The Enabling Competitive Business (ECB) Strategy is a document which articulates several of the
development initiatives currently undertaken by Government to strengthen the existing environment in
support of the growth and development of competitive businesses. The development initiatives identified
remain in sync with the national objectives outlined in the Medium Term Policy Framework of the
Government.

Of special interest is the Governance Framework which embraces all the agents of change and illustrates
the interface required for successful implementation of the identified policies and programmes featured in
the Strategy. The framework also supports the strengthening and formalization of existing and prospective
partnering arrangements among all stakeholders involved.

Critical to an effective ECB Strategy is Government's commitment. The approval of the Strategy remains
proof of Government's willingness to work alongside all stakeholders to rethink and improve the way
business is conducted in Trinidad and Tobago.

The collaborative approach adopted in designing this Strategy, particularly recognizing the joint efforts of
the Ministry of Trade and Industry and the Ministry of Labour and Small and Micro Enterprise Development
demonstrates Government's removal from the traditional "silo" approach which oftentimes resulted in
piecemeal and incoherent attempts at realizing programmes and policies.

The ECB Strategy has outlined specific guiding principles that are required to bring about economic
transformation. Among these, in an effort to sustain the collaborative approach, the Ministers of Trade and
Industry and Labour and Small and Micro Enterprise Development commit to being the champions, the
political visionaries realising the economic factors that enable competitive businesses in Trinidad and
Tobago.

Stephen Cadiz
Minister of Trade and Industry

Errol McLeod
Minister of Labour, Small and
Micro Enterprise Development
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**Annex I**

Action Plan for the ECB Strategy
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<td>BDC - Business Development Company Limited</td>
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<td>CARICOM – Caribbean Community</td>
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<td>CCI – Council on Competitiveness and Innovation</td>
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<td>CRIP - Caribbean Regional Indicative Programme</td>
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<td>ECB - Enabling Competitive Business Strategy</td>
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<td>EDB - Economic Development Board</td>
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<td>EU – European Union</td>
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<td>EXIM – Export and Import</td>
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<td>FBIDC – Food and Beverage Industry Development Company</td>
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<td>FTC - Fair Trading Commission</td>
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<td>GCR - Global Competitiveness Report</td>
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<td>ICT – Information and Communications Technology</td>
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<td>IFC – International Financial Corporation</td>
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<td>M&amp;E - Monitoring and Evaluation</td>
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MIDC – Maritime Industry Development Company

MLSMED - Ministry of Labour and Small and Micro Enterprise Development

MPE – Ministry of Planning and the Economy

MSE - Micro and Small-scale Enterprise

MTI – Ministry of Trade and Industry

MTPF – Medium Term Policy Framework

NEDCO - National Entrepreneurship Development Company

NMC - National Monitoring Committee

NPC - National Productivity Council

PPC – Printing and Packaging Industry Council of Trinidad and Tobago

SIDS - Small Island Developing States

TIU- Trade Implementation Unit

TTBS - Trinidad and Tobago Bureau of Standards

TTCIC – Trinidad and Tobago Chamber of Industry and Commerce

TTCSI - Trinidad and Tobago Coalition of Services Industries

TTENT- Trinidad and Tobago Entertainment Company

TTMA - Trinidad and Tobago Manufacturers Association

UNDP – United Nations Development Programme

UNIDO – United Nations Industrial Development Organization
**USC** - University of Southern Caribbean

**UTT** - University of Trinidad and Tobago

**UWI** - University of the West Indies

**WTO** – World Trade Organization

**YSC** – The Yachting Steering Committee
The Enabling Competitive Business Strategy (ECB) is a medium-term four year plan developed by both public and private sector stakeholders to address some of the key challenges that hinder the ability of Trinidad and Tobago’s businesses and by extension the economy to compete globally. The Strategy is not a panacea for all the ills that thwart the local business community. It is a feasible plan of action that captures in one single instrument, the necessary interventions sanctioned by public and private sector stakeholders to build a competitiveness-supporting economic environment.

The ECB Strategy as it is commonly called introduces a mix of policies, institutions and tools which when fully implemented will deliver results that support the efforts of the Medium-Term Policy Framework (2011-2014) in realizing the economic transition of Trinidad and Tobago to a sustainable innovation-driven economy. It is a dynamic document and the contents therein are not set in stone. The intention is to co-opt initiatives that are deemed relevant and effective in addressing specific economic concerns. In so doing, it is anticipated that Trinidad and Tobago’s rankings would improve considerably on global indices.

The Strategy adopts an inclusive growth approach which implies that for economic growth to be sustainable, it should be broad-based across all competitively viable sectors and inclusive of a large part of the country’s labour force. While recognition has always been given to address the needs of medium and large-scale entrepreneurs, scattered across Trinidad and Tobago are thousands of micro and small-scale entrepreneurs whose efforts must not go unnoticed. Their inclusiveness indicates that they too play a pivotal role in stimulating economic growth and economic development. Therefore introducing measures that accelerate their level of productivity can have a positive effect on the level of prosperity enjoyed by all in the society.

The ECB Strategy is divided into five sections. Section One is the introduction which contains a background, the need for the ECB Strategy and the principles that guide this four year plan. Section Two highlights the key challenges encountered. These challenges are not exhaustive but warrant serious consideration to meet the national goals desired. Section Three constructs the Strategic Framework identifying the purpose, the overarching and specific objectives and most importantly, the strategies which when fully implemented will result in helping to transform the economy. Section Four looks at the Governance Framework clearly stating who are the actors and the type of interactions that are required for the strategy to be effective. Section Five features the conclusion which ties together all the salient features of the strategy emphasizing the commitment made by government, private enterprise and academia to follow
through on this line of action which seeks to support Trinidad and Tobago’s economic transition while improving the competitive performance of the economy in the global system. Annex I is the **Action Plan** which assesses the current status of the approved interventions.
1: INTRODUCTION TO THE ENABLING COMPETITIVE BUSINESS STRATEGY

Background

In May 2010, Trinidad and Tobago witnessed the inauguration of a new political administration and the adoption of a new National Development Agenda. Within this context, the need arose to revise several policy documents and in this instance design an Enabling Competitive Business Strategy aligned to the new development goals as outlined in the following seven interconnected pillars for sustainable development:

Pillar 1: People-Centered development – We need everyone and all can contribute;

Pillar 2: Poverty eradication and social justice – preference for poor and disadvantaged;

Pillar 3: National and personal security, human security for peace and prosperity;

Pillar 4: Information and communication technologies – connecting T&T and building the new economy;

Pillar 5: A more diversified, knowledge intensive economy – building on the native genius of our people;

Pillar 6: Good governance – people participation; and

Pillar 7: Foreign policy – securing our place in the world

Within the new government’s National Policy Framework for Sustainable Development, not only is trade and industry recognized as the lifeblood of the economy, but the economic development model seemingly deployed is that of an inclusive growth approach which implies that for economic growth to be sustainable, it should be broad-based across all competitively viable sectors and inclusive of a large part of the country’s labour force. It is for these reasons that the Ministry of Trade and Industry and the Ministry of Labour, Small and Micro Enterprise Development in collaboration with academia, the private sector and other relevant government agencies engaged in this exercise to develop an Enabling Competitive Business Strategy.

The Strategy covers the period 2011-2014 and offers a framework for the creation of an enabling environment where competitive businesses can start and grow, all in an effort to diversify the economy of Trinidad and Tobago.
The Need for an Enabling Competitive Business Strategy

The Government of Trinidad and Tobago has identified building a diversified economy driven by knowledge and innovation as a medium term priority in support of its delivery of creating “Prosperity for All” in the society. “Prosperity” in its widest context involves the total wellbeing of an individual and by extension a nation. In its Prosperity Index, the Legatum Institute uses eight sub-indices, each of which represents a fundamental aspect of prosperity:

1. Economy
2. Health
3. Governance
4. Social Capital
5. Entrepreneurship and Opportunity
6. Education
7. Safety and Security
8. Personal Freedom

According to the 2010 Prosperity Report, out of a survey of 110 countries which accounts for more than 90 percent of the world’s population, Trinidad and Tobago’s overall ranking was 44. Certainly this score indicates that there is room for improvement. To achieve “Prosperity for All”, a more all-embracing economic development model has been deployed, one where economic opportunities are broad-based across sectors and equal access to them are created for all, inclusive of society’s excluded groups who as agents of participation are essential in the very design of this strategy.

The level of prosperity earned by a country is also positively related to the level of productivity created. Likewise, economies that support the fundamental drivers of productivity are more competitive globally. Trinidad and Tobago’s relatively weak rankings on the World Economic Forum’s “Global Competitiveness Report (GCR)” though improving over the years indicate that serious interventions are required to enhance productivity thereby improving the country’s competitiveness. In the 2008-2009 GCR report, Trinidad and Tobago was ranked 92. In 2009-2010, the country climbed to position 86. The situation continued to improve slowly moving the country to position 84 and 81 in 2010/2011 and 2011/2012 respectively. To accelerate the ascent, make Trinidad and Tobago’s economy more competitive, the government in collaboration with the private sector needs to reengineer the way business is conducted and create conditions conducive to rapid and sustained productivity growth.

Critical to the efficiency and effectiveness of the ECB Strategy is the firm commitment made by public and private sector stakeholders to work together in building a competitiveness-
supporting economic environment for all commercially viable actors regardless of scale or size in the system.

Principles that Guide the Strategy

The underlying principles that guide the development of the Enabling Competitive Business Strategy are as follows:

- An inclusive growth approach is necessary to transform the economy of Trinidad and Tobago;

- Sectors targeted to transform the economy are commercially viable and are based on having a competitive advantage;

- Real opportunities to create unique, value added products, processes and services that generate demand and earn significant foreign exchange exist within traditional sectors as well as, new sector niches;

- The Micro and Small Enterprises\(^1\) have the ability to be a significant generator of employment and a revenue earner;

- Strengthening human resource capacity is critical to achieving global competitiveness;

- Government will continue to act as a facilitator supporting development initiatives that enable a conducive environment for the growth and development of competitive businesses;

- Realisation of economic transformation is possible when all agents of change - government, the private sector and academia strengthen and formalize their partnering arrangements; and

- A champion, a political visionary driven by an economic cause is critical in the economic transformation process

---

\(^1\) Recent findings from the World Bank Institute, an entity of the World Bank Group indicate that the MSE sector is the engine of growth in most countries’ economies. The Institute states that the MSE sector is “a major source of technological innovation and new products, and they are essential for a competitive efficient market, because of their expeditious responsiveness and adaptability.”

Additionally, “MSEs are important for poverty reduction as they tend to employ poor and low-income workers and are sometimes the only source of employment in poor regions and rural areas.”
2: KEY CHALLENGES

During recent decades, Trinidad and Tobago attained one of the highest per capita incomes in Latin America and the Caribbean. In July 2008, Trinidad and Tobago graduated into the high income bracket in the World Bank’s ranking of economies\(^2\). Notwithstanding the foregoing, the economy currently faces a number of challenges that hinder its ability to compete globally as well as, support existing and improved levels of economic development. The main challenges include:

- Over-dependence on the Oil and Natural Gas Sector
- Current Business Environment
- Diversification Efforts
- Institutional and Governance Framework
- Micro and Small-scale Enterprise (MSE) Sector
- International Economic and Financial Environment

Over-dependence on the Oil and Natural Gas Sector

Prior to the global economic and financial crises in late 2008, Trinidad and Tobago for the period 2000 – 2008 enjoyed a robust economic annual growth rate averaging 7.3%. With a population just less than 1.3 million, this percentage increase in economic growth year on year has translated into a high real per capita income calculated at USD 10,900.00 in 2010. Maintaining these levels of economic activity will prove to be very challenging as the economy remains heavily dependent on oil and natural gas where the price of oil is extremely volatile. In 2010 the petroleum industry accounted for 42.5% of GDP, 51% of total Government revenues and 84% of merchandise exports while generating only 4% of employment.

An examination of the merchandise trade balance indicates that although the overall merchandise trade balance is in surplus, the trade balance becomes a deficit when exports of

\(^2\) In keeping with the World Bank listing of economies for July 2008, countries are classified according to their 2007 Gross National Income (GNI) per capita as follows:
- Low income - $935 or less
- Lower middle income - $936 - $3,705
- Upper middle income - $3,706 - $11,455
- High income - $11,456 or more
mineral fuels are excluded. The evidence for 2009 confirms this statement to be true. The merchandise trade surplus valued at TT$ 14,118.6 million turned into a deficit of TT$ 15,527.3 million\(^3\) when exports of mineral fuels were excluded. For 2010 the merchandise trade surplus is provisionally valued at TT$29,843.7 million which turns into a deficit of TT$126.5 million when exports of mineral fuels are excluded. Again, the inherent volatility in the prices of oil, gas and petrochemicals coupled with the lack of significant investment in non-energy production, research and development increase the vulnerability of the domestic economy.

**Current Business Environment**

Trinidad and Tobago’s business environment has not kept pace with international business developments. The World Bank’s Ease of Doing Business Index indicates that out of 183 economies surveyed, Trinidad and Tobago’s ranking has decreased from 95 recorded in 2010 to 97 in 2011. Slipping down two notches in the ranking meant that Trinidad and Tobago relatively speaking has reformed at a slower pace than other states. In fact, an analysis of this Index indicates that out of the nine sub-indices measured, Trinidad and Tobago has scored poorly on six. The six sub-indices are: **Starting a Business, Dealing with Construction Permits, Registering Property, Paying Taxes, Enforcing Contracts and Closing a Business.**

Reforming at a slower pace has negatively impacted Trinidad and Tobago’s ability to compete internationally. The economy’s poor competitive performance globally is well documented in the World Economic Forum’s Global Competitiveness Report (GCR) where T & T’s ranking though exhibiting marginal improvements from position 86 to 84 and now 81 in 2008/2009, 2009/2010, and 2010/2011 respectively, still falls below the average ranking of countries at the same stage of development in eleven of the twelve pillars examined. Additionally, prior to T & T’s marginal improvement in its current ranking, the country has witnessed in the past several years a consecutive decline in its global competitive ranking.

**Diversification Efforts**

Diversification is necessary to ensure economic sustainability. As previously stated, Trinidad and Tobago’s economy relies heavily on production and export of oil and natural gas. In 2008, investigative studies on the energy sector revealed that there remained a 10 – 15 year time horizon before the onset of depletion of T & T’s oil and gas reserves. Notwithstanding the foregoing, diversification efforts have not intensified markedly in developing the non-energy manufacturing and services sectors.

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\(^3\) Review of the Economy 2010 / 2011
The emphasis in the period 1973-1982 involved widening the industrial base in energy-related activities and further exploitation of hydrocarbon resources. From 1988 up until the late 1990s, the diversification thrust expanded to include agriculture and tourism. Attempts were made to develop non-oil manufacturing activities as well as, services such as transshipment and trading. It is only within the early twenty-first century, that limited resources have been channeled into developing non-energy manufacturing and services industries. Still, more than half of foreign direct investment (FDI) coupled with domestic investment continues to be directed towards the energy sector and related downstream activities. As noted, in 2009, approximately USD647 million i.e. more than 91% of foreign investments were directed into the petroleum sector.

Institutional and Governance Framework

Development plans have not been fully realized owing to the absence of a well defined institutional and governance framework. Effectively diversifying the economy, creating an enabling business environment and promoting competition among local businesses at home and abroad are cross cutting issues that involve a number of stakeholders from both the public and private sectors. Historically and still a common practice today is the operation of Ministries and their implementing agencies in silos and the lack of formal arrangements or partnerships bringing together the public sector, private sector and academia. This dearth of synergy among key stakeholders often results in the costly duplication of development efforts and the absence of a suitable structure to stimulate innovation.

Equally important, weak performance management systems in the public sector do not augur well for assessing the relevance, efficiency, effectiveness and sustainability of activities undertaken to realize the development goals of T & T. Presently, performance monitoring and evaluation units at Ministries and their implementing agencies are either non-existent or understaffed.

Micro and Small-scale Enterprise (MSE) Sector

Micro and small-scale entrepreneurs play a pivotal role in stimulating economic growth and economic development in Trinidad and Tobago. While there are thousands of micro and small-scale firms registered and formalized, a growing and unrecorded number continue to populate the informal sector. Of benefit, regularisation not only expands the taxable base but also affords MSE workers’ protection from precarious behavior ensuring that industry standards, basic workers rights and minimum wages are adhered to. The challenges that MSEs face are not new. They include limited financial and managerial support, complicated start-up processes
and reporting requirements, low sustenance ability owing to late payment of cash receipt for services rendered, limited access to business know-how, technology and information.

In recognition of these challenges, in 2002, state entities such as the Business Development Company Limited (BDC) and the National Entrepreneurship and Development Company Limited (NEDCO) were created to address MSE issues. While policies exist to improve financial aid afforded to MSEs, and there are programmes in training and business advisory services, project management support, trade assistance and marketing, more can be effected to remove restrictions inhibiting MSEs’ ability to maximize the use of available resources and flourish.

**International Economic and Financial Environment**

Countries worldwide have become more interdependent on each other, a process commonly referred to as globalization. This is evident following the recent global economic and financial crises which impacted in varying degrees economies throughout the international system. Although some Small Island Developing States (SIDS) like Trinidad and Tobago have shown some measure of resilience to these crises exhibiting in 2011 positive growth, according to the International Monetary Fund (IMF), across the board, the estimated growth rates for most of these countries have been downgraded.

Characteristic of small states and small island developing states is the fact that they are linked to the international economic and financial environments via trade and a heavy reliance on external flows inclusive of remittances and foreign direct investment. Equally important and pertinent in the case of Trinidad and Tobago is the fact that the country’s export mix is concentrated mostly on energy and energy-related products where price volatility is high. The combination of these characteristics makes T & T’s economy more vulnerable to the vagaries of external markets.

The extent to which economies like Trinidad and Tobago can weather these economic and financial storms depends on the interventions made by both private and public sector stakeholders to continue their efforts in enforcing regulations on the financial sector as well as, broadening the composition of the export mix to include high value-added products and services.
3: STRATEGIC FRAMEWORK

The environment within which businesses operate is dynamic so when formulating a strategy to enable competitive business one must bear in mind that no strategy is “set in stone”. The content at all times must be revisited and thereafter amended for relevance and applicability to achieve stated objectives. Additionally, the onus of building an effective strategy for Enabling Competitive Business rests not on the shoulders of one institution; the issues are cross-cutting and the stakeholders are many.

Based on the key challenges identified and in keeping with the Medium Term Policy Framework, the ECB strategy uses a mix of policies, institutions and tools to help build a competitiveness-supporting economic environment while addressing specifically the following five key areas:

- Strengthening the non-energy manufacturing and services sectors;
- Creating an enabling environment that supports the growth and development of local competitive businesses;
- Expanding the diversification programme;
- Introducing effective institutional and governance frameworks; and
- Supporting the MSE sector and strengthening their capacity to compete locally and abroad.

PURPOSE

The purpose for designing an Enabling Competitive Business Strategy is to capture in one single instrument the necessary interventions sanctioned by public and private sector stakeholders in building a competitiveness-supporting economic environment.

OVERARCHING OBJECTIVE

The overarching objective of the ECB Strategy is to support the efforts of the Medium Term Policy Framework in realising the economic transition of Trinidad and Tobago to a sustainable innovation-driven economy through the implementation of a set of initiatives supportive of the diversification plan. Innovation as defined by United Nations Industrial Development Organisation (UNIDO) is “any new model of implement or tool of any industrial product or part of the same which does not possess the quality of invention, but which is of practical utility by reason of its form, configuration, construction or composition.”
SPECIFIC OBJECTIVES

The specific objectives of the ECB Strategy include:

a. Introducing the necessary regulatory reforms to enhance the enabling business environment.

b. Facilitating competitive businesses to start and grow;

c. Promoting entrepreneurship and innovation in the non-energy manufacturing and services industries;

d. Investing resources in the micro and small enterprises (MSEs) sector to foster their growth into competitive businesses;

e. Improving the institutional and governance framework to support effective implementation of the sector within the medium-term policy framework;

f. Strengthening strategic partnerships among public and private sector stakeholders as well as, international stakeholders;

g. Improving competitiveness in existing industries in the non-energy sector that have sustainable capacity; and

h. Growing exports in the non-energy sector

STRATEGIES

The ECB Strategy at this point in time comprises a total of 20 development initiatives. These initiatives are divided into three categories – policies, institutions and tools.

Policies

In general, a policy is a statement of intent that guides and constrains subsequent decision-making and action as well as, delegate authority and tasks. The policies featured in the ECB Strategy have been or in some cases, are being formulated to meet specific needs. It is certainly difficult to diversify an economy without knowing the sectors to be targeted to realize the diversification thrust. Firms operating within these priority sectors be they merchandise or service oriented need to know the incentives and the framework of laws that support the growth of their productivity and exports.
Domestic firms need not concentrate all their efforts on meeting domestic demand. Taking advantage of trade agreements made with foreign nations, domestic suppliers can tap into new markets to expand their profit margins. These firms can also enter into formal partnering arrangements to expand their operations and widen their product mix.

Policies are also required to inform the drafting of new legislation and to establish new programmes of training and retooling of existing and prospective firms.

**Industrial Policy**

The creation of an Industrial Policy linked to knowledge formation for the period 2011-2015 as stated in the Medium-term policy framework is “critical in creating the platform upon which international trade takes place”. The Policy will give credence and strengthen the viability of existing manufacturing firms according them selective incentives to increase productivity and export-led growth. The Industrial Policy will also seek to highlight new areas in which the economy can diversify and prescribe the framework of laws necessary for all businesses to successfully participate in markets.

**Services Industry Strategy**

Like the Industrial Policy, the Services Industry Strategy will also identify viable services capable of penetrating foreign markets. Services industries namely the creative industries such as film, fashion, entertainment, some professional services and the ICT sector will also be accorded selective incentives through special efforts to promote their productivity and the growth of exports.

**Trade Policy**

A draft Trade Policy for the period 2011-2015 has already been crafted. The primary purpose of this document is to determine a clear path for Trinidad and Tobago’s engagement in trade issues at the local, regional, hemispheric and multilateral levels. The policy also offers recommendations on how local businesses can grow non-energy exports, widen the export mix and expand market scope. These initiatives are crucial in moving the diversification thrust forward.

**Investment Policy**

An Investment Policy has already been formulated and is being refined for final approval. The overarching purpose of the policy is “to prescribe the legislative changes necessary to improve the institutional and regulatory framework for investment”. The Foreign Investment Act of 1990 is obsolete and must be repealed. This Act though amended was written during an era of relative protectionism and addresses issues of land acquisition by foreign investors and
regulates how many shares a foreign investor can acquire in private and public companies. The current policy will inform the drafting of a new Investment Act which will take into consideration Trinidad and Tobago’s commitments under the Revised Treaty of Chaguaramas, and under the many bi-lateral investment treaties signed with foreign countries.

**Business Incubation Policy for Enterprise Development**

The Business Incubation Policy for Enterprise Development sets out the purpose, design and operation of a Business Incubation Programme targeting businesses in the MSE sector. The policy will be harmonised with other national policies under the remit of the Council on Competitiveness and Innovation. The Ministry of Labour and Small and Micro Enterprise Development (MLSMED) is taking the lead on this initiative to accelerate the development of new micro and small entrepreneurial and innovative businesses, and improve their viability and competitiveness.

The business incubator model concept is a best practice that has gleaned tremendous success in small developing countries. The desire to install the business incubator model throughout Trinidad and Tobago reiterates the importance of the MSE sector as an engine of growth for the economy and government’s continued commitment to facilitating the development of micro and small businesses particularly those engaged in commercial activities within the priority sectors of the economy.

The policy indicates that the programme is open to all people who demonstrate an expressed desire to enter into business. There is however a client selection process and suitable candidates will participate in the business incubator. Unsuitable candidates will be pointed to an institution for which they are appropriately matched to ensure their development for inclusion into the business incubator.

Additionally, the incubators though varying in type – profit/not for profit - offer a unique and highly flexible array of business support services inclusive of counseling, mentoring, equipment training, market research, business plan preparation, business approvals, management coaching, R & D, funding and operational support. The sustainability and expansion of these business support services are based upon the strengthening of alliances and the establishment of formal partnering arrangements between or among entities drawn from academia, non-governmental organizations, private and public sector stakeholders.

The MLSMED has established targets within the policy document. Implementation of the Business Incubation Policy is expected to make significant contributions towards the economic future of T & T. At least, 5,000 jobs would be created and the generation of TT$1 Billion in revenue by 2015 from clients in and graduates of the incubator programme as it is mandatory for entrepreneurs that receive support to provide a satisfactory return economically or socially.
MSE Policy

A revised MSE Policy is to be developed. The current “Policy for the Development of the MSE Sector” approved in April 2002 which designated MLSMED as the line Ministry with the responsibility for developing the MSE sector and which approved the establishment of Enterprise Development Division (EDD) and the National Entrepreneurship Development Company (NEDCO) has not been fully implemented. This is largely owing to inadequate staffing and the absence of a fully functioning EDD. Again, the proliferation of agencies supporting MSEs, the overlap in functions that exists and the changing environment has heralded a need to develop a revised policy and to include an institutional framework for the development of MSEs.

The revised policy for MSEs is expected to be aligned to the Government’s Sustainable Development Framework, more specifically Development Pillar 5 which speaks to the creation of “A More Diversified Knowledge Intensive Economy – Building on the Native Genius of our People” and Development Pillar 6 “Poverty Eradication and Social Justice – Preference for the Poor and Disadvantage”.

The development of the revised policy is a key deliverable of a larger project titled “Institutional Strengthening and Capacity Development in the MLSMED” being realized collaboratively between government and the United Nations Development Programme (UNDP).

To date, the revised policy has been postponed due to delays in the review by the Attorney General over the legal arrangement between the UNDP and the MLSMED.

Institutions

In this ECB Strategy, institutions are systems that give structure to social interactions. They can take the form of an appointed board, a commission or a council or under a more formal arrangement, refer to an official rule or the establishment of a legal framework. Irrespective of form, the institutions featured in this strategy have been created to initiate change, changes that are intended to impact positively on transforming the economy.

The purpose or raison d’être for many of these institutions is specific. While some have been created to address specific areas of economic concern; others have been created to set the parameters within which a certain code of economic behavior is deemed acceptable. For example, fiscal incentives are created and formally sanctioned to attract investment into a specific sector.

It is important to note that while these institutions have been created to enable ordered thought, expectation and action in so far as abetting the creation of an enabling environment...
that supports economic diversification; if not exercised with sufficient frequency, the tendency exists for the power vested in these institutions in realizing their scope of works and deliverables to wane.

**Establishment of a Fair Trading Commission**

The Fair Trading Act, No 13 of 2006 provides for the establishment of a Fair Trading Commission, an adjudicating body whose primary responsibility includes promoting and maintaining fair competition in the economy. The Act also allows for the appointment of staff for the Commission and related matters. Eliminating or curtailing suspected anticompetitive business practices augurs well for society. Free competition allows consumers a greater choice of products and services at lower prices. Additionally, business persons wishing to file an official complaint against any firm which is alleged to be engaged in anti competitive business conduct may do so at the Commission. The establishment of the Commission is part of a programme that follows from Trinidad and Tobago’s commitments in the Revised (CARICOM) Treaty of Chaguaramas and the Agreement establishing the World Trade Organization (WTO). The areas of work to be finalised include the appointment of the Commissioners, the recruitment of staff; the sourcing of a location to house the Commission and the operationalisation of the institution.

**Creation of an Enabling and Facilitative Legal Framework for MSEs**

The growth and development of the MSE sector is dependent upon the support services received from entities capable of offering much needed business support. To maintain and increase the level of support in growing the MSE sector, the MLSMED will engage in an exercise to develop and seek the necessary approvals for a body of incentives that will further entice the learning and business community to increase their investment in the MSE sector.

**Establishment of an Economic Development Board (EDB)**

The Economic Development Board is essentially tasked with providing advice to support the diversification thrust and to build an innovation-driven economy, securing investments to make this possible and collaborating with the Council on Competitiveness and Innovation to create and develop an effective national innovation system. More specifically, the EDB will have the following responsibilities:

- Consult with communities and stakeholders advisory councils in order to advise the Minister of Planning and the Economy on possible policy choices and actions;
- Provide technical advice and support for the development and implementation of a National Innovation Policy and the operationalisation of the National Innovation System for Trinidad and Tobago including a results-focuses implementation plan;
• Perform and advisory role in the strategic management of the national economy and provide strategic advice to government agencies on economic development issues on demand or through its own initiative;

• Advise the Ministry of Planning and the Economy in the preparation of an Annual Performance Report on policy implementation by Ministries and Agencies and make recommendations for continuous improvement;

• Review and assess, where directed, major Government programmes and projects related to economic and social transformation which may be assigned for special projects of socio-economic value;

• Analyze the performance of emerging sectors in the economy and make recommendations, where necessary, for improvements to support job creation;

• Identify new areas of investment within the national diversification strategy and support local and foreign investors in both manufacturing and services sectors, to move up the value chain to achieve higher sustainable returns as they seek out new business opportunities to support the diversification process;

• Collaborate with other co-ordinating investment agencies as may be required from time to time and to interact with foreign investors and promote investment opportunities in Trinidad and Tobago. This may be done on the initiative of the EDB or in collaboration with other entities; and

• Continuously monitor and assess the business environment with a view towards making recommendations for improvement in investment facilitation.

At present, the Board is comprised of selected members of the private sector, academia and Government. A Unit has been established within the Ministry of Planning and the Economy to enable the EDB to fulfill its functions.

Establishment of a Council on Competitiveness and Innovation (CCI)

Towards the end of January 2011, instruments of appointment were presented to the Council for Competitiveness and Innovation. The Council is comprised of several stakeholders from the private sector. The mandate of this Council includes the following:

• Development of a criteria to evaluate the competitiveness of existing businesses;
• Monitoring, measuring and evaluating project and programme performance and outcomes within existing businesses;
• Co-ordination of policy prescriptions to optimize the benefits to investment; and
• Implementation of diagnostic studies of the existing business environment and proposing changes for improvement.

In addition, the CCI has been asked to focus on four (4) deliverables by the end of its two year term:

  i. Expansion of exports
  ii. Dramatic improvement of the country’s ranking in competitiveness
  iii. New investments by existing competitive companies to sustain their competitiveness or develop new ventures
  iv. Raising of awareness with regard to competitiveness by mounting a national event on competitiveness in 2012

The mandate of the CCI is also meant to complement the work of the EDB in improving the global competitiveness and innovation ranking of Trinidad and Tobago over the next 10 years.

*The Ministerial Council on the Economy*

At the strategic level of the national planning process, there is the Ministerial Council on the Economy to which Reports from the ECB and CCI are submitted, reviewed and appropriate recommendations are prepared for the consideration of Cabinet. The Council consists of:

  i. The Prime Minister - **Chairman**
  ii. The Minister of Finance
  iii. The Minister of Planning and the Economy
  iv. The Minister of Trade and Industry
  v. The Minister of Tourism
  vi. The Minister of Foreign Affairs and Communications
  vii. The Minister of Energy and Energy Affairs
  viii. The Minister of Food Production, Land and Marine Affairs
  ix. The Minister of Science of Science technology and Tertiary Education

*National Monitoring Committee for Enabling Competitive Business*

The National Monitoring Committee for Competitive Business convened in October 2010. The Committee consists of key technical level representatives drawn from academia (University of the West Indies and the University of Trinidad and Tobago), the business community (Trinidad and Tobago Chamber of Industry and Commerce), development partners (Inter-American
Development Bank, United Nations Development Programme, European Union Delegation, International Financial Corporation) and public sector stakeholders. The Committee meets on a quarterly basis but will meet more frequently if necessary to monitor the implementation of activities outlined in the Action Plan for Enabling Competitive Business.

The Committee is a focal point for dialogue among the Government, private sector and development partners and also serves as a platform to discuss new and emerging concerns regarding the business environment. Additionally, the Committee will oversee any technical committees set up in response to issues arising during the implementation of components in the Action Plan and is expected to make recommendations to the Economic Development Board on activities pertinent to the realisation of the Enabling Competitive Business Strategy.

**Trade Implementation Unit (TIU)**

The raison d’être of the TIU is to ensure that Trinidad and Tobago meets its obligations under existing and future negotiated trade agreements. The TIU is positioned within the Ministry of Trade and Industry and to fulfill its mandate, the main functions of the Unit are as follows:

- to develop projects and proposals to realize activities identified under the development cooperation provision of trade agreements e.g. activities related to private sector competitiveness, economic diversification, institutional capacity building, job creation etc.;

- to coordinate initiatives and funding opportunities related to trade and economic development inclusive of WTO Aid for Trade initiatives, Caribbean Aid for Trade and Regional Integration Trust Fund, initiatives funded by regional Development Banks, local and regional funding agencies, bi-lateral donors and foreign institutions;

- to serve as the national contact/focal point for regional cooperation projects arising from negotiated trade agreements and will take the lead on programme promotional activities arising from projects under the Caribbean Regional Indicative Programme (CRIP); and

- to develop activities related to public information and awareness of signed agreements.

The TIU recently became operational. A Project Officer and a Programme Coordinator have been hired. Outstanding is the recruitment of a Policy Officer. In addition, it is expected that short-term consultancies would be procured to execute the short-term activities of the Unit as necessary.
The National Productivity Council

In 2009, the National Productivity Council was established and the secretariat is located within the MLSMED. The Council is comprised of 15 members drawn from both public and private institutions as well as, academia. The scope of work approved for the Council included:

- the establishment of a National Productivity Centre;
- the design of a development model to increase the level of productivity in significant sectors of the economy;
- the promotion of quality awareness in the consciousness of the citizenry; and
- guidance on the formulation of national policies and strategies in support of all aspects of productivity, quality and competitiveness.

The Council to date has not been active following the change of government. Nonetheless, the MLSMED recognizes the importance of this Council and is seeking the necessary approvals for reconvening this body.

Tools

Tools are devices designed to carry out particular functions. Generally speaking, the type of tool to be used is determined by the kind of response or result to be achieved. The tools used in this ECB Strategy are diverse. They cover from the design of sector-specific strategic plans, programmes and projects to the operationalisation of an electronic internet connected platform.

When used effectively, these tools can bring about the desired outputs and outcomes. Some tools in this paper are time bound. In other words, they cover a specific period over time; others have a shelf-life that can be upgraded for relevance.

Review and Realignment of Services offered by State Agencies

The thinking behind this initiative is the need to ensure that state agencies are rationalised, and the services they offer are relevant and in keeping with the national objectives. Currently, the Ministry of Trade and Industry is the line ministry for fourteen state agencies. Some of these are Statutory Boards, Wholly Owned, Majority Owned or Minority Owned by Corporation Sole (Minister of Finance). These agencies interface daily with the business community and are the implementers of government policies.
Following the change in government was the appointment of several state boards assigned to various state agencies. Members of the Boards have been undergoing an exercise of reviewing their mandate and ensuring that the activities proposed in their Strategic Plans are relevant and in alignment with the Ministry’s objectives. Additionally, the Ministry is also engaged in a realignment exercise of the portfolios of state agencies to ensure efficiency in their operations.

**Single Electronic Window (TTBizLink)**

The idea of creating a single electronic window branded TTBizLink was borne out of the need to increase the efficiency in the way trade and businesses are conducted in Trinidad and Tobago. Via the internet, investors and business owners will be able to apply online for the following services:

- Trade permits and licenses from the Ministry of Trade and Industry and the Ministry of Food Production Land and Marine Affairs
- Import duty concessions and upload supporting documents on-line
- Submission of cargo manifest data to the Customs and Excise Division and the Ports
- Registering a business for processing with the Registrar General's Department of the Ministry of Legal Affairs
- Certificates of Origin issued by the Business Development Corporation or Trinidad and Tobago Chamber of Industry and Commerce
- Fiscal Incentives and upload supporting documents
- Work permits from the Ministry of national Security (Work Permit Secretariat)

For the business owners, implementing this initiative will offer many benefits. Among these, greater operational efficiency, access to vital and timely information to support efficiency in business to business transactions and investment decisions, a sharper competitive edge, and the ease of doing business in a more transparent environment as the status of transactions can be followed on-line.

On the government’s side, this project paves the way for a greater interaction, cooperation and coordination among Ministries and agencies dealing with business and trade-related matters. Implementing this system will also enhance the delivery of government services, and provide real time trade data and business intelligence to support policy decisions.

Additionally, to reinforce the government’s commitment to improving the way Trinidad and Tobago does business, the government has shown interest in exploring the services of international agencies such as the International Financial Corporation, a member of the World Bank Group to apply international methodologies to promote a better investment climate in the country.
**Development and Implementation of Strategic Plans for Priority Sectors**

There are seven priority sectors which were targeted by government and particularly the MTI to assist in diversifying the economy of T & T away from oil and gas. The seven sectors are the **Food and Beverage, Entertainment, Film, Fish and Fish Processing**, **Merchant Marine, Yachting and Printing and Packaging**. The work of each sector is guided by the development and implementation of a Strategic Plan. In most instances, a strategic plan is developed every five years for each sector. These priority sectors were identified in 2005 and plans were drawn up in 2006. Therefore in 2011, several of these plans have expired and new plans are being developed. While the Food and Beverage and Fish and Fish Processing Sectors have completed their new Strategic Plans and await the necessary approvals, the plans of other sectors are at varying stages of development.

**National Export Strategy**

The development of an integrated National Export Strategy is an effort prioritized by government to improve the performance of those products and services with a high export potential. Improving export performance should not only focus on negotiating increased access for exportable products to priority markets, but must include measures to improve a country’s competitive advantage and to increase national competitiveness. Therefore, in essence, an integrated National Export Strategy is a critical initiative in the plan to diversify the economy. The strategy will be driven by the following four key areas:

- identifying commercial opportunities for export-ready firms and providing in-market support for these businesses;

- strengthening firms’ export capabilities via the creation of new competencies and the development of new competitive capacities;

- identifying border issues namely bottlenecks in trade-related infrastructure, also problems created by administrative procedures and recommending measures to improve the border environment; and

- mainstreaming the export strategy into the overall planning process by linking the strategy directly with developmental priorities namely, poverty alleviation and employment generation.

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As of July 2011, the Fish and Fish Processing industry has been moved under the charge of the Ministry of Food Production, Land and Marine Resources.
To be effective the four key areas must be well co-ordinated and integrated. Once developed and implemented, a marked improvement in the country's ranking on international competitiveness indices will be forthcoming.

**Fair Share Programme**

The Fair Share Programme is a development intervention initiated and coordinated by MLSMED to increase the participation of MSEs in the public procurement process. The programme seeks to achieve this objective by calling on public procurement agencies to reserve a percentage of their procurement opportunities strictly for the participation of micro and small businesses. MSEs will ultimately have more equitable access to public procurement opportunities and be allowed to compete against larger firms for contracts. The creation of this programme was sanctioned by Cabinet in November 2006.

The programme is expected to be implemented in three phases. The components of each phase are as follows:

 Phase I  In the absence of legislation, the emphasis at this stage will be on training of MSEs to be in a ready state for procurement opportunities, compiling a list of available contracting opportunities and acquiring this type of data from government agencies, developing a register of MSEs, and installing a Monitoring and Evaluation system for the programme. At this early phase, Ministries will be introduced to the programme and asked to consider within their procurement systems the awarding of contracts each up to a sum of TT$1Mn to MSEs.

 Phase II  At this stage, the programme will be extended to all other government agencies. Also, a web-based software application will be installed to facilitate an e-procurement system for the operational management, reporting and M & E of the programme.

 Phase III  The focus in this final stage is on the development and implementation of a legislative framework to support the programme. Additionally, full implementation of the e-procurement system is expected to be completed and a nationwide promotion of the programme will follow.

As of August 2011, a Programme of Action report was completed and is ready for implementation. MLSMED awaits the necessary approvals to roll out the programme.
Expansion of the Infrastructure for MSE Development

The MLSMED is in charge of this process. There are no established incubators in Trinidad and Tobago at this time. There are several bodies who have engaged in incubator-related activities. Notwithstanding, situating an incubator site will be based on the following criteria:

- poverty, unemployment and underemployment
- accessibility to adequate infrastructure
- availability of resources (skilled and unskilled workers, financial resources, raw materials)
- availability of training skills to accommodate target groups

On its current work programme, the Ministry is expected to establish four (4) business incubators before the close of fiscal 2011 and an additional ten (10) by the end of fiscal 2012.

Monitoring and Evaluation Mechanism

In January 2008, the Government mandated the establishment of Monitoring and Evaluation (M&E) Units in all Government Ministries and relevant Departments to support evidence-based decision and policy making as well as, track the progress, outcomes and impact of Government’s projects, programmes and policies.

While the MTI has a functioning Research, Monitoring and Evaluation Unit, this Unit will be strengthened with the recruitment of three (3) Monitoring and Evaluation Specialists. These specialists will be required to clarify program objectives, link activities and their resources to objectives, translate objectives into performance indicators and set targets as well as, analyse why intended results were or were not achieved, assess specific causal contribution of activities to results, examine the overall implementation process and equally highlight the accomplishments and potential of programs and projects, offering practical recommendations for improvement.

The MLSMED recently established a Monitoring and Evaluation Unit within the Enterprise Development Division. This Unit will network with their counterparts in other Ministries and agencies to ensure a well co-ordinated and transparent approach to all evaluative assignments undertaken.
4: GOVERNANCE FRAMEWORK

In this Enabling Competitive Business Strategy, the Government will continue to play a facilitative role assisting the private sector represented by business associations and academia to engage in activities that further the growth and development of competitive businesses. Through institutional strengthening especially in the areas of Monitoring and Evaluation and Project Management, the implementation of initiatives will be carried out in a transparent and participatory manner. An Enabling Competitive Business Governance Framework has been designed visually displaying the degrees of interaction among all relevant participants.

Ministries such as Planning and the Economy (MPE), Trade and Industry (MTI) and Labour, Small and Micro-Enterprise Development (MLSMED) are policy-making bodies. Though many tend to seed new initiatives, it is their state agencies for example, Trinidad and Tobago Entertainment Company (TTENT), Trinidad and Tobago Bureau of Standards (TTBS) and statutory bodies such as Business Development Company Limited (BDC) and National Entrepreneurship Development Company Limited (NEDCO) under their respective Ministries’ charge that implement the approved policies and introduce them to the growing public.

Decisions made within Ministries are not done in isolation. More often than not, policies and the conceptualization of a new initiative are developed in collaboration with the private sector which comprises the business associations namely Trinidad and Tobago Manufacturers Association (TTMA), various Chambers of Industry and Commerce e.g. Trinidad and Tobago Chamber of Industry and Commerce (TTCIC), Trinidad and Tobago Coalition of Services Industries (TTCSI) and academia University of the West Indies (UWI), University of Trinidad and Tobago (UTT) and University of Southern Caribbean (USC). UWI for example has expertise in undertaking research on matters relating to trade and industrial policies and strategies and is therefore able to provide the empirical research that will inform policy formulation in these areas.

International donor agencies in this instance the European Union (EU) delegation, Inter-American Development Bank (IDB), International Financial Corporation (IFC) a member of the World Bank group and the United Nations Development Programme all lend technical assistance, budget support and at times project financing to move and incite government policy and action.

Special purpose committees, commissions, units, boards and councils have been established to carry out a clearly defined scope of work.

Examples of these bodies are:
• Ministerial Council on the Economy;
• National Monitoring Committee (NMC);
• Fair Trading Commission (FTC);
• Trade Implementation Unit (TIU);
• Economic Development Board (EDB);
• Competitiveness and Innovation Council (CIC); and
• National Productivity Council.

No policy, programme, project nor intervention can be implemented without the official minuted approval given by Cabinet. However, since the ECB Strategy involves more than one Ministry, co-ordination at the Cabinet Level is key to successful implementation. Therefore the Ministry of Trade and Industry will report to the Ministerial Council on the Economy on matters related to the execution of the ECB Strategy, where any inter-Ministerial issues will be implemented.
ECB GOVERNANCE FRAMEWORK

CABINET

Ministerial Council on the Economy

Ministry of Planning and the Economy (MPE)

National Monitoring Committee for Competitive Business

National Productivity Council

SomeState Agencies of the MTI

Trade Implementation Unit

Business Associations

Int'l Donor Agencies

Academia

State Agency of MLSMED

National Monitoring Committee for Competitive Business

Ministry of Trade and Industry

Fair Trading Commission

Trade Implementati on Unit

Some State Agencies of the MTI

Business Associations

Int'l Donor Agencies

Academia

State Agency of MLSMED

Ministry of Labour, Small and Micro Enterprise Development (MLSMED)

National Productivity Council

Key: Maroon – Interaction with MTI only; Light Blue – Interaction with MLSMED only; Green – Interaction with all Ministries Yellow Interaction with MTI and MLSMED only; Orange – Interaction with MTI and MPE; Dark Blue – Interaction with MLSMED and MPE Lavender – Institution comprises of only private sector stakeholder
5: CONCLUSION

The economic indices suggest that there is an urgent need to transform the economy diversifying away from its dependency on oil and natural gas. To pursue this overarching objective, the government has articulated a strategic framework which is comprised of a series of development interventions placed into three categories policies, institutions and tools.

Key challenges have been identified that may hinder the sustainable development of the Trinidad and Tobago economy. These include: overdependence on the energy sector, current business environment, diversification efforts, institutional and governance framework, micro and small-scale enterprise sector, and the international economic and financial environments. These challenges must be addressed but in a collaborative effort relying on the strengths of both the public and private sector stakeholders. Traditionally, these partnering arrangements were very informal and the need arises to formalize several of these arrangements.

The development approach is more inclusive as the government seeks to capture excluded groups in the development process. The idea of attempting to capture a large part of the country’s labour force in the economic development process confirms Government’s commitment to a people-centered development where equality of opportunity in terms of access to markets, resources and an unbiased regulatory environment is possible in realizing the goal of achieving “Prosperity for All” in the society.

Undoubtedly, the business environment is a dynamic one and the Action Plan accompanying the Enabling Competitive Business Strategy will be reviewed and updated annually to be relevant.
### ACTION PLAN FOR ENABLING COMPETITIVE BUSINESS STRATEGY 2011-2014

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## GOAL 3  Expanding the Diversification Programme

| 3.1 | Development and implementation of strategic plans for priority sectors | MTI |
| 3.2 | Creation of a National Export Strategy | MTI |

## GOAL 4  Introducing Effective Institutional and Governance Frameworks

| 4.1 | Establishment of the Economic Development Board (Board constituted) | MPERGA |
| 4.2 | Establishment of a Competitiveness and Innovation Council (Council established) | MPERGA |
| 4.3 | National Monitoring Committee for Competitive Business | MTI |

## GOAL 5  Supporting the MSE sector and strengthening their capacity to compete locally and abroad

| 5.1 | Business Incubation Policy for Enterprise Development | MLSMED |
| 5.2 | Creation of an Enabling and Facilitative Legal Framework for MSEs | MLSMED |
| 5.3 | Expansion of the physical infrastructure for MSE development e.g. establishment of business incubators | MLSMED |