



Government of the Republic of Trinidad and Tobago
MINISTRY OF FINANCE

For immediate release

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MEDIA RELEASE

FOREIGN EXCHANGE SUPPLY AND DEMAND

The Minister of Finance has noted with interest an editorial in the Sunday Express regarding foreign exchange supply and demand.

The editorial correctly points out that the sales of foreign exchange to the public for the first 7 months of 2023 are almost the same as the amount of forex available to the public in the first 7 months of 2022, and therefore, there could be deeper issues affecting the availability of forex at this time.

In fact, when one looks at the sales of foreign exchange to the public for the 8-month period of January 2023 to August 2023, and compares it to 2022, one will see that the amount of foreign exchange made available by the local banking sector in this year is effectively the same as last year, for the same period.

Going further to look at the amounts of foreign exchange sold to the public in 2021 and 2019, excluding the full Covid-19 year of 2020, one will see that in 2023, the sales of foreign exchange to the public for the first 8 months of 2023 is 26.8% higher than the same period in 2021 and 4.3% higher than the same period in 2019.

The issue, therefore, is not simply the availability of foreign exchange in 2023, compared to previous years, but rather, it also is the demand.

There are several reasons for the increased demand. Certainly, the growth in the economy, which started in 2022, and is continuing in 2023, is driving this increased demand as businesses seek to expand their operations, and import equipment, raw materials, and finished products. There has also been an explosion in online shopping over the last several years, which is driving up the usage of US dollar denominated credit cards, as consumers take advantage of the availability of cheaper goods overseas. There is also the question of imported inflation increasing the unit cost of imported items.

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In addition, the repatriation of foreign exchange earned through export earnings, which reached a high in 2022, is decreasing, as some businesses are choosing to keep their forex overseas, for various reasons.

Accordingly, the Minister of Finance will be holding discussions in the near future with the Central Bank, the Commercial Banks and the Business Community to discuss the causes and effect of increased demand for foreign exchange, and strategies to deal with the current challenges, and the most appropriate policy for the allocation, management and distribution of foreign currency, as well as strategies to increase the repatriation of forex earned overseas by local businesses and foreign business operating in Trinidad and Tobago.

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The Honourable Colm Imbert M.P.

Minister of Finance

