

Gas hike will hurt construction, says association

The T&T Contractors Association (TTCA) has issued a strong warning to its members and the wider construction industry, saying that the recent spike in natural gas prices is placing severe strain on the sector and threatens to destabilise ongoing and future projects across the country.

In a news release yesterday, the association said the increase in natural gas costs is not only affecting contractors directly but is also driving up the price of key inputs essential to construction.

Natural gas is a major energy source in the production of materials such as cement, glass, and steel— core components for building and infrastructure development.

Noting that the construction sector is a significant economic indicator, which historically contributes approximately five to six per cent of GDP, the TTCA explained, “We continue to experience ebbs and flows in the industry, as it is primarily driven by national development projects and economic cycles. Stakeholders are challenged with project funding constraints, foreign exchange shortfalls, and payment delays.

“While recent years have seen pressure from energy sector downturns and reduced large-scale projects, the sector remains crucial for employment and physical development.

This increase is driving up operating and material costs. Unfortunately, companies are forced to pass on related costs to customers, adjust margins, and/or forced to consider production cuts.”

The TTCA added that these added expenses complicate project forecasting and budgeting, making it harder for businesses—particularly small and medium-sized enterprises operating under fixed-price contracts—to maintain profitability, stating that some companies may be forced to adjust their margins, raise prices, or even consider cutting production to absorb the financial blow.

The association also expressed concern about the sector’s diminishing capacity to sustain employment levels.

“Construction firms are unable to accurately forecast project costs and bid for future, longer-term contracts.

The added financial pressure from rising costs, coupled with supply chain difficulties increases the risk of project delays and potential business insolvencies for many stakeholders.

“Domestically produced goods are becoming less competitive compared to imports. While the construction sector remains a significant, non-energy employer and boasted of creating employment for a significant number of persons, we have seen a gradual decline in the number of available jobs,” the TTCA added.

It underscored the urgency of the situation and the potential implications for T&T’s broader development agenda.

“With deep concern, the T&T Contractors Association continues to see an upward trajectory in rates and charges which compromise our sustainability to fully support national development,” the TTCA stated.