

Competitiveness and Innovation Way Forward for Trinidad and Tobago

October 2014, Trinidad and Tobago successfully hosted the seventh Americas Competitiveness Forum ([Click for Summary](#)). As hosts, Trinidad placed innovation at the heart of the Forum when it selected the theme, "The Human Imagination at Work, Driving Competitiveness, Powering Innovation". This choice was strategic in that innovation has become central to national and international discussions and decisions on economic growth.

This country, with its traditionally disproportionate reliance on the oil and gas industry, has intensified its diversification efforts with a particular goal of growing knowledge and innovation-related industries and becoming a regional hub for innovation and for the production of new ideas, products and services. The installation of an Economic Development Board (EDB) and a Council for Competitiveness and Innovation (CCI) is intended to lead these efforts and prioritise "realigning the economy" as is stated in the Government's Medium Term Policy Framework 2011-2014.

Given the importance of Innovation to economic growth and sustainable long-term development, the Compete Caribbean Program is very happy to be partnering with the Government of Trinidad and Tobago on the implementation of a Technical Cooperation project with a combined total of worth over US \$1 million. Specifically, the technical cooperation project is being implemented in partnership with the Ministry of Planning and Sustainable Development and is geared towards the strengthening of the technical secretariat that supports both the EDC and the CCI.

Most recently, two very important knowledge products were completed under this operation—an innovation survey and an innovation study. These new resources have given rise to an improved consensus among stakeholders about the key role of innovation in raising the growth potential through economic diversification and improvement of price and non-price international competitiveness in Trinidad and Tobago.

This is the basic economic rationale for policies to enhance national innovation capabilities. The innovation study was undertaken by international innovation expert, Jean Guinet, and it assessed the national innovation ecosystem of Trinidad and Tobago, identified where improvements could be made, and formulated recommendations on how government policies can contribute to such improvements. Mr. Guinet gathered information through a series of interviews with major stakeholders of the national innovation system in Trinidad and Tobago.

The study found that while Trinidad and Tobago has not yet been able to spontaneously move into the rapidly growing industries in which the returns on innovation are likely to be greatest, it is at a point where it can contemplate a leap in efficiency in exploiting all its comparative advantages.

The Medium Term Policy Framework provides vision, strategy and policy principles to achieve such a leap. But the translation of these principles into an appropriate set of actions is the real challenge. Trinidad and Tobago's expenditure on science and technology activities remained very low between 2000-2010 and R&D as a percentage of GDP in 2012 was among the lowest in the Latin America and Caribbean region.

Similarly the number of patents and the number of publications in scientific journals is low compared to international output. Mr. Guinet concluded "The bottom-line is that the level of wealth creating innovation activities in Trinidad is currently very low, with a few exceptions, e.g. in the energy-related service sector. This contrasts with the high level of creativity that is constantly expressed in the social and cultural spheres".

Out of this the immediate policy implication is the gradual scaling up of the innovation ecosystem. After a rigorous analysis of the innovation ecosystem, including a mapping of all the institutions and stakeholders within the system, the study makes detailed recommendations in several areas:

- Improve framework conditions for innovation
- Increase public investment in science, technology and innovation
- Foster policy efficiency through advanced system governance
- Secure the availability of qualified human resources
- Promote business R&D and innovation
- Enhance the contribution of public research to innovation
- Provide supportive structures to innovators.

The innovation survey was undertaken by the Arthur Lok Jack Graduate School of Business and looked specifically at innovation through the eyes of companies themselves. It assessed the different aspects of innovation among local firms in seven areas of priority being targeted for economic growth and diversification: Energy, Creative Industries, Tourism, Maritime, Finance, Food Sustainability and ICT).

Results from the survey support the findings of the innovation eco-system study - product innovation in firms is very low and firms dedicate limited resources to innovation. In addition, there is significant underutilization of universities, research institutions and even industry partners in the process of innovation.

The main driver of innovation is increased profits, and yet firms tend to shy away from internationalisation because the majority are domestically oriented. Significantly, most of firms claimed positive impacts on business as a result of introducing innovation, particularly into business operations. The most dominant obstacles to firm innovation were reported as the lack of financing, domestic economic conditions, level of available resources, crime theft & disorder, lack of skilled personnel, weak customer demand and access to land for expansion.

Some of these significant challenges are addressed in the recommendations made by Jean Guinet. But the most promising finding of the Lok Jack Graduate School survey is that over 70% of

f firms say that they have an intention to engage in innovation in the next 3 years. It seems, therefore, that if the public and private sectors can work together on policy implementation and investment, Trinidad and Tobago's future as a leading innovator in the region is bright.