

Relief for food, medicine importers

Import: Forex relief

By Anna Ramdas
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THE Finance Minister is reviewing the special window at the Eximbank which provides foreign exchange to businesses that import essential products such as food and medicine, Finance Minister Colm Imbert has said.

The minister yesterday posted on X (formerly Twitter), commenting on the exclusive *Sunday Express* report where a number of businessmen appealed for intervention to address the forex crisis.

They said they are unable to pay for basic food items because of their inability to access United States dollars for the last two months.

Imbert posted: "During Covid, we created a special window at the Eximbank to provide USD for essential products, such as food and medicine. Covid is over, so we are reviewing the feasibility of that forex window. The need for a review cannot be too difficult a concept for the *Express* to grasp."

The minister did not provide any information on when this review will be completed or what interim relief could be provided to wholesalers to ensure they are able to continue importing basic food items such as potatoes, rice, onions, garlic, sugar, saltfish, pigtail and oil.

The *Express* contacted the businessmen yesterday and they voiced their

concerns, with all of them indicating they were unaware that this "special window" was under review.

They said Imbert's post created concern as the Eximbank has been their provider of forex to import food and if this is removed then there will be serious problems.

They recalled that it has been two months since they received any forex and called on the minister to provide clarity to his post and indicate time-lines because their operations are, being severely affected.

"We were not aware of this at all and I am even more concerned because of what we have heard or hope that the issue can be resolved but now there is a possibility that it can be removed," said one of the businessmen.

"We have been relying on the Eximbank for forex for the past few years and it has become the only way for us to import the dry goods," he added.

Asked how businesses were able to access foreign currency to import food before the Covid-19 pandemic, the businessman said they were able to use credit cards which then had higher limits (these have all been reduced) and through the local banks.

"We were barely able to cover costs back then but now the situation has gotten worse, you are not getting anything at the lo-



SPECIAL WINDOW: Colm Imbert

cal banks," he said.

The businessmen argued that whatever decision is made must factor in a plan to ensure they are able to access US dollars to continue their operations and priority must be given to them so there is no food shortage in the country.

"Whether it is through the Eximbank or local banks, there must be some policy in place for us to be able to access forex so we can pay our suppliers and operations are not affected," said a businessman.

Impact on people severe

The *Express* spoke to economists Dr Indera Sagan and Dr Vaalmikki Arjoon yesterday about the issue.

"The world has been in a post-Covid state since 2021, we're in 2024. Is

the minister and his ministry really so inefficient? Still recalling after three years, I imagined that's a difficult concept for the *Express* to comprehend," said Sagan. "That said, basic food, like basic drugs are priority imports which should not be dragged through the coals at snail's pace. The impact on the average person is too severe. There is no discretionary money in people's pockets to be continuously allocating more and more for same or less."

She said there was a need for Imbert to act and resolve this issue.

"A caring minister would understand this and act expeditiously. What is there to be revising for three years? This is a no-brainer. As I recommended in my own piece on this issue, create a designated line of US for the importation of those basic food items which are necessities to affordably feed ourselves and establish clear reporting guidelines to ensure it's not abused," she advised.

Arjoon said, after the end of Covid, essential items like food and pharmaceuticals still required reliable forex access.

"Without it, local supply will tighten, driving prices up," he stressed.

Arjoon said there was inequity in forex distribution within the commercial banking system, as larger importers valued by banks for their substantial loans

or mortgages are prioritised for forex access.

"The Eximbank's allocation has helped with this inequity, especially for smaller suppliers of essentials like pharmaceuticals, who might not receive sufficient forex otherwise. Reducing or ending this allocation would widen the gap, leaving small and medium importers of essentials struggling for forex while larger importers continue with ample supply," he said.

This shift would reduce local market competition, leaving only a few large distributors standing, able to charge higher prices as they pleased, he opined.

Block market

Arjoon said those who cannot access adequate forex will naturally attempt to source more from the black market, and this rate is not always T\$8 for one US dollar, but can also cross T\$9 depending on how urgently the importer needs the funds.

He said, in the recent past, because of global supply chain issues caused by the rerouting of trade from the Suez Canal, several local importers of medical supplies and pharmaceuticals were forced to order and pay several months in advance to secure priority shipment upon availability, so that their stocks in the short term are unaffected.

However, securing the necessary foreign ex-

change for upfront payment is challenging for many causing some to pay higher black market rates to secure items from suppliers, he noted.

Arjoon said it was likely that some who sold forex on the black market might source these funds from the underground drug economy, which transacts in US dollars.

"Contributing to this strain are rising shipping costs, with the Drewry's World Container Index peaking at (US)\$5,957 in July 2024, a significant increase from (US)\$1,369 in October 2023," he said.

Additional challenges include Customs overtime charges and port delays, resulting in high rent and demurrage fees, all of which escalate business expenses, he added.

"Consequently, while there is still no indication of this happening yet, if the Eximbank allocation for essentials is lowered or eliminated, these compounded costs and reliance on black market forex are likely to drive up local prices and cause shortages of critical goods," he said.

Arjoon said the port rental charge rate should be reduced, and staffing at the Port of Port of Spain should be increased during peak months by reallocation Customs workers from underutilised Customs areas.

He said this strategy will expedite item clearance and lower business costs.

Supermarket owners wait problem solved

By Michelle Loubon
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FORMER president of the Supermarket Association of Trinidad and Tobago Rajiv Diptee believes that if the Eximbank facility has propped up certain food arrangements, "and if it is being reviewed, it is ensuring the population has equitable access to the basics, it should be fully supported."

Speaking to the *Express* by phone yesterday, he said, "Consideration should also be given to those importers who could verify arrangements for the basic food items, and perhaps, the list could be expanded to include these importers."

Diptee made the comments following yesterday's *Sunday*

Express lead story which said the country could be facing a shortage of basic food items as wholesalers who import goods like potatoes and rice have been unable to access foreign exchange from the Eximbank in two months.

"The foreign exchange crunch is nothing new, especially when it comes to importers trying to find the quantities required to import food; especially the basics like rice, flour and oil, such as potatoes and rice have been unable to access foreign exchange from the food items are concerned. Food and shelter are the heartbeats of what the man on the street is working for," he told the *Express*. "It's going to boil down to whether the foreign exchange is available. But at the

end of the day we will all go back to Eximbank. I think they should get the support."

He also said the Cabinet-appointed food committee was working to ensure proposals and recommendations were put forward for consideration.

Contacted yesterday, several supermarket owners speaking on condition of anonymity, pleaded for the issue to be addressed urgently.

They said it should be resolved since people were more concerned about providing their families with daily meals, and not focused so much on luxury goods like gourmet chocolates, fancy biscuits and olive oil.

They insisted that the State should move swiftly to fix the problem before Christmas.

Commenting on the shortage of foreign currency, Mayaro Member of Parliament Rushton Parry said yesterday it exposed Government's "empty promises" in resolving the issue.

According to Parry in a release, the issue is an unprecedented "crisis" that persists despite assurances of resolution from Minister of Finance Colm Imbert.

"The reality on the ground paints a bleak picture. Importers are warning of imminent food shortages and price increases due to a lack of USD access, directly contradicting the Government's public narrative of economic stability and growth," he stated.



FOREX CRUNCH NOT NEW: Rajiv Diptee