drugs legislation. For the sake of argument, food and drugs which have already passed the expiry date as shown on the labels, should be rejected and not be allowed into the country.

Sen. Hosein: Mr. Vice-President, I wonder whether the hon. Minister will inform us, since we are talking about the question of standards. The Bureau of Standards for years, have been understaffed. They have been begging for funds. Since he wants to achieve all of these laudable things and I want to see him do it, like yesterday, I wonder if he can tell us how much more money he has decided to give the Bureau of Standards. Is he going to accede to the request that manufacturers should be members of the Bureau of Standards to be watchdogs over the standard of goods coming into the country?

Sen. Prof. Spence: Mr. Vice-President, I wonder if he would address for us the policy with respect to trade reform on agricultural products.

The hon. Minister of Finance made a comment which concerned me considerably. He said that he thought perhaps trade reform would apply to non-food items. I wonder if the hon. Minister would make a statement in regard to what the prospects are for the agricultural sector.

Hon. B. Kuei Tung: Mr. Vice-President, on the question of the Bureau of Standards—I believe I have been quoted, misquoted, underquoted, overquoted with respect to the rationalization of the agencies that are reporting to my ministry, of which the Bureau of Standards happens to be one—I say so because we are in the process of reviewing our scarce resources, human and otherwise, and ensuring that we are getting proper value for our money. If I should take the opportunity to address the Bureau of Standards without looking at the whole myriad of organizations which report to my ministry, I would be doing it a

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disservice. I am on record as saying that rationalization has already started and is too far gone for us to consider putting manufacturers on the boards and bureaus.

4.10 p.m.

In the case of agriculture, maybe I was a little remiss in not informing this honourable Senate about the question of removal from the negative list. There are three areas in which the list is going to remain. One is an area where we need to retain it for public health purposes. I suspect that one example which comes readily to my mind is that we have to have cocaine on the negative list

Similarly, items of a national security nature. We will continue to have things like guns and ammunition remain on the negative list. The third area is items which are subject to international agreements. I did talk earlier about having free trade agreements. If they are already in place or if they should come into place, the negative list will remain where those items are concerned.

As regards agriculture, those involved with the recent Maxwell Stamp PLC Report, it became obvious to them—and it was brought to their attention by us—that we may have a case to protect primary agricultural produce. I say "may have a case" because we are prepared to support that there is need for Trinidad and Tobago, at this time, to protect agriculture in its primary form. I say "primary form" because we are not talking here about processed food. So for the sake of argument, I can use a loose example. We may allow carrots to remain on the negative list in its raw form but will not allow it in the form of processed or frozen carrots. I hope that I have been able to address it in some way.

In winding up very quickly I was about to say that the last plank in that whole programme of activities—

Sen. Hosein: Mr. Vice-President, I am sorry that I have to interrupt the Minister but it is the only way I can get the information I require. I am surprised that the Minister is winding up without giving due attention to some of the points which I raised yesterday, one of which is that you have a problem right now in the country where people are being retrenched from their jobs and put on the breadline. The country is in trouble. As difficult as it is now to make ends meet with a small pittance, these people will have nothing. You have some who are going to be on a three-day work week. What can he tell me, if anything, his Ministry prepared to do in the immediate future to help these people?

Hon. B. Kuei Tung: Mr. Vice-President, I rather suspect that the hon. Senator plans to keep me here way past the tea break.

My ministry has made a contribution to the unemployment and job creation symposium. My ministry is already on record as having taken the lead in a number of issues. I am really at pains to understand why the hon. Senator persists in asking questions which have very little relevance to the passage of the Finance Bill, 1992 when he chose, of his own free will, not to attend.

Sen. Hosein: Mr. Vice-President, I must interrupt. I believe that the Minister must withdraw that statement. If I made statements in this Senate that were inconsistent with the bill before us, our good Vice-President would have stopped me and since he did not, we all have to assume that they were relevant, and therefore, the Minister's remark is contemptuous of the Chair and he should withdraw it

Hon. B. Kuei Tung: Mr. Vice-President, I presumed that it was a statement and not a question. So that in completing my contribution I just want to add—

Sen. Hosein: Mr. Vice-President, may I ask for your ruling please. I have asked for a withdrawal because I think it is insulting to the Chair and I take a very stern and strong exception to the insulting of the President of this Senate. I cannot see that you as Vice-President, can allow this. I ask for your ruling.

Mr. Vice-President: Sen. Hosein, the President does not always have to rule that a Member is irrelevant. As such I do not think that the Minister will withdraw his statement.

Hon. B. Kuei Tung: Let me just say that one of the final areas of concern to us which we plan to use is the question of a revenue protection agency as obtains currently in Jamaica and which model we are at present studying with a view to ensuring that the Government is neither defrauded nor cheated out of its full revenues that come in through customs or otherwise.

In winding up, therefore, let me say that the trade reform programme is not as much a leap in the dark, as it is a contrived policy to ensure that our manufacturing sector is nudged towards export-led growth which is going to be the key both in the oil and non-oil sectors, to our survival as we turn towards the year 2,000. In the context of that, let me say that if we have the resolve of the private sector, the political will and hopefully an understanding from the unions, we would be in a position to demonstrate that there is strength in unity and that we can face an uncertain economic future with bravery, confidence and with an understanding that we are taking the right leap, but not into the dark.

Sen. Daly: Mr. Vice-President, let me make, under your wise guidance, a last try. I have taken note of the Minister's promise that he will be bringing the anti-dumping legislation and Unfair Trade Practices Bill but in three or four weeks' time. May I ask him again, if when he is bringing that we can look forward to the Companies Bill? There is one in the office of the Attorney General already. I promise you, because I was on the committee which drafted it. Can I ask him if he will bring the Companies Bill, a statement on monopolies commission and a statement on further reform of the Foreign Investment Act which still requires the aliens landholding licences for certain types of investment?

Mr. Vice-President: The speaking time of the Senator has expired.

Motion made, That the hon. Minister's speaking time be extended by 15 minutes. [*Hon. R. Huggins*]

Question put and agreed to.

Hon. B. Kuei Tung: Mr. Vice-President, in response, I am aware that there has been a revision of the Companies Act. A full bill for a new Companies Act has been prepared. I am aware that we still operate under a 1929 Companies Act. I am going to mention one other thing. We have already created a committee of permanent secretaries who are reviewing the whole shebang of legislation that is floating off there so that we can begin to prioritize it. My own preference is to see the Company's Bill as part of that priority.

On the Foreign Investment Bill, I am not aware that there is any need but I can undertake to look at it. I should be happy if the Senator could meet with me to indicate what particular area he is talking about. Our party has a particular position on monopolies and a monopolies commission, and I should be happy to share that with him as well.

I join my colleague the hon. Minister of Finance in supporting this bill and I commend it to the Senate.

Sen. Carol Mahadeo: Mr. Vice-President, you brought me on unexpectedly in the last few minutes before the tea break as has happened before, and now just as we had finished all of yesterday, last evening and this afternoon, I see that we have all now entered the doldrums. Indeed, I think every Member sitting in the Senate here this afternoon has reached saturation point so that what I have to say is that after all is said and done, and all aspects of this Finance Bill have been turned inside out and looked at by various people including economists,

accountants, lawyers, others in other walks of life, and various other disciplines and the professors at the university and so forth, I am trying to make my humble contribution with what we called in local parlance—and I do not know whether you are familiar with this word "Rébouk". I am part of the "Rébouk" of the presenters.

Sen. Rahael, first I congratulate him, as I congratulate you, Sir, on having taken the Chair. I have known him to be a very astute businessman, but never did I realize he had such oratorical talent as well that would qualify him for the Front Bench. I am particularly interested although other Senators before me touched on these various aspects.

4.20 p.m.

I go on to a letter which was disseminated to all and sundry, both in the Lower House and here, I take it. I was not going to deal with it even by way of an oral question, but since Sen. Rahael spoke about the fabric industry, I thought it fit, that it was right now, for me to speak about it. This letter has come to all of us, it has come from a group. Why I did not touch on it is that it came from a group of people who did not put their names on the document. However, they did insert a piece of fabric. The letter alleges malpractices at a certain textile mill.

Yesterday, I heard the Senator refer to a finishing textile mill, but I was wondering where such a mill exists in Trinidad and Tobago. I know of only one textile mill. The complaints by the group of people are that, not only is this mill contravening their duty-free entitlement. They bring in materials under the guise of one thing, and do something else with them. It is showing here from this piece, if I am to follow up what is written here and attached, that they are bringing in woven and dyed material into this country from various other countries and putting it into the mill, I will not call the name of the mill. We have all read the letter and know who is the alleged culprit. Bolts and bolts of material are just pulled out from that mill and then farmed out to various other manufacturers, who will do X, Y and Z with it; whether they want to tie-dye or do other things with it. In fact, it is already woven, dyed and so forth when it comes in and yet they are claiming their duty-free entitlement.

Now that this matter has been aired, I should like the hon. Minister of Trade, perhaps to address his mind to this question and tell us something more about it because the smaller people in the trade are denied this use and are subjected to the misuse of privilege. I am very happy this afternoon to be able to raise this as a

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result of Sen. John Rahael's having brought it out into the open yesterday afternoon, but under different circumstances.

I shall not deliberate very long on the question of caviar and the type of corned beef, and corned mutton and things like that which are subject to different types of surcharges. I wanted to speak about something that is so very relevant to all of us; we had raised it very early in the budget debate. It has to do with the removal of VAT from certain non-prescription medicines and over-the-counter patents, as well as school books.

I have to use my personal experience as I did in January, when a brother Senator from the Opposition bench was prescribing to me in his own way about the liquid Absorbine, which is used by vets for a certain type of ailment. He found it to be very effective and I thought I would take his advice. I went myself to purchase a bottle of that type of helpful medicine last week, only to be told that this is athletes' business and anything that athletes are using is subject to VAT. I said, "Well, I see two horses' legs painted onto the bottle and I know that these are for muscular aches, pains and pulled muscles of animals and that would be for the animal to recover from an ailment, not for athletes to enhance their performance." But I still had to pay the VAT.

Pharmacists have been saying, as well as the Customs and Excise Department, that they are very unclear as to what is vatable and what is not. So, where are we going? Pharmacists are saying they are unclear; they do not know, so it is the consumers out there "to catch". The Customs and Excise Department has been saying—and I read that in one of the weekly newspapers—that Sanatogen Powder is a solid and as such is a food, a tonic and it is subject to VAT, although sick people use it.

Earlier this afternoon, I heard another Senator mention something about milk—I think it was Sen. Teelucksingh—milk and milk products and fruit juices; are they to be also taxable? Are we going to call those things luxury items?

4.30 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

[MR. PRESIDENT *in the Chair*]

Sen. C. Mahadeo: Mr. President, before the tea break, I had completed what I was saying about the fabric industry and I had touched on the question of VAT and non-vatable items as they pertain to non-prescription drugs and over-the-counter patented sales. It was clearly confusing, to a number of pharmacists with whom I

have spoken and certain other members of the Customs and Excise Department, who are the people delegated to state precisely what items are subject to VAT. As I said before the tea break, something like Sanatogen was subject to VAT because, Customs said being a solid in powdered form, it is considered a food when diluted.

With this confusion on the part of those people who are actually formulating a system by which items are determined for purposes of VAT, the pharmacists are having a field day and the consumer is the one who is “catching”, because the consumer has to pay the cake. May we ask the Minister responsible to please see that these technocrats who are drafting and formulating and deciding which items are subject to VAT and which are not, make a clear list and publish it either in the *Gazette*—but the layman does not see the *Gazette* although that is the official procedure for notifying the public—or in the two daily newspapers, so that the public, who are always groaning and moaning about the prices they have to pay each time they go to the pharmacy—they do not know what they are paying VAT on—would at least be aware which items are subject to VAT. If we can get that policy stated clearly, I think the public would feel safer and happier and I think they will end up being healthier because their nerves would not be frayed in the process of finding out what items include VAT, and what do not.

As I said, I am not talking about diamonds and caviar and these other precious and semi-precious stones. Other speakers before me yesterday belaboured the point and I think they struck home. Why can we not leave these luxury items as is, so that no special sector benefits largely from this type of operation? After all, we are not all jewellers here and poor John Public is not going to look for the biggest diamond, or the ruby or the emerald. These things come from Colombia and other parts of the world. I shall leave that alone because a lot has been said about that aspect of it.

Under the Gambling and Betting Act, I see here, “for the collection of taxes and fees and levies in respect of horse and dog racing” and that it is not confined to the pool betting business. My concern though, is that in most of my sphere of activity in the public service in another place, and particularly in the country areas where I was posted—let us not forget that there is goat and crab racing in Tobago, the Sister Isle, but we are not going to talk about legalizing those aspects of racing. I am going to throw out that in addition to our horse and dog racing—and

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dog racing is taking on large proportions in certain parts of England and I think also in certain parts of the Caribbean as well. Why could we not—and now I am giving you the sidekick, the spin off—also have “whe whe” and cock fighting legalized! I do not know whether this was taken up by any other person in another place, but I am very worried and concerned, especially as I, for the better part of 19 years, had several hundred persons, especially in the country areas, coming before the courts. I am being subjective here and I know that my hon. Colleagues will permit me please to say this.

Hundreds of poor, “scrunting” people who cannot afford to find a proper pair of shoes to put on their feet or a pair of trousers without holes and large tears, are the people who engage in this ancient game of “whe whe”. They use their little pennies, when they get a dream in the night or some grandmother gets a dream, and they run to the window and say, “granny, what you dream last night?” and she says that she has dreamt horse or various parts of the human anatomy. *[Laughter]* I learnt that from the places where I used to operate. I did not know myself, but I learnt the meaning of these things when the “whe whe” expert was called in to say what each one meant. That is a typical Chinese game which has infiltrated our own country and the fabric of our being and living. You will find these poor, “scrunting” people arrested and brought before the courts, their little \$5 or \$7 or \$11, according to the law, must be forfeited to the state, and they are subjected to a fine. Most times you wonder what you are going to do, especially if you know that if you reprimand and discharge them they are going right back into that, because that is their daily living. When the “mark buss” somebody is going to collect something. Why can we not have it legalized so that at least Government is going to have some source of little revenue and the poor “scrunters” will stop running from the police.

Secondly, and this is the other point, gamecock fighting. In early 1981, again, and this time I will tell you, at the Arima magistrate’s court, in the Manuel Congo area, that is off the highway, there is a huge “gayelle”—I do not know if it is still there—a lovely amphitheatre, pavilion and, apart from seating arrangements, proper accommodation for meals and snacks. And to my consternation, 176 persons were arrested and brought before that court. Among them were many illustrious people, people from every walk of life, including a former parliamentarian from the other place, who was known not only for his fancy for very good breeds of gamecocks imported from Venezuela and Colombia—and

somehow they were able to get through Customs very easily without quarantine and so forth. Apart from that, he also had his fancy for racehorses.

Some pleaded guilty and were dealt with. That former parliamentarian in a former regime pleaded not guilty among so many other hundreds. That courthouse was packed to overflowing out into the yard and I sat in consternation looking on. His matter went before the Court of Appeal. I think it is still there and the other Judge in the skies has already determined the matter. This is happening in various parts of our country. We call it illegal, people are hauled before the courts. Appeals will be there from 1981 to now and still not determined. What are we going to do about it? I know the protagonists of cruelty to animals and birds will take my head for this, but is it not better to legalize this game and allow Government to draft out formulas whereby it will be able to derive some revenue from it? This is what I was thinking of when I saw this thing about horse racing and dog racing. This is what I was thinking of when I saw this thing about horse and dog; and far be it for me to talk about the goats and the crabs.

5.10 p.m.

I was a little perturbed by that amiable gentleman across there, our hon. Minister of Industry, Trade and Tourism, when my colleague, Sen. Daly, put the question twice, as to how soon he will be able to say, with conviction, that he is going to be bringing out the anti-dumping legislation and actually put that Monopolies Commission into place. I was a little disturbed that my colleague here was not able to get a reply. I put the question here again to him, through you, Sir: Would he please inform us—and as he has wound up before the tea break, would he please resurrect himself and inform us this afternoon what his position is on that aspect?

With this, I take my seat. Thank you.

The Minister of Finance (Hon. Wendell Mottley): I was looking up, Sir, to catch your eye to make sure I said, "Mr. President".

Mr. President, a number of matters of a specific nature were raised, which I would hope to deal with, and then one matter of a general nature which was amply covered by Sen. Kuei Tung but which will bear some repetition, since it is of such fundamental importance to the nation.

There was the matter raised by Sen. Mansoor seeking specific information on petroleum taxation. This is an important item in that it is correct that the

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legislation, so to speak, lapsed at the end of last year and we are operating on certain understandings at the moment while the teams of Government—technical and personnel—review and hold discussions with the oil companies. A team, under Mr. Kong, reported, I think, late December or early in January, and subsequent to that another team was appointed that advanced the work of the earlier committee. Very amiable discussions are proceeding with the relevant oil companies, and we are confident that in a very short period there will be agreement on petroleum taxation. There are no grave difficulties at this stage; we have massaged the subject down to the point of very narrow differences, and I contemplate that there will shortly be a new regime; there will have to be legislation drafted and brought before this Senate.

I can assure hon. Senators that while the certitude of that is not confirmed, the fact of the matter is that these discussions are going on among those people who matter in the industry. So that there is no degree of alarm out there. The facts are that the narrowing is generally known and we, therefore, are in a position to bring certainty to the industry, and we can proceed on that basis. Albeit, let me give you the assurance, that the matter is receiving active consideration and we are working to very tight timetables and hope to have this matter before both Houses of Parliament in a very short space of time.

Sen. Mansoor raised two other matters. One was related to the question of repairs to houses and the allowance that was granted in the legislation. Mr. President, the legislation talks about repairs to land and improvements thereon. This is a legal formula that is used and, in fact, it is the exact formula that was taken from the previous Act. The people in the Income Tax Division are comfortable with it, and they do not feel that it will lead to any great mischief. I agree that to a layman it does seem rather cumbersome—the particular legal construction—but I am given to understand that without such legal constructions, people like Sen. Daly would not be able to charge guineas for interpretation. No offence, Sen. Daly.

Mr. President, there was another matter, and that was the question of insurance related to the VAT Act. I am advised that the insurance companies will determine whether the person receiving the indemnity payment is registered and they will verify that with the VAT Administration Centre, on a case by case basis, and the VAT Administration Centre does not expect any serious problems of administration in this regard.

There were other matters raised by Sen. Spence. He was greatly concerned that there was a convergence of economic happenings at this time: the liquidity problem; the lack of liquidity in the banking system; the loss of foreign exchange, and while all of this was going on, trade liberalization was taking place. He was, as a concerned and responsible citizen and a Senator in this Senate, raising concern that the convergence of these factors simultaneously could spell disaster for Trinidad and Tobago.

5.20 p.m.

Mr. President, I shall have some more to say on the general spectre of trade liberalization. Only let me say at this time, in direct response to Sen. Spence's concerns, that at the same time, like so many aspects of trade liberalization, it also presents certain opportunities. One of the things about tight liquidity is that it prevents overdrafts being used to fund foreign exchange purchases and there is no better time to go ahead with a programme of trade liberalization and this aspect of it, which is removal of the negative list, than during a period of tight fiscal and tight monetary policy. I would not advise such a course in the absence of tight monetary and fiscal policy. At this time when conditions in the banking system are still tight—they are improving but they are still tight—now is the time when we must seize that opportunity. The timing is as right as it would ever be. There are those who argue that the timing is never right, but as I will argue later, we are in it and, therefore, with the inevitability of it, there is no better time for it than right now.

Sen. Daly raised the issue that important matters such as trade liberalization are being really debated in Parliament only for the first time right now and that such radical departures in economic policy should have been the subject of far wider debate in the country and in both Houses of Parliament. Mr. President I do not want to go back in time; I would only say that we have now had this opportunity to raise it in both Houses of Parliament and it is an opportunity that we welcome because, from here, hon. Senators who have considerable and wide influence in their various constituencies—and I use that term “constituency” in the broadest form—can get out and let Trinidad and Tobago at large know what the possibilities are, as well as the risks that we run in this programme.

Let me just take up from where Sen. Kuei Tung left off—that it is important that we get out there and let the population know that the country is not in a position to resist trade liberalization. That is the first thing. That is the bottom line

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of it, that there is a universal current out there that is carrying economies such as ours in that direction. That is point number one, and that it is reinforced by a number of the multilateral agencies.

The point that I tried to make in opening the debate needs reaffirmation. The structural adjustment loan from the World Bank or a mere pittance, as you put it, of \$80 million in two tranches is not what we are arguing about, in that there is a direction that is set. And then the World Bank, as the agency with which the Government of Trinidad and Tobago first interacted, put conditionalities to carry Trinidad and Tobago down a certain line.

The conditionalities affected the efficient operation of the utilities and also went into trade liberalization of which we are debating one aspect here, that is, the matter of the removal of the negative list. Also, and I must in all honesty bring this to the attention of hon. Senators, there are other aspects of trade liberalization not under debate here at this time. Because in that particular loan is also highlighted the question of the removal of duty free concessions. That is also part of what was dealt with in that particular loan that, as I mentioned, was signed in 1990.

Then where that loan left off, in terms of the particular conditionalities, other loans pick up, not necessarily from the same World Bank. It could be from the IDB and we are having discussions with the IDB on an investment sector loan and it is expected that the process of trade liberalization will be furthered as we look to discuss that loan. It is in that process that we have made a commitment to involve the several sectors of the community: business, labour and so forth, in discussion.

But those communities must, at the same time, take the trouble to inform themselves as to the current in which Trinidad and Tobago drifts. They cannot take an isolationist stand and say that this is what we want and to hell with the rest of the world. So that as they form part of the consensus and as the Government works with these different constituencies, those constituencies must have a realistic world outlook and a world view, so that their views become valuable to the Government and valuable in carrying forward Trinidad and Tobago's interests.

Mr. President, it goes further than that, in that even simply a question of a call that is required to the World Bank from, shall we say, Morgan Grenfell or City Bank, in terms of Trinidad's creditworthiness, in terms of furthering management of our own debt and borrowings, it is important that these multilaterals understand

and are aware of government's policy, and that our Government's policy is seen to be in fashion with the drift in world trade.

These are the facts of international trade, international finance and international business and we are too small and, at this stage economically too weak to thumb our noses at what international opinion has to say. It is, furthermore, bolstered by very strong political forces as Minister Kuei Tung outlined in terms of the regional groupings and the strong political clout and political leanings that are put behind those blocs. We must understand that, as people who make information available and who have tremendous influence outside in the several publics of Trinidad and Tobago; hon. Senators have that power and it is important that they understand how world opinion is being shaped and how we fit into that. We thumb our noses at great risk. Cuba did that and they have a certain price to pay. Guyana did that earlier, and they have paid a terrible price, but with Trinidad and Tobago, linked as we are, through CNN and connections to world standards of living and so forth, I do not see us advancing that as a reasonable ultimate policy course.

5.30 p.m.

I thought that I should carefully lay out the facts, so that even if we were inclined in another direction, we understood what we were up against. But I am not all that pessimistic in that quite apart from the drift of the herd, I am convinced that there are opportunities in trade reform for us. I am convinced that trade reform is no panacea and that it is going to put many countries in very serious problems. But it also presents opportunities to the energetic, and Trinidad and Tobago, in the inevitability of the drift of economic forces, must so position itself as to make the best use of the opportunities which are being afforded us and minimize the risks which are real and which nobody on this side is pretending are not there.

We have to get ready for trade reform. There is a heavy agenda for the Government. We must set in place favourable macro-economic policies. We have to move more towards the limited deficit that we advanced in this budget, of only one and a half per cent of GDP, more and more towards creating government surpluses or government savings that can then become available for the heavy investment that must take place in this country to upgrade our industry, our agriculture and our service industries, be it hotels or whatever. That must happen.

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Therefore, when we take the hard look at the utilities what we are doing, which is urged by the same World Bank, we must do it, whether the World Bank says so or not. This is the point that I am making. We cannot afford the interminable transfers to the utilities that suck on the Treasury at the price of pushing Government into borrowing, that steal the savings that might otherwise have been more productively invested. That is clear, and whether the World Bank said so or not, we would have inevitably had to deal with some of the problems in the utilities. It is as well that we are under some pressure to deal with them now, rather than next year.

Government has a tremendous agenda in public service reform. I do not want to get into that here. Minister Draper is in this Senate. I am sure he has had ample opportunity to let you know the progress in that field. I shall only deal with one subset of public sector reform because it is so related to what we are dealing with here right now: that is reform in the Customs service. That is a *sine qua non* of a successful move in the removal of the negative list and the use of tariffs as a protection for the domestic sector. We are moving at a serious pace. I have very senior officers in the Ministry of Finance working full-time on that and it will be a matter of weeks before any public knowledge on this matter.

Again, I am asking for the support of hon. Senators in this particular matter, as these matters become public, that you understand the context in which all of this is being worked. It is not just a helter-skelter plan, but something that is being orchestrated as part of Government's agenda to deal with putting Trinidad and Tobago in the best possible position to be one of the few successes in this whole trade liberalization effort worldwide. We have to be one of those successes. Too much depends on it.

Apart from that, there is the whole question of improving our infrastructure. There is the question of divestment. Government has heavy burdens in servicing debt and, therefore, moneys that normally might have gone to infrastructural improvement, moneys that might have gone to social improvements—several hon. Members of this Senate, and I look at them squarely on the other side and they know whom I am looking at—are instead haemorrhaging in debt service.

The Government, bearing in mind that that debt service is heavy this year, next year and the year thereafter before it starts to taper off—and that is a long time for holding strain and for further deterioration in infrastructure: roads,

bridges, social services—has reviewed its original policy on divestment which had only looked at divestment mainly in the context of broadening public ownership here in Trinidad and Tobago; the review of the stock exchange and things of that nature. That was what was envisaged and put into our manifesto. Now, as an appendage, as we have come into office and reviewed the whole circumstance, there is to be a sector of divestment that has to be identified with the problems of debt service and carved out specifically for foreign divestment that will earn US dollars that will be put in a fund to deal specifically with debt service, to relieve some of the problems of debt service, so that sections of the budget can be freed up to deal with the very real problems which are being raised in the Lower House and by Members in this House, as they affect all of us, as we travel over roads that may not be properly maintained, as we go over bridges that collapse, and then we have to go and seek help from other companies to deal urgently with bridges and things of that nature. That is really not right. Countries should be able to deal with matters like this in the normal course of business.

I feel it in the ministry because in the Ministry of Finance, ultimately, I have to be the Scrooge and, therefore, it takes a longer look and a choice—and we have made that choice—rather than just—if it were short term—pare the budgets. But you cannot pare budgets year in, year out, without serious consequences. Therefore, I put this in the broader context so that Members would understand that it is not just an item that floats up there—divestment. It floats up there for a specific reason and to serve a specific purpose which I think all of you understand.

It goes on. To be successful, we must have proper promotion. We have to promote Trinidad and Tobago. We are known as an energy producer and we are known in the energy world. But energy is a particularly capital intensive industry and we have to employ our people. So that we have to become successful in other areas outside energy and downstream energy. We have to start to put together a package that makes this country attractive to local and foreign investors, and then we have to go out there and sell it. Again, that is part of Government's agenda, and especially, Minister Kuei Tung bears the heavy burden of pulling together that whole area of the particular aspects that will make us successful in areas outside oil and gas, and then going out there and promoting it. Because we are not known at all, outside energy and oil.

It is for that reason that recently we have taken the decision to catch up. Sen. Kuei Tung has had a group of people preparing a strategic business plan for

Trinidad and Tobago and the reports on all these matters will be made public in a short time.

So that, Mr. President, I think I have said enough to let you understand that we in Government have our agenda fixed, but our agenda is only part of the full agenda. In the end the Government is not going to go out there and do the investment. We are sure that after we do our promotion, we shall see foreign investment in this country. What about local entrepreneurs? Sen. Mansoor was at pains to list all of the different things that we needed to do, and focussed on several things. But I did not hear him sufficiently focus on the quality of local entrepreneurship, and that, too, has to be part of the focus. It is in this context that this book that I referred to earlier, has a very interesting paragraph. It says:

"Companies that managed to overcome inertia and the barriers to changing and upgrading advantage are most often those that have been stimulated by competitive pressure, buyer demands, and technical threats. Few companies make significant improvements and strategy changes voluntarily. Most are forced to. The pressure to change is more often environmental than internal.

5.40 p.m.

It is this forced pressure that is upon Trinidad and Tobago right now that is forcing the Government to deal with certain circumstances with the utilities and so forth; and having at the same time to force the private sector to look at itself and make sure that it trims down and upgrade and get out there to compete and become our first-line batsmen in our economic competitive thrust.

Mr. President, that I think, dealt with the general measure that I wanted to raise. There were just two other matters that came up. Sen. Spence raised a subject dear to my heart. He asked, why not have a further surcharge imposed on the imports of anthuriums. Anthuriums already enjoy protection in that a foreign competitor would have to hurdle a 45 per cent import duty and a 20 per cent stamp duty. So that is 65 per cent effective protection and the anthurium industry in Trinidad is sufficiently new, well-organized using the best technology and exporting and competing already in world markets; Miami, New York, Sweden, wherever. We think that 65 per cent effective protection is more than adequate.

Sen Spence, however, also made the point that maybe other areas in the industry need to be looked at, and I have undertaken to raise that particular matter

with the committee that prepared this list of surcharges, with a view to seeing whether anything further is necessary.

There was a question on tyres. There is, again, a very heavy duty, stamp duty and now a massive surcharge being imposed on the import of tyres and I would think that the problem is not so much one of the extent or height of the barrier that we have erected, but the necessity to deal with Customs and make sure that that barrier is real; and that is what I have undertaken to begin to deal with very urgently in my ministry. That is a matter of Customs enforcement.

Sen. Mahadeo raised the matter of pharmaceutical drugs. It is specific in that prescription drugs are non-vatable. Recently, certain over-the-counter drugs have been added to the list of zero-rated items and these are: analgesics which are pain relieving drugs. Examples, are aspirins, Bonjela, Ashton and Parson's infant teething powder; cough and cold preparations, examples are antiseptic throat lozenges, pastilles *etc.*, and antacids and antiflatulants, such as Andrews liver salts, Enos, *etc.*; laxatives, anthelmintics, that is worm medicines; oral dehydration preparations, diabetic diagnostic testing kits and devices, diabetic insulin syringes and devices. Those are the specific items. These items were published in the daily newspaper.

Sen. Mahadeo: Mr. President, what I was referring to is, not just to say analgesics or pain relieving preparations.

My point is that the public and even the pharmacists, are not aware of which are the particular items—let us say all right, for example, arthritis, there are several pain relieving formulas including capsules, tablets and liquids—public education; thank you very much, Sen. Daly—and they should be itemized so that the pharmacist does not pull wool all over the public's eye by saying they do not know, they are unclear about what is vatable and what is not. Spell it out for them, rather than say analgesics, antihistamine, *etc.* If only we could get it stereotyped like that, it would allay fears in the public's mind.

Hon. W. Mottley: That is a worthwhile suggestion. Obviously we have not done enough. We have published these items in the daily newspapers. When we were preparing the budget we took the precaution of inviting the Pharmacy Board and asked for their co-operation thereafter but I think this is a list which should be

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referred also to the Consumer Affairs Division so that it can be more fully broadcast. With these few words, Mr. President, I beg to move.

Question put and agreed to.

Bill accordingly read a second time.

Motion made, That the bill be not committed to a committee of the whole Senate.

Question put and agreed to.

Question put and agreed to, That the bill be now read the third time.

Bill accordingly read the third time and passed.

Motion made and question proposed, That the Senate do now adjourn to Tuesday, May 12, 1992 at 1.30 p.m. [Hon. R. Huggins]

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 5.50 p.m.