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# Country Economic Report Trinidad and Tobago

## Toward a Program of Policy Reform and Renewed Growth in Trinidad and Tobago

(In Two Volumes) Volume I: Main Report

April 18, 1988

Latin America and the Caribbean Region

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CURRENCY EQUIVALENTS

Until December 1971

US\$1.00	=	TT\$2.00
TT\$1.00	=	US\$0.50

From December 1971 to July 1972

US\$1.00	=	TT\$1.84
TT\$1.00	=	US\$0.54

From July 1972 to June 1976

The TT\$ was allowed to float  
in line with sterling.

As of May 1976

US\$1.00	=	TT\$2.65
TT\$1.00	=	US\$0.38

From June 1976 to December 1985

US\$1.00	=	TT\$2.40
TT\$1.00	=	US\$0.42

Since December 1985

US\$1.00	=	TT\$3.60*
TT\$1.00	=	US\$0.28

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\* Except for imports of essential items which, until January 1987, were traded at the US\$1.00 = TT\$2.4 rate.

ABSTRACT

1. This report reviews recent economic developments and the main policy issues in Trinidad and Tobago. It is in two volumes. Volume I, Main Report focuses on the state of the economy and steps towards a program of policy reform for renewed growth in Trinidad and Tobago, and presents the salient features of the analysis of selected sectors. Volume II deals in more detail with four areas selected for special review--manufacturing, agriculture, tourism and planning organization. The last Bank economic report was in June 1983.

2. The Trinidad and Tobago economy is at a crossroads. The national and per capita incomes have been plummeting since 1982 with the decline of the oil industry. GNP per capita fell from US\$6,920 in 1982 to US\$5,120 in 1986. For 1987 the per capita income is estimated to be about US\$4,550. Foreign exchange reserves have dwindled from US\$3,091 million in 1982 (equivalent to 13.3 months' imports) to about US\$137 million by end 1987. As the petroleum receipts declined, so have government's capital expenditures which dropped from 19% of GNP in 1982 to about 5% in 1986. With the contraction in the economy the number of unemployed as a percentage of the labor force swelled from 10% in 1982 to 22% in 1987. Unemployment is now one of the most serious social problems facing the country. However, with the failure to effect significant reductions in current expenditure, the current account balance of the Central Government turned negative in 1986. The financial system too has come under great stress with the downturn in the economy and public confidence has been shaken by the closure of a number of financial institutions. Although Trinidad and Tobago cannot be classified as heavily indebted, the country has been experiencing strain meeting its debt service obligations and in raising adequate levels of external resources. Financing of the recovery is predicated on satisfactory rescheduling of the country's foreign debt.

3. It is clear that the exacerbation or persistence of the declining economic trends cannot continue for much longer without endangering the social stability of the country. Even as the economy went into a tail-spin, the policy responses were delayed and weak. Beginning in October 1983, a variety of corrective measures were introduced, notably, a partial devaluation in December 1985, consolidated in January 1987. Manufactured exports (excluding petroleum and related products) increased. Nevertheless, the evidence suggests that the Trinidad and Tobago dollar is still overvalued. A new Government took office in December 1986. It has indicated that recovery of the economy will be its prime concern, with the private sector playing a more important role in growth.

4. Trinidad and Tobago has a good resource base, both physical and human. And provided the international economy remains stable, there is no reason why the economy should not resume its growth again if an adequate macro-economic framework consisting of exchange rate, fiscal and monetary policies is in place. In particular, the competitiveness of the economy has to improve and the economy become more diversified. In the short-term, revival is linked to recovery in the oil sector. In the medium to longer term, with growth of the energy based projects, the industrial sector could

emerge as the lead sector, replacing oil. Earnings from tourism and other services could be expanded considerably. Agriculture, too, has a critical role, but it needs to become more efficient and competitive.

5. The policies to facilitate the recovery will need to be multi-faceted: continued restraint in consumption, both public and private, reduction of the overall domestic financing gap, phasing out of public sector recourse to Central Bank credit, increased resource availability to the private sector, revival of public investment which in turn will spur private investment, rationalization of state enterprises and improved incentive framework for the private sector, trade liberalisation and shift in emphasis from import substitution to export promotion, flexible exchange rate policy, more determined efforts to encourage domestic savings, systematic approach to job creation and greater attention to population growth. Such a recovery program will need to be buttressed by adequate levels of external borrowing (a minimum of about US\$225 million a year over the next few years) plus technical assistance, particularly in the areas of national economic planning and policy coordination, project preparation and implementation, marketing and tourism planning and implementation.

**This report is based on the work of an IBRD mission to Trinidad and Tobago in October 1987 led by Mr. N. Ramachandran. Contributing to the report were Messrs. Auty (manufacturing), Atkins (agriculture), Brown (tourism), Payot (planning organization), Ramsaran (public finance and financial sector) and Grdjic (statistics).**

# TRINIDAD AND TOBAGO

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MAP IBRD 20573R

COUNTRY DATA - TRINIDAD & TOBAGO

<u>AREA</u>	<u>POPULATION</u>	<u>DENSITY 1986</u>
5,128.8 km <sup>2</sup>	1,199,151 (mid 1986) Rate of Growth: 1.6 (1982 to 1985)	232.9 per sq km <sup>2</sup> 666.9 per km <sup>2</sup> of Arable Land

POPULATION CHARACTERISTICS 1986

Crude Birth Rate (per 1,000)	27.6
Crude Death Rate (per 1,000)	7.6
Infant Mortality (per 1,000 live births, 1982)	14.9

HEALTH 1986

Population per Physician	1,400
Population per Hospital Bed	266

INCOME DISTRIBUTION GINI COEFFICIENT a/

1982	6.44
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ACCESS TO PIPED WATER 1986

% of Population - Urban	97
- Rural	77

ACCESS TO ELECTRICITY 1982

% of population	84.3
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REGISTERED MOTOR VEHICLES 1986 (In 000)

Private	212.4
Other	139.6
Total	351.4

EDUCATION 1986 (% of total)

No Education	4.9
Primary School	58.7
Secondary School	32.4
University	2.2
Not Stated	1.8

GNP PER CAPITA, 1986 US\$ 5,128 b/GROSS NATIONAL PRODUCT 1986

	<u>US\$ Mil.</u>	<u>%</u>
GNP at Market Prices	5,833.3	
Gross Domestic Investment	1,111.1	22.1
Gross National Saving	592.8	11.8
Current Account Balance	-683.5	
Exports of Goods, NFS	1,646.6	32.7
Imports of Goods, NFS	1,834.3	38.4

GDP f.c. ANNUAL RATE OF GROWTH  
(%, constant 1975 prices)

	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>
	-12.8	-2.9	-6.4

a/ Measure of income distribution, ranging between 0 and 1, with 1 representing the greatest degree of inequality in income distribution.

b/ Based on the World Bank Methodology.



**LABOR FORCE, OUTPUT AND  
PRODUCTIVITY IN 1986**

	<u>Value Added</u>		<u>Labor Force c/</u>		<u>V.A. Per Worker</u>	
	<u>US\$ Mil.</u>	<u>%</u>	<u>1,000</u>	<u>%</u>	<u>US\$</u>	<u>% of average</u>
Agriculture	262.4	5.4	44.2	11.4	5,936.7	47.7
Industry	1,488.9	29.2	55.7	14.4	25,294.4	203.1
Other	3,159.8	65.4	288.6	74.2	16,971.5	88.1
Total GDP f.c./Average	4,881.1	100.0	387.9	100.0	12,454.4	..

**GOVERNMENT FINANCE 1986**

	<u>General Government</u>		<u>Central Government</u>	
	<u>(TTS Min.)</u>	<u>% of GDP f.c.</u>	<u>(TTS Min.)</u>	<u>% of GDP f.c.</u>
Current Receipts	5,281.5	38.6	5,257.6	38.2
Current Expenditures	5,525.5	31.8	5,495.5	31.5
Current Surplus	-244	..	-227.9	..
Capital Expenditures and Net Lending	844.9	4.9	844.9	4.9

**MONEY, CREDIT AND PRICES**

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>(Million TTS outstanding end period)</u>				
Money and Quasi Money	6,939.6	7,150.4	7,321.5	7,235.6
Bank Credit to Public Sector	-1,488.7	-86.7	559.1	1,995.2
Bank Credit to Private Sector	5,528.8	5,944.7	5,697.1	5,685.9

(Percentage or Index Numbers)

Money and Quasi Money as % of GDP f.c.	35.1	37.2	38.7	41.6
Retail Price Index (Sept 1982 = 100)	115.2	138.5	148.5	151.3
Annual Percentage Changes in:				
Retail Price Index	16.7	13.3	7.7	7.7
Bank Credit to Public Sector	..	..	..	356.7
Bank Credit to Private Sector	15.4	7.7	-4.2	1.9

c/ Employed only.

.. Not available

BALANCE OF PAYMENTS (US\$ MIL.)

	<u>1984</u>	<u>1985</u>	<u>1986</u>
Exports	2,116.0	2,154.7	1,800.2
Imports	-1,917.3	-1,557.3	-1,494.1
Services	-632.9	-620.0	-449.7
Unrequited Transfers	-83.2	-66.0	-30.1
Current Account	<u>-522.5</u>	<u>-92.2</u>	<u>-688.7</u>
Public Sector Capital	19.6	88.0	79.5
Direct Investment	118.2	1.2	-14.5
Commercial Banks	19.2	-41.0	-27.2
Other	<u>-271.4</u>	<u>-30.7</u>	<u>-30.4</u>
Capital Account	-110.4	12.1	-50.6
Errors	-160.2	-160.0	-35.3
Overall Balance	-742.1	-241.0	-697.6
Change in Reserves	742.1	241.0	697.6

(Increase = -)

RATE OF EXCHANGEJN.-DC. 1984

US\$1.00 = TT\$2.40

TT\$1.00 = US\$0.42

JN.-NV. 1985

US\$1.00 = 2.40

TT\$1.00 = US\$0.42

As of DC. 1985

US\$1.00 = TT\$3.60

TT\$1.00 = US\$0.28

JN. 1986

US\$1.00 = TT\$3.60

TT\$1.00 = US\$0.28

MERCHANDISE EXPORTS/1986 d/

	<u>US\$ MIL.</u>	<u>%</u>
Petroleum and Products e/	961.0	70.2
Food, Beverages & Tobacco	50.4	4.1
All Other Commodities	352.2	25.7
Total:	<u>1,378.4</u>	<u>100.0</u>

EXTERNAL DEBT, DECEMBER 31, 1986US\$ MIL.

Public Debt f/ 1,237.0

DEBT SERVICE RATIO for 1986 g/Public Debt, Incl. 15.0%  
GuaranteedIBRD/IDA LENDING, December 1986

	<u>US\$ MIL.</u>	
	<u>IBRD</u>	<u>IDA</u>
Outstanding & Disbursed	29.4	0.0
Undisbursed	0.0	0.0
Outstanding Including Undisbursed	29.4	0.0

d/ Including domestic exports and re-exports.

e/ Excludes exports under petroleum processing agreements and stores and bunkers.

f/ Includes guaranteed debt disbursed only.

g/ Ratio of debt service to exports of goods and non-factor services.

## SUMMARY AND MAIN ISSUES

i. Trinidad and Tobago is a small country in terms of both physical size and population. Based largely on its petroleum resources, it has been able to attain a relatively high standard of living. With a per capita GNP of US\$5,120 in 1986, it now ranks among the upper middle-income developing countries. The economy has been highly dependent on oil exports and in public investment financing from this source. This has made the economy highly vulnerable to fluctuations in the international demand and price of oil. The most recent boom stemmed from the high oil prices prevailing in the period 1974 to 1981, which yielded the Government a significant amount of resources that are now largely exhausted. As dependence on oil grew, the other sectors were increasingly neglected, to the detriment of future growth. As a result of increased Government spending, the economy grew at an average annual rate of almost 7% in real terms between 1976 and 1982. Since 1983, however, economic activity has declined in every year as the economy failed to diversify in light of changing world demand and prices for oil.

ii. With the emergence of the petro-chemical sector, Trinidad and Tobago is now the most industrialized of the Commonwealth Caribbean nations. The country also has good infrastructure, a fair amount of entrepreneurship, cheap energy, skilled human resources and political stability. With these assets and the adoption of policies which will lead to a viable macroeconomic framework, and exports, the economy should resume its growth at rates of around 2% to 3% per annum over the medium term. On the other hand, if improvements in export performance and in the manufacturing, agricultural and tourism sectors are only marginal, and if there is no effective program of diversification, the decline in the economy would persist and unemployment would be exacerbated.

iii. The development strategies followed since the mid-1970s have aimed at industrializing the economy by creating energy-based export industries to maximize the benefits of the oil resources and serve as the driving force of the economy as the reserves became depleted. At the same time, the Government endeavored to expand educational and other social facilities and to participate in the ownership of commercial and industrial enterprises. Since 1983, as oil revenues declined, so have government current expenditures. The brunt of fiscal adjustment has fallen on government capital expenditures, which dropped from 19% of GDP in 1982 to 4.7% in 1986. Fiscal policy over the last decade became an instrument for redistributing the benefits of the increased oil revenues and ensuring that many of the basic needs of the poorer segments of the population were met. The balance of payments also reflected developments in the oil sector closely. Beginning in October 1983, a variety of measures were introduced to deal with the sharp fall in reserves, most notably a devaluation in December 1985.

iv. A new Government took office in December 1986. It has indicated that its approach to development and management of the economy will be quite different in a number of areas. The Government has expressed its intention to encourage the private sector to play a more important role and wants to reorganize state enterprises with a view to increasing their

efficiency and reducing their dependence on the Central Government. Public spending is to be monitored more closely to cut down waste, and the Government has committed itself to greater public accountability and more effective use of national resources.

v. The policy initiatives of the new Government so far have, however, been unable to offset the pervasive effects of the oil price collapse in 1986 and to arrest the decline of the economy. Real GDP fell by 6.4% in 1986 and by an estimated 2.3% in 1987. The fall in oil price in 1986 and in oil production in 1986 and 1987 were the dominant underlying factors. Domestic inflation in 1986 remained at the 7.7% level of 1985, but accelerated to over 10% in 1987 with the price increases following the unification of the exchange rate in January 1987. The overall public sector deficit rose from 7.5% of GDP in 1984/85 to 9% of GDP by 1986. Revenue collections fell in 1986 with the downturn in oil prices. Reductions in government expenditure, particularly in current expenditure, were inadequate to compensate for the revenue decline and the overall deficit grew. Financing of the deficit was largely through the domestic banking system. Export earnings plummeted by 30% in 1986, principally because of a decline in both the volume and prices of petroleum products. Import values, however, fell by only 5% and the balance of payments current account deficit grew from 1% of GDP in 1985 to 12% in 1986.

vi. Current revenues of the Central Government increased at an average annual rate of 39% between 1973 and 1981 but have declined steadily since 1982. The fall in the price of oil has been the main factor contributing to this trend. Another has been the decline in domestic crude oil production. In December 1986 the new Government introduced a number of revenue measures, pending the findings of the Tax Performance Committee that is studying ways to rationalize the tax system.

vii. In the light of falling real income, and as an incentive for effort, a downward revision of certain taxes, particularly the personal income tax and the company tax would be desirable at this time. In the oil sector, the rate of the Supplemental Petroleum Tax (SPT) has been a disincentive to companies wishing to undertake further exploration to increase production in the medium to long term. In the 1988 Budget the Government adjusted these taxes, but should continue to monitor the effects of these changes with a view to further adjustment. Given the prospect of a fall in 1988 and 1989, the oil tax regime may require further modification. More revenue could be obtained through cost recovery from services. Health and education facilities for example, could be so administered as to recover some costs. Elimination of subsidies to public utilities could also shore up the fiscal position.

viii. With enhanced revenues following the oil boom, the Government increased both current and capital expenditures. As a portion of GDP, current expenditures rose from 17% in 1973 to 40% in 1981. Since 1982 it has averaged around 30%. Increased current spending was generated by a variety of misdirected policies: featherbedding in the public service; wage and salary increases that were unwarranted; subsidy programs that only marginally benefitted intended beneficiaries; and transfers to public utilities and state enterprises without serious insistence on efficiency improvements and cost reductions.

ix. Given that significant increases in recurrent revenues are unlikely in the foreseeable future (in fact, revenues could fall further) the Government needs to make a determined effort to reduce recurrent spending. The Government should reverse the deteriorating trends in public finances by generating a surplus in its current account. At the same time, the Government should eliminate the domestic financing gap and not seek recourse to Central Bank credit. In the short term, it is rightly focusing on the rationalizing of expenditures under the category of transfers and subsidies, where there seems to be considerable scope for reductions. The Government will, however, also have to effect economies in its wage bill. Redeployment within the public service could also provide some room for maneuver.

x. The burden of fiscal adjustment has, as noted, fallen most heavily on Government capital expenditures. Beginning in 1984, the Government became involved in a number of expensive capital-intensive industrial undertakings some of which have suffered financial losses. The present Government in its 1987 budget indicated that while state enterprises have a role to play in the process of transformation, a plan for divestment, capital enhancement, training, expansion of production and greater accountability will be developed for each enterprise as appropriate. The team undertaking this task has so far examined at least 10 of the 35 enterprises with significant state involvement. Most Government capital spending in 1987 has been for maintenance/preservation and continuation of some ongoing work. The Government's inability to raise the desired foreign capital partly explains why hardly any new projects have been started. The Government in its 1988 Budget has recognized the need for an augmented public investment program if the economy is to recover but is severely handicapped by a lack of skills in project formulation and implementation. A pipeline of well-formulated projects, indispensable in preparing the next plan, does not yet exist. The dearth of skills in project formulation and implementation has also reduced the effectiveness of money spent and at times created a situation where available funds are difficult to disburse. Training and technical assistance in the relevant project areas warrant a high priority.

x. At the sectoral level, the need to reduce dependence on petroleum and diversify the economy has long been an objective of Government policy. In response to a wide range of incentives, the manufacturing sector has grown since the early 1950s, and its contribution now is about 10% of GDP. The development of gas-based industries (notably steel, fertilizer and methanol) was the major plank of the last Government's diversification drive. Most of these enterprises have been affected by teething problems, cost overruns, fluctuating prices and uncertainties in export markets. However, they are technically efficient and have the potential to contribute significantly to the economy. Management and marketing will play a key role in the future of these enterprises. Non-energy-based manufacturing has suffered from over capacity, the result of a fall in local demand, trade restrictions within CARICOM and, in many cases, an inability to compete in extra-regional markets.

xii. The disappointing performance of manufacturing has brought out the weaknesses in the strategy pursued. Most conspicuous has been the granting of protection and import duty exemptions which have discouraged export

initiatives and led to unnecessary losses of revenue. The new Government, in a policy statement of August 1987, is attempting to revamp the incentive framework for private investment by offering a broad range of incentives. However, there is still no clear strategy for shifting the emphasis from import substitution to export promotion. The Government should consider granting free-trade status to export industries right away as a first step in revamping the structure of incentives with the intention of eliminating the existing anti-export bias.

xiii. The Government might consider establishing a task force with a strong commercial orientation to plan the shift to export promotion. Businesses perceive the procedures for securing licenses for the import of raw materials as being slow. These procedures ought to be simplified and the controls relaxed. The tax incidence on investment needs to be reviewed so that Trinidad and Tobago can become competitive in attracting foreign investment. Import duty exemptions should be eliminated on imports used by manufacturers producing for the local market so as to arrest this unwarranted revenue loss. The Alien Landholdings Act is seen as restrictive and needs to be reconsidered to provide a more positive setting for investment opportunities. The dearth of marketing expertise, a key constraint on export growth, should be addressed as quickly as possible by utilizing foreign expertise.

xiv. The protective trade system needs to be liberalized. The negative list has been providing almost continuous protection to some activities so that there has been little reason to improve efficiency. Increasing reliance on tariffs, with a gradual phase-down over time, is needed. The recent decision by CARICOM states to remove all intra-regional trade restrictions on a list of items can be used as a first step in a program to expose local manufacturers to increasing competition.

xv. As to export competitiveness, the devaluation in December 1985 has improved competitiveness in the manufacturing sector, and manufactured exports (excluding petroleum and related products) have grown by over 15% in each of the last two years. Nevertheless, the evidence indicates that the Trinidad and Tobago dollar (TT\$) is still overvalued. In comparison with its 1976 level --1976 is the earliest year for which data are available for this series-- the real effective exchange rate, based on a basket of currencies of major trading partners, had appreciated by 16% by the third quarter of 1987 and this in spite of the continued fall in the value of the US dollar since 1985, to which the TT dollar is pegged. Reductions in wages and salaries in recent years have been consistent with the adjustment effort. The priority now should be wage restraint and further reform of industrial incentives and adoption of additional fiscal and income policies aimed at containing and reducing costs to preserve the 1985 devaluation edge and improve the competitiveness of the country's non-oil related exports outside the CARICOM market. A flexible exchange rate policy would further boost export competitiveness. By end 1987 foreign exchange reserves had dwindled to about US\$137 million. If foreign exchange reserves were to continue to fall, further action on the exchange rate will be required to establish equilibrium in the balance of payments. And since exchange rate adjustments play a key role in the generation of expectations, the Government will need to supplement these efforts with fiscal and monetary measures.

xvi. Agriculture has a key role to play in diversifying the Trinidad and Tobago economy and reducing its vulnerability to external developments. Agriculture's share in the economy has, however, been declining and now accounts for only 5% of GDP and 11% of the labor force. The overall picture is of an agricultural sector which for the most part is unable to compete in world markets. At the same time, agro-processing industries, particularly those where human capital and technology compensate for higher labor costs, have gained a foothold in international markets. The system of protection for agriculture, consists of controls and budgetary subsidies. For most commodities, the heart of the system is the virtual import ban via licensing of imports or foreign exchange. Agriculture needs to become more efficient and competitive. An appropriate official policy would be to switch as much as possible away from quantitative restrictions and toward tariff protection.

xvii. Trinidad and Tobago retains a seriously obsolete sugar industry that produces sugar at about 10 times the world price with prices far higher than the roughly US\$500 per ton received under the EEC and US quotas, and costs the country about \$120-160 million annually, over US\$100 per capita and in excess of US\$10,000 per sugar worker or farmer. As the industry apparently cannot be rehabilitated to achieve competitiveness, a phase-out on an agreed schedule should be undertaken. The pace of this operation will clearly depend on developing viable alternative economic activities and avoiding any aggravation of unemployment which has reached 22%. Where possible, the number of Government institutions supporting agriculture needs to be scaled back. In particular, the Government should end most marketing activities. Strengthening the link between extension and research would be beneficial. Trinidad and Tobago has an agricultural tradition that, if meshed with modern techniques and an appropriate policy framework, could result in its contributing significantly to the economy.

xviii. Tourism-related activities constitute about 3% of GDP. This sector, which the private sector and Government have largely neglected until now, suffers from a number of major problems: a small number of hotel rooms,, low occupancy, generally low quality and low profitability of hotels, difficult access to Tobago from the major source markets, poor value for money, poor marketing, particularly with respect to the image of Trinidad and Tobago, considerable outward movement by residents and consequent loss of foreign exchange, and the general lack of a tourism ambiance in the country.

vx. Despite these problems, there is considerable potential for developing a vibrant tourism sector, comprising both the international and domestic visitor markets. Already a positive trend is emerging with visitor arrivals up 12% in the first six months of 1987 over 1986. Appropriate short-term actions would be to improve hotel occupancy rates and boost profitability by upgrading the existing hotel stock by a selectively targeted, joint marketing program, e.g., Trinidad and Tobago with Grenada/Barbados/Venezuela, by improving coordination among the tourism agencies, by providing more direct flights from Europe and North America at peak seasons and improving the airport and seaport terminals. A concurrent five-year development program might include a doubling of the

number of hotel rooms by the private sector, particularly in Tobago and on the north coast of Trinidad (an additional 1,500 rooms), developing Chaguaramas as a tourist resort and increasing significantly the cruiseship passengers to both islands. Tourism development would be better served by either a Ministry of Tourism or a Minister of Tourism within an appropriate ministry, rather than being submerged in a major ministry, as now. Technical assistance could be used in implementing tourism policy.

xx. With the downturn in the economy, the financial system has come under a great deal of stress. The tight liquidity situation has led banks to seek increasing accommodation by the Central Bank, as their profitability dropped by 53% between 1984 and 1986 and total deposits and value of total loans outstanding stagnated. A more determined effort is needed to encourage greater savings. Since the early 1980s, real interest rates in Trinidad and Tobago have never been positive. Given present circumstances, however, higher nominal interest rates are unlikely to achieve the desired effect in the short-term. A preferred solution to achieve positive real interest rates would be to bring down the rate of inflation to international levels and in this way improve the allocation of resources. While interest rates may have some influence on the volume of savings, income appears to be the more crucial variable. An alternative, is to exempt from the income tax all interest income accruing to individuals. An important issue is the relatively large spread (7 points between the average deposit rate of 6% and lending rates of 13%). Whilst bank profitability has been declining and the banks may need to shore up their profit position, action is nevertheless needed to reduce the interest rate spread.

xxi. How resources at the disposal of commercial banks are utilized is crucial to development. It is desirable that a greater proportion of commercial bank funds be channelled into productive sectors. However, this flow should be accomplished by moral suasion rather than by fiat. A number of finance and insurance companies have suspended operations or closed by the Central Bank since 1984, with depositors losing their savings, insurance claims going unmet and the public confidence being shaken. To prevent an erosion of confidence in the financial system, legislation passed in 1986 set up a deposit insurance scheme. There is some evidence that confidence in this sector may be returning. However, efforts to restore public confidence in the integrity and operation of these financial intermediaries have to be intensified. Stock exchange activity declined markedly in recent years. As a medium for raising capital, the exchange has not been fully used by either the Government or the private sector. Measures to increase use of the stock exchange could include raising the number of listed companies from the present 34, and review of the legislation relating to the exchange.

xxii. Unemployment is one of the most serious social problems facing the country. The number of unemployed as a percentage of the labor force has grown from 10.3% in 1982 to 22% in 1987, as employment has shrunk with the contraction of the economy. The effect was felt more in the private than in the public sector. There has been no strategy to deal with the employment



challenge, and the approach taken to job creation has been ad hoc. Following disturbances in 1970, an unemployment levy was imposed on individuals and companies in order to provide jobs. The levy yielded TT\$2.2 billion between 1970 and 1986, but the proceeds were never properly utilized to create permanent jobs. Government itself often increased its labor force to provide jobs rather than to meet a need. Government wage policy has been destructive to the economy. Its temporary work programs have afforded wages higher than those in low productivity sectors such as agriculture, which have lost labor and experienced a consequent fall in output.

xxiii. Alleviation of the unemployment problem rests heavily on the ability of the economy to grow again. The private sector will have to bear the brunt of the burden of creating permanent jobs, particularly in the areas of manufacturing, agriculture, tourism and agro-based industries. In tourism, for instance, even modest growth could more than double present employment of about 4,000. Some labor has already been attracted back to agriculture, a trend that needs to be encouraged. Measures should be instituted to stem the rapid flow of young people into the labor force, such as by changing the structure and content of course programs and the requirements for graduation to better meet employer needs and employment prospects. More widespread adoption of apprenticeship schemes could also help. A youth training employment partnership (YTEP) program has recently been instituted.

xxiv. One of the main objectives of any new development strategy has to be the creation of permanent jobs. In the past, too many Government resources were diverted to providing transient employment opportunities, an approach that tended to reduce the urgency of this problem.

xxv. The Government has to pay greater attention to the population growth rate and formulate a population policy in the context of the resources and potential of the country. Systematic manpower planning is necessary. Human resources are one of Trinidad and Tobago's major assets. Properly developed and channelled, they become a creative force. Neglected and misdirected, they could have serious consequences for the tourism and investment climates.

xxvi. Recovery and medium-term growth require both an improved policy environment (as discussed above) and an adequate inflow of external resources, both capital and technical, to facilitate and sustain adjustment. Trinidad and Tobago cannot be classified as a heavily indebted country, even though it is experiencing strain in meeting its debt servicing obligations. With slow growth in exports, the debt service ratio reached 19% in 1987, the public external debt, 37% of GDP. Further, the bulk of the external debt is in medium-term loans repayable within the next five years, so that debt servicing will become increasingly problematic over that period. Assuming that appropriate policies for recovery are in place, an external borrowing program of about US\$225 million a year should be feasible. In the absence of debt rescheduling, the country will require an additional capital inflow averaging about US\$385 million a year over the next 3-4 year period. If debt servicing of these additional amounts is provided for, the debt service ratio would escalate to 34% in 1990 and decline to about 26% by 1995. The balance of payments current account deficit would increase to 4.4% of GDP by 1990 from 2.4% in 1987 and is projected to be reduced to 1% by 1995. The external debt/GDP ratio is

projected to decline to 36% in 1990 and to 29% in 1995. Financing of the above mentioned magnitude, however, seems implausible. Financing of the recovery and enhancement of creditworthiness is thus predicated on a satisfactory debt rescheduling, which in turn could only be achieved if the correct macro-economic framework is put in place.

xxvii. The lack of know-how and the unavailability of local personnel with required experience are proving important constraints on recovery. In the areas reviewed here, there is a lacuna in skills relating to national economic planning and policy coordination, project preparation and implementation, marketing and tourism planning and implementation. The Government should fill these gaps quickly with programs of technical assistance and training.

xxviii. This report concludes with a presentation of two scenarios that assess the future trends in the economy. The first, the baseline scenario, assumes that the trends observed in 1987 will continue; the projections for some sectors are based on recent patterns of growth. Under this scenario, real GDP to 1990 shows a declining trend and the economic slide continues. This scenario is, however, untenable, as it assumes that the brunt of the adjustment will be met by increased foreign borrowings, whereas recent experience shows that such borrowing is not likely to materialize.

xxix. The second scenario (para. xxvii above) assumes improved policies, along the lines suggested here and therefore takes a more optimistic view of future developments. In this scenario, the deteriorating trends are arrested and the economy adjusts in 1988 and starts growing again in 1989, the Government's investment program is strengthened and its sectoral policies start taking effect. GDP growth averages 3% per annum in the period 1990-95. Growth prospects improve with a rise in the investment/GDP ratio from 20% in 1988 to 29% in 1990-95 and with a comparable rise in the domestic savings ratio. Government efforts to attract private foreign investment result in a net positive inflow from 1988 on, a reversal of the trend of previous years. With the right mix of policies, and assuming that the international economic environment remains favorable, this scenario should be feasible. Nevertheless, projected GDP growth rates are modest, and with population growing at just under 2%, per capita income will only rise a little through 1995 which is indicative of the deep-rooted problems facing the Trinidad and Tobago economy.

## SYNOPSIS OF RECOMMENDATIONS

### Public Sector Finances

#### Revenue Measures

- o Undertake tax review expeditiously. Consider downward revision of selected taxes, particularly personal income/company tax;
- o Monitor effects on oil production of recent adjustments in Supplemental Petroleum Tax;

- o Recover some proportion of costs from services such as health and education.

#### Recurrent Expenditures

- o Reduce Government's wage bill;
- o Eliminate subsidies to public utilities;
- o Insist on efficiency improvements and cost reduction of state enterprises;
- o Generate a current account surplus in fiscal operations.

#### Capital Expenditures

- o Shore up level of public capital expenditures to strengthen social/economic infrastructure;
- o Develop a pipeline of well-formulated projects;
- o Utilize expeditiously funds already committed;
- o Seek comprehensive re-scheduling of external debt, including debt of state enterprises;
- o Implement programs of divestment of selected state enterprises.

#### Trade System and Export Competitiveness

- o Liberalize the protective trade system. Rely more on tariffs, with a gradual phase-down over time;
- o Reform industrial incentives further;
- o Restrain wages. Adopt additional fiscal and income policies aimed at containing and reducing costs to preserve the 1985 devaluation edge;
- o Adopt flexible exchange rate policy to further boost competitiveness of manufactures, agriculture and tourism.

#### Monetary and Financial Policies

- o Progressively eliminate the overall domestic financing gap and phase-out public sector recourse to Central Bank credit;
- o Increase credit availability to private sector;
- o Exempt from income tax interest income accruing to individuals to improve incentives to save;
- o Encourage banks to reduce interest rate spread and channel greater proportion of funds to productive sectors;
- o Intensify efforts to restore public confidence in financial intermediaries;
- o Review legislation relating to the stock exchange.

#### Sector Issues: Manufacturing

- o Consider granting free-trade status to export industries;
- o Establish a task force with strong commercial orientation to plan shift to export-promotion;
- o Simplify procedures for obtaining licenses for import of raw materials, relax controls and focus on greater utilization of idle capacity;
- o Review tax incidence on investment;
- o Reconsider Alien Landholding Act to provide a more positive setting for investment opportunities;
- o Hire foreign expertise in marketing.

### Agriculture

- o Establish ongoing capacity to measure cost of protection in each agricultural subsector;
- o Carry out effective economic analysis prior to investment in infrastructure;
- o Consider phase-out of sugar industry on an agreed schedule;
- o Focus on agro-processing industries which could compete in foreign export markets;
- o Streamline Government institutions supporting agriculture. End most marketing activities;
- o Strengthen link between research and extension services.

### Tourism

- o As a short term measure, improve existing hotel stock and implement selectively targeted joint marketing programs with neighboring countries;
- o Strengthen supporting activities in market research of major markets, coordinating of tourism agencies, more direct flights from Europe and North America and improved airport and seaport terminals;
- o Under a five-year development plan, increase the private sector's supply of hotel accommodations to around 1500 new rooms, develop tourist facilities at Chaguaramas and target major increase in cruiseship passengers;
- o Consider establishing a Ministry of Tourism or Minister of Tourism within an appropriate ministry;
- o Secure technical assistance to focus on implementation of tourism policy.

### Employment/Unemployment Issues

- o Set up mixed private sector/Government task force to examine reasons for closure of firms and suggest remedial actions;
- o Consider changes in structure/content of course programs and more widespread adoption of apprenticeship schemes to stem rapid flow of young people into labor force;
- o Adopt a more systematic approach to manpower planning;
- o Consider formulating a population policy.

### Technical Assistance

- o Fill gaps quickly with technical assistance in national economic planning/policy coordination, project preparation and implementation, marketing and tourism planning/implementation.

## Chapter I

### MACRO-ECONOMIC POLICIES SINCE 1973

1.1 Trinidad and Tobago is a small country in terms both of physical size (area 5,128 sq km) and population (the mid 1986 estimate is almost 1.2 million). Based largely on its petroleum resources, it has been able to attain a high standard of living compared to many developing countries. GNP per capita reached US\$6,920 in 1982 and the country ranked among the upper middle income developing countries. Since then, however, income levels have fallen and GNP per capita dropped to US\$5,120 in 1986 and to about US\$4,195 in 1987. <sup>1</sup>

1.2 The country's economy is highly vulnerable to external developments and traditionally has been highly dependent on foreign trade and investment. The level of domestic activity in the recent past has corresponded very closely to movements in commodity prices, particularly those of sugar and oil. The most recent boom stemmed from the high oil prices prevailing in the period 1974 to 1981, placing at the disposal of the Government a significant amount of resources which has now been largely exhausted.

1.3 As a result of increased Government spending, between 1976 and 1982, the economy grew at an average annual rate of almost 7%. Since then it has declined in every year. Total output in 1986 was estimated to be 27% below the 1982 level. The decline in the non-petroleum sector has been sharper, with output falling by 31% between 1982 and 1986. A further fall in real GDP is expected in 1987. The oil sector taken as a whole has stagnated since the early 1980s, although the petro-chemical component has experienced some growth.

1.4 With the emergence of the petro-chemical sector, Trinidad and Tobago is now the most industrialized of the Commonwealth Caribbean nations. However, over 75% of the estimated proven oil reserves have already been exploited, and as the country's oil development has matured, natural production has declined, with production falling from 230,000 barrels per day (bd) during the late 1970s to 160,000 bd in 1987. Abundant reserves of natural gas (about 18 trillion cubic feet) are, however, sufficient to meet on-shore demand for more than 100 years, including the requirements of the increasingly important gas-based industries. The country also has good infrastructure, substantial tracts of arable land (about 39% of total land area) and relatively untapped tourism resources (beautiful scenery, beaches and a wide range of flora and fauna). The population is highly literate, and the recent growth experience has produced a range of skills in both the oil and non-oil sectors. Trinidad and Tobago has a stable political climate and a high degree of political maturity, as evidenced recently by the orderly change to the new elected Government replacing one that had been in power for 30 years.

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<sup>1/</sup> This per capita GNP figure is calculated using the Bank Atlas three-year average methodology.

**Table 1.1: GDP AT CONSTANT FACTOR COST, 1982-86**  
(In millions of 1970 \$IT)

	1982	1983	1984	1985	1986
Petroleum Sector	310.9	281.3	310.1	345.0	342.7
Non-Petroleum Sector	2,679.3	2,489.8	2,106.7	2,001.0	1,853.2
Agriculture	67.9	79.4	78.7	82.7	84.8
Manufacturing <u>a/</u>	318.0	290.6	252.6	216.5	227.8
Construction	468.1	380.3	305.3	232.3	189.6
Other	1,825.3	1,739.5	1,470.1	1,469.5	1,351.0
GDP at factor cost	2,990.2	2,771.1	2,416.8	2,346.0	2,195.9
Annual Growth Rates					
Petroleum Sector	0.3	-9.5	10.2	11.3	-0.7
Non-Petroleum Sector	4.5	-7.1	-15.4	-5.0	-7.4
Agriculture	3.2	16.9	-0.9	5.1	2.5
Manufacturing <u>a/</u>	-1.9	-8.6	-13.1	-14.3	5.2
Construction	5.3	-18.8	-19.7	-23.9	-18.4
GDP at factor cost	4.0	-7.3	-12.8	-2.9	-6.4

a/ Excluding oil refining and petrochemical industries.

Source: Annex Table 1.

1.5 With these assets, and provided the international economy remains stable, there is no reason why the economy should not resume its growth again, if the Government adopts policies which will lead to a viable macroeconomic framework. It is essential that the new Government move quickly to articulate its development strategy and put in place policies that can support its objectives. The Government has indicated that in a number of areas its approach to development and management of the economy will be quite different from that of its predecessor. It wants to encourage the private sector to play a more important role in the economy and to reorganize the state enterprises with a view to increasing their efficiency and reducing their dependence on the Central Government. To cut waste, public spending is to be monitored more closely, and the Government is committed to an increased degree of public accountability and more effective use of national resources.

1.6 As oil prices are expected to decline in 1988 (as is suggested by World Bank estimates) measures will all the more necessary to encourage greater oil production, curb the rate of growth of current spending and increase investment. The downstream activities related to the energy-based sector and agro-industry appear to offer the greatest potential for private investment and for leading the way in an ongoing effort to shift the

economy from its heavy reliance on petroleum. One area with substantial potential for growth is tourism. Hitherto little has been done to promote this industry, which in the Caribbean is extremely competitive. If tourism is to get off the ground to any significant scale, the Government will need to make a conscious and persistent effort to create a uniquely Trinidad and Tobago industry that takes into account the rich cultural and natural assets of the twin island state. Certain infrastructure will be crucial, particularly in Tobago. Equally important, however, is a re-organization of the support services for tourism.

1.7 Agriculture also has a key role in terms of producing a significant portion of domestic food requirements--for which the country has the resources--and of providing employment. When there is a thriving domestic food sector, local living standards are less subject to the vicissitudes of foreign exchange availability. While domestic agriculture showed some growth in the 1960s and early 1970s, it stagnated between 1972 and 1981. Since 1982, there have been signs of increased activity, reflecting the return of some unemployed to an occupation that a few years ago could not offer remuneration comparable to those of other sectors. Trinidad and Tobago has an agricultural tradition that, if meshed with modern techniques and an appropriate policy framework, could result in a more significant role for this activity in the economy.

#### ECONOMIC POLICIES SINCE 1973

1.8 Progress by the Trinidad and Tobago economy has been linked closely with the fortunes of oil. The energy sector grew rapidly and has tended to be the determining factor in the budget and balance of payments, and, consequently, of the economy as a whole. With the rise in oil export prices in the second half of the 1970s, Trinidad and Tobago's economy experienced rapid growth. Rising revenue made possible an escalation in public capital and other expenditures. Following the decline in oil prices and output in 1983, however, growth rates turned negative, and the financial situation deteriorated because of delays in shrinking expenditures to reflect the reduced income.

1.9 The development strategies followed since the mid-1970s have aimed at creating energy-based export industries that were to serve as the driving force of the economy, and to replace the oil sector, as those oil reserves were expected to be depleted by the 1980s. At the same time, the Government endeavored to expand educational and other social facilities. Even before the boom began, the Government had already begun to participate in the ownership of commercial and industrial enterprises as part of its localization drive and, more importantly, as part of its effort to take control of what it saw as the commanding heights of the economy. While recognizing the need to develop local technical and managerial capabilities, a continued role for foreign capital and expertise was envisaged, particularly in the oil sector.

1.10 Following the oil boom, the Government set up Special Funds for Long Term Development to conserve the surplus resources until the development program was drawn up. Of total expenditures of TT\$8.6 billion from the Special Funds over the period 1974-81, 53% went for energy-based projects coming on stream (ammonia, urea, methanol, steel and cement). The

industrial sector now accounts for 15% of GDP (at current factor cost), close to the share of the petroleum sector (16% of GDP), and it could serve as one of the growth poles of the economy.

1.11 As Government current expenditures fell only slowly with the decline in the economy since 1983, the brunt of the fiscal adjustment fell on Government capital expenditures, which fell from 19% of GDP in 1982 to about 5% in 1986. This reduction was felt in both physical investment and capital transfers to public enterprises. The decline in capital outlays came about because several large public sector projects, including industrial plants, a hospital complex and the construction of government offices, were completed at the same time that other projects were scaled down or postponed.

1.12 Fiscal policy was used to redistribute the benefits of increased oil revenues and to ensure that many of the basic needs of the poorer segments of the population were met. At the end of 1974, net foreign reserves were more than ten times the reserves at the end of the previous year. Here, too, the Government seized the opportunity to expand a range of social services in the areas of education, health, water and environmental protection. It also boosted the level and range of social assistance and subsidies. In the period 1973-78, food subsidies totaled over TT\$200 million, while the gasoline subsidy amounted to TT\$168 million. Subsidies including old age pensions, public assistance, food stamps, free bus transport, free books and income tax rebates cost the Exchequer some TT\$715 million in the 1973-78 period, a figure that was higher than recurrent expenditures in 1974. To keep prices down, the Government introduced a number of indirect taxes in 1979. It also committed itself to subsidizing of the public utilities. Between 1974 and 1979, the deficits of the utilities (public transport, electricity, water, telephone and port) amounted to over TT\$900 million. Transfer payments also rose sharply; they included contributions to meet the operating costs of public utilities that had not increased their tariffs for several years. Wages in the government sector escalated at an average rate of 30-40% a year between 1973 and 1980. In the 1980s, however, the annual wage increases slowed. In 1982-84, average wage increases of 15-20% were still higher than consumer price increases which ranged from 11-17%. Since 1985, however, wage increases have moderated to less than 10%, more in line with the rate of increase in consumer prices. As part of the fiscal adjustment measures, subsidies were also scaled down beginning in 1984.

1.13 Revenues have also fluctuated with the fortunes of the petroleum sector. They swelled from 20% of GDP in 1970 to 41% of GDP by 1980 but declined to 30% of GDP by 1986 following the oil price slump.

1.14 Trinidad and Tobago's balance of payments also reflected the developments in the oil sector closely. The current account, which had been in deficit in 1970-73, showed a surplus until 1982. Since then it has shown deficits. Direct foreign investment, primarily investment by oil companies, increased to US\$226 million in 1981 but turned negative in 1986. Trinidad and Tobago provided assistance to other CARICOM member states, with gross disbursements peaking at US\$85 million in 1981. Although official borrowings by Trinidad and Tobago were very limited, the Government occasionally borrowed significant amounts (US\$157 million in 1977 and US\$110 million in 1982) to strengthen the country's reserves to



meet the financing needs of the energy-based projects and to establish the country as a borrower in the international capital markets. Official international reserves of US\$3,090 million, equivalent to 13 months of imports in 1982 dwindled to US\$136.8 million by end 1987, providing less than a month's import cover. The debt service ratio has now reached 20%, versus the less than 3% of goods and non-factor services in the 1970s.

1.15 A variety of measures have been introduced to deal with the balance of payments problem. In January 1985, the Government placed a levy of 10% on sales of foreign exchange for vacation and business travel and for emigration. A stamp duty of 12% was imposed on imports other than food and drugs. In December 1985, the Government devalued the exchange rate and established a dual exchange rate system. The old rate of TT\$2.40 to US\$1.00 continued to apply to a range of foods, drugs, agricultural imports and school books. In the face of the foreign exchange and revenue crisis the new Government unified the exchange rate, and increased taxes. In its first Budget, presented in January 1987, it also committed itself to reduce expenditures.

#### ECONOMIC PERFORMANCE IN 1986/87

1.16 As the economy of Trinidad and Tobago slid after 1982, real GDP declined by 6.4% in 1986 and is estimated to have fallen by a further 2.3% in 1987. The only growth in 1986 occurred in agriculture, manufacturing and refining. The fall in petroleum output as a result of the depletion of the wells had been reversed in 1983 by tax incentives that had stimulated new recoveries. In 1986, however, production declined by 4% following the collapse in oil export prices. With the reduction in public investment, the service and construction sectors also contracted. A further fall in oil production has been the dominant factor in the continued decline of the economy in 1987.

1.17 In 1986 inflation (as measured by the retail price index) remained at the 7.7% level of 1985. Price increases were contained at this level, with the preferential exchange rate of TT\$2.40 per US dollar applicable to essential goods (about 25% of imports) and the increased production of fruit and vegetables. Other components of the cost of living, such as rents, electricity and household services, remained relatively stable in 1986. In 1987, however, inflation accelerated to over 10%, largely because of the price increases which followed the unification of the exchange rate in December 1986.

1.18 The overall public sector deficit rose from 7.5% of GDP in 1984/85 to 9% of GDP by 1986. Revenue collections fell in 1986 with the collapse of oil prices. The reductions in government expenditure, particularly in current expenditures, were, however, not steep enough to compensate for the revenue decline, and the overall deficit grew. An increasing proportion of this deficit was financed by the domestic banking system and net external financing was not significant. With increased government borrowing in 1986, overall credit expansion increased almost twofold. Correspondingly, credit to the private sector has declined.

1.19 Export earnings plummeted by 36% in 1986, principally because of a decline in both the volume and prices of exports of petroleum products; oil prices fell by 40% in 1986. Earnings from natural gas-based products

(ammonia, urea and methanol) declined only marginally, while those of other manufactures grew by 30%. In contrast to the steep fall in export earnings, import values fell by only 5% in 1986, following the exchange rate adjustment of December 1985 and the drop in domestic demand. Cutbacks were effected in both consumer and intermediate goods, while imports of capital goods rose.

1.20 The sharper decline in exports than in imports in 1986 resulted in a merchandise trade deficit, following two years of surpluses. Offsetting this deterioration, however, was an improvement in the services account, attributable largely to a greatly reduced outflow for travel following the devaluation of December 1985. Nevertheless, the current account deficit grew from 1% of GDP in 1985 to 12% in 1986.

1.21 As to the capital account, net capital flows grew increasingly negative in 1986. Contributing factors were increased repayments, reduced disbursements on existing lines of credit and heightened outflow of private capital. Official net international reserves were drawn down by US\$645 million in 1986; by year-end they stood at US\$473.7 million (3.9 months of imports) and in 1987 fell further to US\$136.8 million.

## Chapter II

### THE PUBLIC SECTOR FINANCES

2.1 The Government significantly expanded the scale of its operations in the period between 1974 and 1981 as a result of the oil windfall. Extraordinary growth in revenues and in both current and public expenditures took place in this period. Total public expenditures as a percentage of GDP increased from less than 25% percent in the early 1970s to 49% in 1982. Since then, the proportion has declined, reaching 35% in 1986. A significant part of development expenditures has been financed from local sources. There was an overall budgetary deficit in only one year in the period 1974 to 1981, but in every year since 1982. Of the total deficit in the period 1982-86 of TT\$8.2 billion, 88% was financed from domestic sources.

#### RECENT TRENDS IN REVENUES

2.2 Between 1973 and 1981, the annual current revenues of the Central Government increased from TT\$494 million to TT\$6,819 million, or more than thirteen times (in nominal terms), at an average rate of 39%. Revenues increased marginally in 1982 but have declined steadily since. Between 1982 and 1986, total recurrent revenues fell by almost 25%. The price of oil has been the main factor influencing this trend. For example, the dramatic collapse in oil prices in 1986 resulted in a decline in revenues of about 15% over the previous year. Even though oil prices started rising again in 1987 (averaging about US\$17 per barrel), it is estimated that recurrent revenue will fall further by about 5%. One of the main reasons is that domestic crude oil production is not picking up. Another is the increase in unemployment.

2.3 Whereas petroleum revenues accounted for 24% percent of the total recurrent revenues of the Central Government in 1973, between 1974 and 1981, their contribution averaged 64%. Since 1981, this share has been declining, reaching just over 32% in 1986. Revenues from the oil sector are derived through a variety of fiscal measures, including a petroleum impost, excise duties, petroleum production levy, royalties, a supplemental petroleum tax (SPT) and, since 1987, a national recovery impost. In terms of revenue, the most important of these measures is the SPT, the petroleum profits tax and royalties, in that order. The SPT, introduced in 1981, is calculated on gross income derived from the disposal of crude, less certain allowances.

2.4 Oil revenues have tended to fall more sharply than other components of aggregate revenue. As a proportion of GDP, this income dropped from almost 28% in 1980 to just over 17% in 1982 and to less than 10% percent in 1986 (Table 1.2). The ratio for non-oil revenue, on the other hand, has hardly changed since 1982, with the average for the period to 1986 being about 20%.

2.5 Non-oil revenues come from a variety of direct and indirect taxes. In recent years, over half of non-oil recurrent revenues has come from income taxes. The progressive individual income tax has contributed over 30% since 1979, as compared to less than 20% from companies. Besides a 45%

profits tax, companies are also required to pay 5% of their profits as an unemployment levy. This levy also applies to individuals with a chargeable income of TT\$20,000 or more. The unemployment levy was imposed in 1970 to provide the government with additional funds to relieve unemployment.

**Table 1.2: REVENUE AS A PERCENT OF GDP, 1973-87**  
(Current Market Prices)

Year	Oil Revenue (1)	Non-oil Revenue (2)	Total Tax Revenue (3)=(1)+(2)-(4)	Non-Tax Revenue (4)
1973	4.5	14.7	17.6	1.6
1976	23.8	9.7	36.5	3.0
1977	23.5	13.6	37.1	2.3
1978	20.3	11.8	32.1	2.1
1979	21.5	19.8	33.2	1.7
1980	27.6	12.0	39.6	1.8
1981	25.0	13.3	38.8	1.8
1982	17.1	18.5	33.8	1.8
1983	12.9	20.8	31.1	2.6
1984	14.5	19.9	32.1	2.1
1985	13.0	20.6	31.1	2.6
1986	9.4	19.4	25.4	3.4
1987 Prel	12.2	19.9	28.8	3.3

**Source:** Ministry of Finance and the Economy; Central Statistical Office.  
Prel - Preliminary

2.6 Property taxes tend to contribute less than 1% of non-oil recurrent revenues. Revenues from taxes on goods and services have averaged around 15% since 1983, as compared to about 11% in the previous three years. The most important of the measures in this category are the purchase taxes, excise duties, motor vehicle taxes and betting and entertainment taxes. Among the taxes on international trade, import duties are by far the most important, accounting in 1986 for 9% of non-petroleum revenues.

### REVENUE REFORM

2.7 The Government's 1987 budget sought to deal with the critical financial situation by taking action on both the revenues and expenditure sides. With respect to the former, individuals whose total income in any year did not exceed TT\$12,000 were made exempt from income tax, and certain allowances and claims were modified. The purchase tax, gasoline levy and airline ticket tax were raised, and a national recovery impost was introduced in addition to the existing unemployment levy. While the impost affected only individuals with chargeable income above TT\$70,000, the corporation profits tax was effectively raised. These measures were taken pending the recommendations of a Tax Performance Committee which was set up to monitor the tax system on a continuous basis.

2.8 The 1988 Budget presented in January 1988 has attempted to reduce current expenditure. Some tax reliefs have been granted but net tax revenues are estimated to increase by over TT\$400 million as a result of the changes introduced. The marginal income tax rates applicable to individuals have generally been reduced with the top rate coming down from 70% to 50%. The Unemployment Levy and the National Recovery Impost on individuals have been removed, but a mobilization tax of 5% on the net incomes of individuals has been introduced. Individuals with a total net income of TT\$12,000 and less are exempt. The tax on interest income has been reduced to 10%, but the exemption limit of TT\$5,000 has been removed.

2.9 With respect to companies, relief has been provided in the way losses will be treated and in a reduction of the corporation profit tax. Companies engaged in petroleum operations or in the manufacture of petroleum products or petro-chemicals will be subject to tax at 45%, while all other companies will now pay 40%. The Supplemental Petroleum Tax (SPT), which oil companies had complained did not properly account for costs, has now been adjusted, and a new set of arrangements are to be put in place to encourage oil production. With respect to the SPT a new concept in the form of base oil and additional oil has been introduced. Base oil which is related to 1987 production levels will be taxed at the existing rates of 55% for marine oil and 15% for land. Additional oil will attract lower rates, these being 20% for marine production and 5% for land production.

2.10 As far as indirect taxes are concerned, there have been further increases in stamp duty, purchase taxes and some excise duties. Certain fees have also been increased. Consumers of electricity will now pay 5% of their billings to Government, while non-residential telephone subscribers will contribute 10% of their billings. All goods and equipment now imported duty free will be subject to a special tax of 12.5%. As a first step towards the introduction of a sales tax in 1988, a business levy at the rate of 1.5% on gross sales or receipts of any trade, business, profession or vocation has been imposed.

2.11 While trying to raise increased revenues, the 1988 Budget has attempted to provide some incentives to stimulate economic activity. However, the increase in the stamp duty and the imposition of the 12.5% tax on goods and equipment hitherto imported duty free will increase the cost of production and competitiveness could adversely be affected. The decline of the economy, the greater emphasis on the development of the non-oil sector, the desire to encourage greater private sector participation in the economy and the need to make the economy more competitive suggest the need for a fundamental restructuring of the tax system. Some clear decisions have to be taken with respect to the balance between direct and indirect taxes. The increasing number of direct and indirect taxes and levies need to be streamlined and structured so that the tax system can meet its intended objectives. The reduction in the marginal rates of the individual income tax and in the corporation profits tax is a move in the right direction, given the changing economic circumstances. The rationalization of personal allowances should receive urgent attention. The personal income tax has suffered from considerable evasion, particularly by the self-employed and a greater effort ought to be made to increase the contribution from this source. The reduction of the profits tax was

Even at 40% (which is the level applicable to non-oil companies) the tax is still higher than that of its counterpart in Barbados.

2.12 Both the previous administration and the present Government have been slow in addressing the slide in the oil sector. During the period when oil prices were high, the tax structure was adjusted to capture the windfall, and the Petroleum Taxes Act of 1974 introduced a new regime. Though crude oil production has been falling for some years, it was felt that the country could not afford the revenue loss that would be occasioned by any downward adjustment of the tax regime. It was also often argued that a reduction in taxes by itself would not necessarily lead to increased activity in the sector. Faced by a continued decline of oil production in 1987 (largely reflecting the drop in output from existing wells) and a fall in marine drilling activities (notwithstanding the recovery of oil prices), the Government has used the 1988 Budget, not only to adjust the SPT but to announce a number of measures aimed at encouraging greater exploration. Given the prospect of a fall in oil prices in 1988 and 1989, the concessions may need further modification and it will be necessary to keep the tax regime under continuous review.

**Table 1.8: CENTRAL GOVERNMENT AND ADMINISTRATION OPERATIONS, 1982-87**  
(In millions of STT)

	1982	1983	1984	1985	1986	1987 **
<b>Consolidated General Government</b>						
Total revenue	7,663.0	6,551.7	6,586.0	6,566.4	5,261.5	
Total expenditure and net lending *	9,455.0	8,546.0	8,184.8	7,626.5	6,376.4	
Current expenditures	5,882.7	6,077.8	6,224.5	6,605.0	5,525.5	
Capital expenditure and net lending	3,652.3	2,468.2	1,960.3	1,021.5	844.9	
Overall Balance	-2,392.0	-1,994.3	-1,598.8	-1,061.1	-1,088.9	
<b>Central Administration</b>						
Total revenue	7,048.6	6,529.3	6,558.7	6,539.3	5,257.6	5,010.6
Total expenditure and net lending	9,446.4	8,544.0	8,168.9	7,601.8	6,336.4	6,275.6
Current expenditure	5,794.1	6,075.8	6,288.6	5,990.3	5,485.5	5,033.7
Capital expenditure and net lending	3,652.3	2,468.2	1,960.3	1,621.5	844.9	1,241.8
Overall balance	-2,397.8	-2,014.7	-1,610.2	-1,062.5	-1,072.8	-1,265.1

\* Net lending refers to capital transfers to public enterprises.

\*\* Data on Consolidated General Government have not been presented for 1987 because of problems encountered in the interpretation of definitions used in this category.

Source: Annex Table 14.

## CURRENT EXPENDITURES

2.13 The Government used the enhanced revenues from the oil boom to increase both current and capital expenditures. As a proportion of GDP, current expenditures rose from 17.4% in 1973 to 40% in 1981. Since 1982, they have averaged around 30% (Annex Table 15). The increased current spending flowed from a variety of policies that were not carefully thought out. To provide jobs, the civil service was expanded beyond what was necessary for its functions. Wages and salaries were increased far beyond what was warranted by way of productivity, and in recent years, wages and salaries have accounted for over 40 percent of current expenditures. To keep the cost of living down, the Government subsidized a number of items heavily. Many of the subsidy programs were badly structured and administered, in that intended beneficiaries received little benefit, while others who did not really need it got assistance. Public utilities and state enterprises received transfers as a matter of course, without serious insistence on their adopting policies to improve efficiency and reduce costs. The share of transfers (which includes interest payments) and subsidies in current expenditures increased from less than 30% in the early 1970s to an average of 45% in recent years. Expenditures on goods and services generally accounted for less than 5% of current expenditures.

2.14 The 1988 Budget proposes a reduction in current expenditure by reducing or eliminating certain forms of subsidies. Transfers to state enterprises are also to be cut by 15%. The effort to reduce current expenditures has to continue. However desirable it might be from a social point of view, the Government cannot afford to provide the present level of welfare and heavily state-subsidized services without adopting tax measures that could affect the recovery of the economy. Some services could be re-organized, and provided at a lower cost. In certain cases, e.g., health and education, facilities could be administered so as to recover some costs, without depriving the less fortunate of these services.

## PUBLIC SECTOR INVESTMENT

2.15 Between 1974 and 1985, the capital expenditures of the Central Government amounted to TT\$20.5 billion, on an annual average expenditure of TT\$1.7 billion. In 1986, however, the figure fell to less than TT\$1 billion and the total for 1987 is not expected to be much higher. In 1974, as noted, the Government instituted savings through Special Long Term Funds, which received some TT\$14.3 billion between 1974 and 1983. The main purpose behind this policy was to put aside resources for future financing of projects that would assist in diversification of production, the creation of jobs and the development of foreign exchange earnings capacity in the non-oil sector. The total appropriations to the Long Term Funds by sector show that 30% went for economic sectors, 22% for social sectors, and 39% for infrastructure, while 9% was unclassified. The savings in the Long Term Funds were completely exhausted by the end of 1986.

2.16 Beginning in 1974, the prior Government became involved in a number of expensive capital-intensive industrial undertakings either as a full owner or in partnership with foreign firms.

2.17 Work on the development programs undertaken in the boom years suffered from a lack of certain basic skills, particularly in the areas of

feasibility studies, financial planning, management and financial and investment negotiations. Also lacking was a proper framework for national planning and implementation. The results were flaws in conception, costly overruns and delays in completion of some projects.

2.18 The financial losses suffered by some state enterprises, given the financial difficulties of the Government, raised questions about a strategy that placed so much emphasis on a few large and costly undertakings. In its 1987 budget, the present Government indicated that while state enterprises have a role to play, a new approach is needed. The Government announced a plan for capital restructuring, including divestment or capital enhancement, expansion of production, changes in management styles and accountability for each enterprise. A team appointed to undertake this work has so far examined at least 10 of the 35 enterprises with significant state involvement.

2.19 The 1987 Budget also contained a list of development projects, but at year end major ones had not yet started. Social projects weighed heavily on the list. Among the most important economic undertakings were re-development of the Piarco and Crown Point airports and development of deep water harbor facilities at Scarborough in Tobago. Both projects are seen as important, given the emphasis on tourism. They are now scheduled to begin in 1988. The extension of the Churchill-Roosevelt Highway to the Piarco roundabout for which the IDB is providing funding started at the beginning of 1988.

2.20 The original estimate of capital expenditures of TT\$2,852 million is retained. Given an estimated current account surplus of TT\$300 million, a deficit of TT\$2,552 million has to be filled. The Government anticipated getting TT\$791 million from foreign loans and TT\$300 million from the local market to finance the gap. However, Government has not been able to raise the desired amounts in the foreign capital markets, one reason the development program has generally not got off the ground. External borrowing, particularly in light of present international economic circumstances, requires properly formulated project proposals, which generally have not been undertaken.

2.21 In the absence of start-ups of new projects, a significant part of the capital spending in 1987 has been for maintenance/renovation and continuation of some ongoing work. Recognizing the need for a public investment program if the economy is to start growing again, in mid-October 1987 the Government appointed a team of experts, to prepare a list of projects for the 1988 budget. Criteria for selection, are that projects must be: self-sustaining and profitable; implementable with minimum reliance on protection and fiscal concessions; bankable; capable of producing output with a high local value added; and capable of creating greater linkages among existing industries, producing inputs for established producing units or undertaking downstream processing. Job creation and the earning or saving of foreign exchange are other guiding principles.

2.22 At best, these guidelines provide only a broad framework for project selection. Instead, feasibility studies are critical to the cost and benefit of each project. The Government's capability here is weak, however, and high priority needs to be given to training and technical



assistance in this area. A pipeline of well-formulated projects, indispensable in preparing the next plan, does not yet exist. The absence of skills in project formulation and implementation has also reduced the effectiveness of money spent and has at times made the disbursement of resources difficult (Annex Table 32). The Government needs to make full use of the resources available to it (including technical assistance), even while deciding on a program for further borrowing.

2.23 In his 1988 Budget the Prime Minister and Minister of Finance pointed to the need for increased public and private capital spending in 1988, with emphasis being placed on projects and programs that will impact directly on the level of economic activity. Diversification is to be an important objective of the capital program in 1988. High priority is to be placed on agriculture, agro-industrial activity and tourism. Based largely on private sector initiatives, the number of hotel rooms is projected to double at the end of 1988. Other supporting facilities in tourism will also receive attention. Another aim of the program planned for 1988 is the encouragement of the small business sector. Towards this end, it is proposed to establish a Business Incubator Facility. The 1988 program also envisages the development of the Pelican gas field by the South East Coast Consortium and the establishment of a new methanol plant at Point Fortin.

2.24 With respect to financing, the 1988 Budget projects a small surplus. An overall deficit of TT\$1,748 million is envisaged. Sources of finance are not clearly identified, and unless the Government can raise capital funds, the 1988 development program will turn out to be far smaller than is envisaged. Increased public and private capital spending is essential to halt the slide in the economy.

2.25 Despite the large capital expenditures of 1974-85 and improvements in certain areas, the social and economic infrastructure will still need strengthening to sustain the recovery and transformation of the economy. Lack of access roads remains a major impediment to agricultural development, and a number of important major roads are not yet completed either. Utilities remain inadequate, with distribution a critical problem in the case of water and electricity. In Tobago, improvement in the water situation with respect to both capacity and distribution is important to the growth of the tourism industry.

2.26 During the boom years, the Government placed a great deal of emphasis on secondary schools. As a result of the neglect of primary schools, not only are new ones necessary, but many existing ones need repair, if not complete rebuilding. The new Government has decided to renegotiate an IDB loan for primary school building, with the aim of increasing the number of schools from 16 to 25, using a different design. There is also a shortage of trained teachers and a need for at least three more technical/vocational schools. At the tertiary level, the university facilities need expanding to cater to the growing number of applicants in light of the increasing costs of education overseas. Town and district hospitals need major repairs. Although demand has fallen as a result of the downturn in the economy, there is still a chronic shortage of housing units. To address the housing shortage, the Government is emphasizing the provision of sites and facilities, leaving the actual building to owners.

## RECOMMENDATIONS

1. In light of current economic conditions, the Government needs to realize a sizeable surplus in its fiscal operations. To do this it needs to cut recurrent spending and emphasize stimulating the economy.
2. In the short term, the Government is rightly focusing on the rationalization of transfers and subsidies to public enterprises, which could be reduced significantly. The Government may, also, however, have to effect economies on its wage bill.
3. The tax review needs to be undertaken expeditiously, the Government has introduced various taxes and levies without examining their full implications. Recognizing this the Government has now employed a consulting firm to undertake a review of the entire tax system with the aim of rationalizing the tax structure. In restructuring the tax system the possibility of user charges must be taken into account. Health and education services, for example, could be administered so as to recover some costs.
4. Given the ad hoc nature of recent tax changes, their effects should be monitored closely. In particular their impact on competitiveness, revenue and distribution of income should be kept under constant review. As oil prices are expected to fall in 1988 and 1989 the oil tax regime may require further modification.
5. External borrowing is required to strengthen the social and economic infrastructure and must be pursued with properly formulated project proposals. At the same time, utilization of external resources has been slow. The Government needs to make full use of the resources available to it.
6. Feasibility studies are critical to gauge the cost and benefits of each capital project. Given the Government's weak capability, this area ought to be targeted for training and technical assistance.

Chapter III

TRADE AND INDUSTRIAL POLICY

BALANCE OF PAYMENTS PERFORMANCE

3.1 Trinidad and Tobago's balance of payments reflects the downward trend of the economy. The fall in the country's international reserves from over US\$3 billion in the early 1980s to US\$137 million by end 1987 epitomizes the critical situation confronting the country's economy. Trinidad and Tobago has an open economy. Between 1982 and 1986, exports of goods and services averaged 35% of GDP, as compared to 42% for imports of goods and services. The export trade is highly concentrated, however. In 1986, petroleum and petroleum products have accounted for around 72% of domestic exports. As a result of the high oil prices obtained in the 1970s, the country experienced a steady trade surplus between 1974 and 1981. As a result of the drop in oil prices in 1982 and 1983 and the fall in local crude oil production, there were significant trade deficits in those years. This trend was reversed in 1984 and 1985 despite the stagnation in oil production and declining oil prices. However, the further fall in oil prices to less than US\$12 in 1986, again hurt the economy, and led to a trade deficit amounting to 2.3% of GDP.

3.2 Net movements in the services account since 1974 more often than not have tended to be negative. Between 1974 and 1986, there was a net outflow in this account of over US\$2 billion. Some of the main contributors to this outflow have been investment income (including interest payments on the foreign debt), foreign travel and a miscellaneous category of services encompassing professional and technical fees, management fees, non-merchandise insurance premia, commissions and royalties.

3.3 The current account balance, which was negative in only one year between 1974 and 1981, has been consistently negative since then. The capital inflows have not offset these deficits, and the overall balance has also been negative since 1982. And as noted, foreign reserves have dropped dramatically.

3.4 The indicators are that, despite the higher prices for oil in 1987, the value of exports in the first six months of 1987 was lower than that in the corresponding period in 1986. The value of imports, however, was even lower, so that there was a trade surplus in the first six months. While projections point to a small trade surplus at the end of the year, both the current account and overall accounts are still expected to be negative. Despite the emergence of non-oil exports, it is clear that, in the short term, oil will continue to be the country's major foreign exchange earner. Factors affecting crude oil production should accordingly be reviewed with a sense of urgency.

**Table 1.4: BALANCE OF PAYMENTS, 1982-86**  
(In millions of US\$)

	1982	1983	1984	1985	1986
<b>Current Account</b>	-644.9	-1,002.9	-522.5	-92.2	-603.7
Exports	2,228.6	2,026.5	2,110.8	2,154.7	1,368.2
Imports	2,783.8	2,514.4	1,917.3	1,557.3	1,484.1
Services	50.3	-434.4	-632.8	-629.0	-449.7
Unrequited transfers	-140.0	-80.6	-83.2	-60.6	-38.1
<b>Capital Account</b>	438.9	395.3	-119.4	12.1	-58.6
Public sector capital	163.8	158.1	19.6	88.6	79.5
Direct investment (net)	203.5	117.7	113.2	1.2	-14.5
Commercial banks	3.2	39.0	19.2	-41.0	-27.2
Other private capital	68.3	80.5	-271.4	-36.7	-96.4
<b>Errors and omissions</b>	-65.8	-366.0	-100.2	-160.0	-35.3
<b>Overall balance</b>	-271.8	-973.6	-742.1	-241.0	-697.6

Source: Annex Table 24.

### THE MANUFACTURING SECTOR

3.5 Reduced dependence on petroleum and a diversified economy have long been objectives of Government policy. In response to a wide range of incentives, the manufacturing sector has grown since the early 1950s. In real terms, its contribution is now about 10% of GDP. Petroleum is still the dominant sector, accounting for about 20-25% of GDP, while agriculture's share has fallen to about 4-5%. With respect to employment, the manufacturing sector accounted for about 8.9% of jobs in 1986, as compared to 12.4% for agriculture (including sugar production), 4.5% for the petroleum industries and 10.1% for the Central and Local Governments. As to the composition of real output, food processing dominated (35%), followed by assembly industries (25%) and petrochemicals (17%), including gas-based petrochemicals.

3.6 Development of gas-based industries (notably steel, fertilizer and methanol) was a major plank of the prior Government's diversification drive. A significant part of its oil revenues was concentrated on a few large-scale capital intensive projects. With respect to output, employment and export earnings, the performance of those plants have generally been disappointing. One problem has been their burdensome debt service. In addition, most enterprises have been affected by teething problems, cost overruns, fluctuating prices and uncertainty in the export markets. They are, however, technically efficient and have potential for making a significant contribution to the economy. Management and marketing will play a key role in their future.

**Table 1.5: VOLUME OF PRODUCTION OF MAJOR INDUSTRIAL PRODUCTS, 1982-87**

	1982	1983	1984	1985	1986	1987
Petroleum (mill of barrels)	64.6	58.3	62.6	64.3	61.7	66.6
Input into refineries	55.1	27.2	28.2	29.6	30.3	31.5
Refinery output	54.1	28.3	26.4	30.0	33.7	31.4
Natural Gas (mill of m <sup>3</sup> )	6,916.4	6,318.3	7,230.6	7,550.6	7,559.3	7,672.6
Fertilizers (in 1000 tons)	939.7	1,274.3	1,458.1	1,603.5	1,603.9	1,603.3
Methanol (in 1000 tons)	-	-	186.9	358.2	323.5	424.3
Steel products (in 1000 tons)	512.6	676.1	572.6	513.6	581.6	
Cements (in 1000 tons)	139.2	389.8	465.4	328.5	337.6	176.5 *
Assembly products (in 1000 units)						
Motor Vehicles	15.6	26.7	22.9	11.9	16.7	3.2 *
Refrigerators	28.4	19.9	21.8	6.4	14.4	8.3 *

\* January-June

Source: Annex Tables 5 and 7.

3.7 The non-energy-based manufacturing sector has suffered from over-capacity, resulting from the fall in local demand, trade restrictions in certain CARICOM countries and, in many cases, an inability to compete in the extra-regional markets, due in part to the neglect of marketing skills. Difficulty in obtaining foreign exchange to purchase raw materials has been an added problem. A significant part of this sector is involved in local packaging or assembly of goods previously imported. The domestic linkages envisaged some years ago have generally not materialized. In certain areas of the sector, particularly automobile assembly, over-investment is a problem.

3.8 The disappointing performance of the manufacturing sector has brought out the weaknesses in the strategy pursued. The structure and administration of the incentive system have contributed in no small measure to the evolution of the manufacturing sector. Protection, tax holidays and exemptions from the duties on machinery and raw materials have been granted liberally. One effect is the unnecessary loss of a great deal of revenue: TT\$643 million in 1986 alone was foregone as a result of the exemption of imported raw material and machinery from duties and taxes. The tendency to grant unqualified protection for unlimited periods has discouraged export initiatives, as most manufacturers have been content to serve the protected local and regional market.

3.9 The manufacturing sector has been handicapped by the dearth of marketing expertise and the absence of a clear strategy for shifting from import substitution to export production. The key Government agencies recognize the need to shift their priority toward competitive export manufacturing, but they have been slow to do so, and the newer export institutions are underfunded. A task force with a strong commercial orientation is needed to plan a phased shift toward exports and the Government needs to act quickly on its recommendations.

## INCENTIVES AND INVESTMENT

3.10 The international environment for private foreign capital has become increasingly competitive. To compete, Trinidad and Tobago needs to give more prominence to its excellent resource base. The Government has indicated its intention to encourage greater private investment, both local and foreign. It has issued an investment policy (Investment Policy of Trinidad and Tobago, August 27, 1987) that outlines opportunities for private investment in various sectors of the economy.

3.11 Many of the incentives are already in place. Of both a fiscal and non-fiscal nature, they include: exemption from the income tax for periods of 5-10 years; import duty concessions; investment allowances; temporary protection from competing imports; export allowances; subsidies to encourage training; export credit insurance; and loans for small enterprises. The Government is considering a system of special incentives to exporters. A new proposal would allow local enterprises that earn significant foreign exchange easier access to foreign exchange requirements for their operations. A one-stop-facility has been established to assist both local and foreign investors. The aim is not only to reduce the red tape that hampers quick decision-making, but also to provide other forms of assistance, such as access to capital at home and abroad and to help in negotiating lines of credit and similar facilities. Foreign-owned enterprises are required to provide opportunities for the training and advancement of nationals. Certain areas of the economy are reserved for nationals: local petroleum marketing, land development, petroleum-related services, small-scale production, distributive trades, light manufacturing operations and the news media. In other areas, joint ventures between foreign and local enterprises are regarded as the most desirable form of direct foreign investment, but 100% foreign ownership is permissible under special circumstances.

3.12 The range of incentives is very broad. However, the incentives need to be administered with greater efficiency. Licensing for imports of raw materials is slow, and these procedures need to be simplified and the controls relaxed. The facilities to aid investors should not only be aimed at attracting new investors, but also at helping existing ones. The one-stop facility should also serve as an industrial ombudsman that could answer queries and complaints. The failure of officials to respond to questions and concerns hurts the investment climate. Often the result of inadequate coordination between departments and senior officials, there is evidence that the concentration of certain kinds of decisions at Port of Spain, where congestion is growing rather than diminishing, is causing delays. Decision-making needs to be decentralized around the country, particularly to San Fernando and Tobago, in order to help businessmen and others in these areas. Critical Government departments where decentralization is needed include the Central Bank, Inland Revenue and even the IDC.

3.13 With respect to the tax structure, the incidence still appears to be high and should be reviewed not only in the context of its effects on local initiatives, but also against the background of what is happening in competing states. The Alien Landholdings Act needs to be reconsidered in order to provide a more positive investment setting. Data for recent years

indicate that the net flow of direct investment has fallen steadily in recent years. In fact, there was a net outflow of over US\$14 million in 1986. Identification of investment opportunities is an important means of attracting foreign capital. Finally, there is room for improvement in industrial relations. The Government, private sector and workers' organizations would do well to review jointly some of the factors bearing on this issue.

### TRADE POLICY

3.14 Both exports and imports have fallen in recent years. The Government has instituted a number of policies and measures to deal with the foreign exchange crisis resulting from the depletion of reserves, particularly a stamp duty of 12.5% on bills of entry, devaluation of the TT dollar and introduction of import budgeting by the Central Bank. The tariff regime has been guided by the Common External Tariff of CARICOM. Most food, drugs, basic raw materials and machinery enter Trinidad and Tobago duty-free or at the lower rates, while intermediate inputs face higher rates (15%-25%) and competing final goods the highest rates (up to 50%). In addition to tariffs, imports face purchase taxes and the 12.5% stamp duty.

**Table 1.6: SELECTED EXPORTS AND IMPORTS, 1982-86**  
(In millions of US\$)

	1982	1983	1984	1985	1986
<b><u>Selected Exports</u></b>					
Crude petroleum	1,116.4	1,099.4	955.4	1,021.0	551.8
Petroleum products	697.8	611.6	705.1	680.7	410.0
Ammonia	96.8	151.5	180.3	166.2	125.4
Sugar	21.9	25.8	28.7	22.0	25.3
Metal products	33.2	41.8	57.1	35.8	80.6
<b>Total Domestic Exports</b>	<b>2,102.7</b>	<b>2,018.9</b>	<b>2,034.7</b>	<b>2,098.1</b>	<b>1,340.8</b>
<b><u>Selected Imports</u></b>					
Consumer goods	638.2	703.5	605.6	456.9	297.5
Food	255.3	297.0	268.3	245.8	157.9
Construction Materials	237.6	217.1	144.2	87.1	68.0
Assembly industries	165.9	199.3	136.1	86.0	91.2
Chemicals	32.5	33.3	28.7	27.4	34.4
Agricultural Materials	141.1	121.7	121.2	93.1	65.0
Capital goods	1,128.0	841.0	443.6	412.3	433.2
<b>Total Imports</b>	<b>2,783.8</b>	<b>2,514.4</b>	<b>1,917.3</b>	<b>1,557.3</b>	<b>1,372.2</b>

**Source: Annex Tables 25 and 27.**

3.15 Imports are also affected by a negative list that permits the import of a number of products only with a license. Items are added or deleted from time to time. The products on the list are wide-ranging. The category of food and food-related products alone contain over 60 items, and there are at least another 150 manufactured goods on the list. In theory, licenses are granted where a domestic producer of a particular good is unable to meet local demand in terms of price and quality. In practice, the negative list is used in combination with tariffs to protect industry. Without competition, many enterprises have held to the local market, focusing on packaging or assembling goods previously imported.

3.16 The country's new industrial thrust might take advantage of local raw materials and develop products in which it has or can develop a comparative advantage. Recently the CARICOM states decided to remove all intra-regional trade restrictions on a list of items that amounts to a fairly substantial proportion of CARICOM trade. This opportunity could be used as a first step in a program to expose local manufacturers to increasingly greater competition following a long period of restrictive trade in the region. Trade with CARICOM should not, however, preclude efforts to penetrate extra-CARICOM markets. The drive to increase competitiveness must be intense and may call for administrative and institutional changes to facilitate the implementation of supporting policies. The Government should consider granting free-trade status to export industries right away as a first step in revamping the structure of incentives with the intention of eliminating the existing anti-export bias.

3.17 Tariffs and imports taxes serve several different functions that may be in conflict. In a situation where financing is scarce, the revenue objective tends to dominate, and longer term goals can be overlooked. The various tax functions have to be balanced carefully over time, and administration is crucial.

3.18 As to export competitiveness, the devaluation of December 1985 has improved the competitiveness of the manufacturing sector, and manufactured exports (excluding petroleum and related products) have grown by over 15% in each of the last two years. Nevertheless, the evidence indicates that the TT dollar is still overvalued. In comparison with its 1976 level --1976 is the earliest year for which data are available for this series -- the real effective exchange rate, based on a basket of currencies of major trading partners, had appreciated by 16% by the third quarter of 1987. The extent of this overvaluation has been mitigated by the continued fall in the value of the US dollar since 1985, to which the TT dollar is pegged. Reduction in real wages and salaries in recent years have been consistent with the adjustment effort. In the private sector even nominal wages are being cut. The priority now should be wage restraint and further reform of industrial incentives and measures to preserve the edge provided by the 1985 devaluation. In addition, a flexible exchange rate policy would boost export competitiveness.

#### RECOMMENDATIONS

1. The manufacturing sector must become more export oriented. A task force with a strong commercial orientation should be established to plan a phased shift toward export orientation. The Government should consider granting free-trade status to export industries right away as a first step in revamping the structure of incentives.



2. A critical review and revision of the system of protection is needed. The negative list has been used to provide almost perpetual protection to some activities, such that there is no incentive for improving efficiency. Increased reliance on tariffs is appropriate, with a gradual phase-down over time. The opening up of the CARICOM market provides an opportunity that can be used as a first step in exposing local manufacturers to greater competition.

3. The devaluation of December 1985 has improved the competitiveness of the manufacturing sector. A flexible exchange rate policy, supplemented by appropriate fiscal, monetary and income policies, would augment competitiveness.

4. The procedures for securing licenses for imports of raw materials ought to be simplified and controls relaxed, and more attention needs to be focused on the greater use of idle capacity. Greater coordination among the institutions promoting industry is needed.

5. The tax incidence on investment could be reviewed to allow Trinidad and Tobago to become more competitive with other countries in attracting foreign investment. The restrictive aspects of the Alien Landholdings Act should be reconsidered.

6. While most gas-based industries are experiencing difficulties, they have potential for increasing the foreign exchange earning of the country. Their debt servicing problems should be included in efforts to formulate an approach for dealing with the national debt situation.

7. To deal with the dearth of marketing expertise, a key constraint on export growth even within CARICOM that urgently needs addressing, the Government might consider hiring individuals or firms from abroad.

## Chapter IV

### AGRICULTURAL POLICY

4.1 Agriculture is a relatively small sector in the Trinidad and Tobago economy, consisting of about 5% of GDP and 10% of the labor force. Despite its small size, it is expected to provide food security for the country, employ the farm population at adequate incomes, act as employer of last resort, earn foreign exchange, provide raw materials for industry, and perform certain environmental tasks. Government expenditures on agriculture are relatively large, approximately US\$175 million in 1986, equal to about 67% of agricultural value added.

4.2 Despite numerous studies of the sector, little analysis has been done on which crops and agro-products, if any, have potential medium- to long-term comparative advantage. Agricultural and food exports currently account for only about 2% of exports. Aside from sugar, coffee and cocoa, all of which are heavily subsidized, virtually no crops have been exported in recent years. Trinidad and Tobago demonstrates competitiveness in world markets only in aromatic bitters and rum, both processed items. Overall the sector seems unable to compete internationally, except for agro-processing, which has secured a small foothold in both the regional and international markets.

4.3 The structure of farms is heavily skewed toward small holdings, which grow numerous types of crops and livestock, but there is also a plantation sector of some size. According to the latest data, 89% of the 30,500 private holdings were less than 5 ha. accounting for 40% of the area in private holdings. Another 20% of this area consisted of farms of 5-10 ha. At the other end of the scale, 41% of the total area (both public and private) was either public holdings (mostly the huge parastatal sugar plantation) or private holdings of 50 ha. or more. While private ownership is widespread, 53% of private holders, farming 35% of the land in private holdings, either rented, squatted, or obtained their land in some other way than through ownership.

4.4 Despite the uncompetitiveness of most of agriculture, virtually everyone wants an agricultural sector of some scale, even at the cost of significant subsidies from consumers and the Government.

### THE STRUCTURE OF PROTECTION

4.5 Given the determination of the Government to protect a large number of agricultural subsectors, it is important to assess systematically the social cost of each one, both that borne by consumers in terms of higher prices and lower quality and that part borne by the Government through input and output subsidies and through its coverage of the losses of Government enterprises. The cost of protection has generally been ignored, and no quantitative measurement has been attempted.

4.6 The protective scheme for agriculture consists of controls and budgetary subsidies. For most commodities, the heart of the system is a virtual ban on imports, of items for which the country produces close

substitutes via import or foreign exchange licensing. In the case of exports or subsectors where significant imports compete with domestic production, the Government also provides price supports.

4.7 If protection is to be provided, tariffs are the best tool, with appropriate anti-dumping safeguards. The Government recognizes the benefits of moving to a tariff-based system and views the current negative list as temporary. However, shifting to a tariff-based system will not be easy as Trinidad and Tobago does not control its own tariffs. At the same time, CARICOM imports are now being allowed in and are exempt from the 12.5% stamp duty (except for imports from Barbados because of a lack of reciprocity). This salutary development will subject Trinidad and Tobago agriculture to a certain measure of regional competition. In turn, Trinidad and Tobago will gain from the opening up of the CARICOM market to its own industrial exports.

#### THE SUGAR INDUSTRY

4.8 Trinidad and Tobago supports a seriously obsolete sugar industry that produces sugar at about 10 times the world price and costs the country about US\$120-160 million per year, a split between the consumer (about 40%) and Government subsidies (60%). This subsidy amounts to more than US\$10,000 per sugar worker or farmer per year. More than half this subsidy is required to satisfy preferential sugar quotas, as production costs are far higher than the roughly US\$500 per ton received under the EEC and US quotas.

4.9 Since 1978, there have been four major studies of the sugar industry, in addition to the World Bank Economic Report of 1983, and each has concluded that the basic cost and productivity of the industry are unviable. All the studies propose restructuring the industry (for social reasons, none proposed shutting it down). As it does not appear possible to rehabilitate the industry to a competitive footing, it is logical that the industry ought to be phased out on an agreed schedule. The pace of this operation will clearly depend on the development of viable alternative economic activities and the imperative of not exacerbating unemployment.

#### RECENT TRENDS IN MAJOR AGRICULTURAL SUBSECTORS

4.10 The last devaluation and the influx of young unemployed workers into the agriculture sector at reduced wages in 1987 have created more favorable conditions than in the recent past in the secularly declining tree crop and forestry subsectors. The wage rates of TT\$100 a day for the unskilled of a few years ago, equivalent then to about US\$50, appear to have fallen to a range of TT\$35-50 a day in 1987 (US\$10-15 at the current exchange rate), following the devaluation, which is a large drop. As a result, increased harvesting and some modest rehabilitation of cocoa and coffee are taking place. Forestry, though, remains depressed.

4.11 The vegetable subsector has recently become more vigorous. It is dominated by small farmers, who cultivate small plots near urban areas intensively. Root crops are, however, mostly imported, by weight about half from CARICOM and half from North America, as are beans, peas and other dry legumes. The exception is pigeon peas, whose production has recently been expanded locally.

**Table 1.7: OUTPUT OF SELECTED AGRICULTURAL PRODUCTS, 1982-1987**

	1982	1983	1984	1985	1986	1987
Sugar (in 000 tons)						
Raw sugar	78.7	77.2	64.7	81.6	92.8	85.4
Refined sugar	11.4	9.4	31.8	33.5	37.5	38.6
Area cropped (in 000 ha)	25.2	21.2	19.8	22.4	27.2	24.8
Coffee beans (in 000 kg)	1,794.0	1,388.0	852.0	2,142.0	1,334.0	1,692.1
Cocoa beans (in 000 kg)	2,246.0	1,717.0	1,566.0	1,367.0	1,426.0	1,501.1

Source: Annex Table 7.

4.12 With approximately 90% of the rice consumed imported, the Government has stated a desire to attain self-sufficiency. However, the subsidy required to support a self-sufficient rice industry may reach about US\$21 million a year, and this may be too high a cost in the present circumstances.

4.13 The production of fresh meat and eggs remained largely stable in the 1980s, except for broilers, which suffered a 25% decline in 1986 because of the effects of the devaluation, recession and reduction in subsidies. Milk production, in contrast, has increased by 130% since 1980. No estimates of the cost of protection are available for the various livestock subsectors, but undoubtedly it is high for the small, uneconomic, but growing dairy subsector, and it may also be high for beef. Overall, direct subsidies have fallen, except for milk, which rose, in relative terms, from 8% to 70% of the total over the 1983-86 period. There are some 2,000 artisanal fishermen in Trinidad and Tobago, who use pirogues and single-line technology. The small fleet of shrimp trawlers, receives a TT\$67 diesel fuel subsidy and is protected by the negative list. National Fisheries Co., Ltd. is planning to expand its exports based on the by-catch of shrimpers.

### AGRICULTURAL RESOURCES

4.14 The resource problems of the agriculture sector are mainly the result of low profitability. While the Government has tried to shield the sector through protection and subsidies, except in the case of broiler, dairy and vegetable production, it has not done so significantly or consistently enough to result in sustained profitability. Consequently, the sector has generally not been able to pay the going prices for capital, management and labor and thus to compete for them with other sectors. Only, recently, with labor supplies now available at lower wage rates, has it been possible to start up abandoned activities. Nevertheless, new private sector investments in agriculture should not be expected.

4.15 While changes in policies cannot really affect shortages of capital and labor, current Government constraints are preventing land from being used as productively as possible. Most important, agricultural land near urban areas is underpriced because of zoning restrictions. For instance, in the Port of Spain-Arima corridor, agricultural land sells for TT\$5,000-10,000 per acre. Residential land in the same areas sells for

TT\$10-15 per sq ft, equivalent to TT\$440,000-650,000 per acre, or is 100 times more expensive. The restrictions that cause such uneconomic price differentials also cause rigidity in the land markets. Small parcels are held speculatively in anticipation of a de facto relaxation of the restrictions. A second large factor in the rigidity of the land markets is the Government's ownership of 36.7% of the land in agricultural holdings. Only rarely is this land traded.

#### INSTITUTIONAL CONTEXT AND SERVICES

4.16 The structure of the institutions affecting agriculture is highly complex because of the import-substitution thrust of agricultural policy and the consequent need to manage the system of protection, subsidies, services, resources and the environment.

4.17 In the area of agricultural services, MFPMEFE's<sup>2</sup> Extension Division is not effectively carrying out its principal functions of training and technology transfer. In the first place, its employees have too many extraneous tasks. MFPMEFE has too few workers at the field level, particularly relative to field-level functions. The Extension Division is also not linking farmers to useful research. What might be needed is a formalized arrangement with the research institutions whereby research workers double as subject matter specialists and are responsible for training extension workers. The small size of the extension service argues against establishing subject matter specialists within the Extension Division.

4.18 A further problem is that five agricultural research organizations themselves produce little research of relevance to Trinidad and Tobago's agriculture. A lack of focus on potentially profitable crops, and the wide variety of crops and livestock being produced, has led to a diffuse research program. If agriculture were instead responsive to international market forces, natural focal points for research would emerge.

4.19 If Trinidad and Tobago is to develop regional or international competitiveness in agriculture, it will probably be in the area of processed products as superior human capital and technology can compensate for high labor costs. CARIRI is using a promising approach with passion fruit, integrating marketing, processing and extension in a single package.

4.20 Although coordination among the research institutions has been lacking in the past, MFPMEFE's current approach appears to be sound. Its own research unit needs strengthening, however, by transferring resources from support wages to equipment and operating expenses.

4.21 Past Government efforts have generally had a negative influence on the quality of marketing in Trinidad and Tobago. With the end of most subsidy programs, the private sector now has full responsibility to market most fresh vegetables, fruit and meat and the inputs and outputs of agro-processing. Except for playing a role in relocating the wholesale market,

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2/ Ministry of Food Production, Marine Exploitation, Forestry and Environment.

the Government should probably end its marketing operations, as well as its attempts at entrepreneurship, now that a vigorous agro-processing industry is emerging.

### RECOMMENDATIONS

1. Agriculture can play a significant role in the recovery and diversification of the economy, but it needs to become more efficient and competitive to do so. The Government needs to establish an ongoing capacity to measure the cost of protection in each agricultural subsector. Official policy should aim at shifting as much as possible to tariff or de facto tariff protection of agriculture and away from quantitative restrictions, with appropriate anti-dumping safeguards.

2. Effective economic analysis of the agriculture sector, including measurement of the cost of protection, ought to be carried out prior to investment in infrastructure.

3. It is logical that the sugar industry should be phased out on an agreed schedule, with the pace of this operation dependent on developing alternative economic activities and not exacerbating unemployment.

4. Agro-processing industries, particularly those where human capital and technology compensate for higher labor costs, could compete in the foreign export markets. A flexible exchange rate policy would stimulate the growth of these and other agricultural exports.

5. Where possible, the Government institutions supporting agriculture should be streamlined. In particular, the Government should end most marketing activities.

6. The link between research and extension services should be strengthened; the Extension Division should not be responsible for non-extension matters. Coordination of research should proceed along the lines proposed by MFPMEFE.

## Chapter V

### TOURISM

#### THE TOURISM PRODUCT

5.1 Trinidad and Tobago is the most southerly country in the Caribbean. Venezuela, the nearest South American country, is under five miles away from Trinidad. Flight times to Grenada and Barbados, the nearest Caribbean islands, are about 45 minutes. Miami, however, is over four hours flying time from Port of Spain. Tobago, about 30 km north-east of Trinidad, can be reached in under 15 minutes on the regular inter-island jet service.

5.2 Trinidad is approximately 5,000 sq km in size, Tobago only some 300 sq km. Both islands share similar physical characteristics, vegetation and tropical climate. In addition to their beautiful scenery, beaches, lush jungles, swamps and plantations, both islands possess a wide range of flora and fauna and historical and cultural attractions. There are also a number of nature centers, bird sanctuaries and historical fortifications (some restored). The islands are also the home of calypso and steelband music, which are important cultural expressions and assets of the people. Carnival, which occurs in February/March each year, is internationally renowned in the English-speaking world and attracts a large number of tourists. Sports, fishing, sea sports, golf and other ad hoc activities and attractions draw additional tourists but are largely undeveloped assets.

5.3 Despite the similarities, the two islands experienced different types and stages of economic development, a factor that has an important influence on development of tourism. Trinidad has experienced rapid growth, particularly related to the development of oil and associated industries. As a consequence, there has been rapid industrial and urban growth, together with significant increases in real incomes and wage levels. With a diverse, cosmopolitan population of nearly 1.2 million, Trinidad has in recent decades found itself the focus of business, visiting friends and relatives (VFR) and cultural tourism. A significant outward tourist market has emerged, particularly for shopping, business and education purposes. While there are attractive areas with tourism potential, particularly on the north coast, because of various constraints, including a lack of physical infrastructure, and resort accommodations, inadequate marketing and a policy that does not promote tourism development, Trinidad has not participated in the sun, sand and sea tourism enjoyed by the rest of the Caribbean.

5.4 Tobago's population is only 44,000. While the island traditionally has been regarded as the international holiday tourism destination of the country, with unspiced beaches, fine scenery, coconut groves, the Buccoo Reef, etc., a variety of factors have led to little development to date.

5.5 Trinidad is also the only Caribbean country in which Christian cathedrals, Hindu temples and Islamic mosques co-exist in close proximity.

5.6 Both islands contain relatively few first class hotel rooms. Relatively few international tourists stay at hotels while on vacation in Trinidad and Tobago, nor do the islands attract a significant number of cruiseship passengers.

**SIZE OF THE TOURISM SECTOR**

5.7 Table 1.8 shows the breakdown of visitor arrivals in Trinidad and Tobago in 1986. Vacation and cruiseship passengers amounted to less than 40,000 a year or just under 7% of total arrivals. The total number of hotel guests from both overseas and domestic sources was 114,347 with average three-night stays, total bed-night demand was 343,000. Given the number of acceptable standard (three star and above) rooms under 1,800 the overall room occupancy rate was 47%. In the first half of 1987, visitor arrivals grew by 12%, largely through improved management and marketing of several hotels in Tobago.

**Table 1.8: TOTAL INTERNATIONAL ARRIVALS BY CATEGORY, 1986 AND 1987**

	1986		1987	
	(000)	% of Total	(000)	% of Total
<b>Visitors</b>				
Hotel Holiday	20	3.5	23	3.8
Private Holiday (VFR)	108	18.8	113	18.7
Business	60	10.5	60	9.9
Other	4	0.6	6	0.9
Sub-total	192	33.5	202	33.4
<b>Temporary Halt</b>				
Cruiseship Passengers	19	3.3	16	2.6
Other 85	14.8		75	12.4
Sub-total	104	18.1	91	15.0
<b>Residents</b>	228	40.0	261	43.1
<b>Transit Passengers</b>	45	7.9	47	7.8
<b>Other</b>	4	0.6	4	0.7
<b>Total Arrivals</b>	<u>573</u>	<u>100.0</u>	<u>605</u>	<u>100.0</u>

**Source:** Central Statistical Office.

**PROSPECTS FOR TOURISM DEVELOPMENT**

5.8 Over a five-to-seven-year period, it should be feasible to approximately double the number of rooms in first-class hotels from about 1,200 to 2,500. While this increase appears modest, much of the existing hotel stock is in urban business hotels in Port of Spain, and a considerable developmental and marketing effort would be required to increase the existing accommodations by this amount.



5.9 A commonly expressed viewpoint is that Trinidad and Tobago cannot compete with the more established destinations in the Caribbean, especially for sun, sand and sea tourism. However, a destination within a recognized tourism region that offers the requisite attractions will draw visitors, almost irrespective of specific locations, and the stage of development vis-a-vis competing regional destinations.

5.10 Nevertheless, in the short to medium term, Trinidad and Tobago cannot, and should not, develop a mass tourism market. Based on the nature of the market and the country's attractions, including climate, scenery and beaches, the crucial need is to upgrade and expand existing hotels and create new resort hotels, particularly in Tobago. The best approach is to develop hotels of modest size -- 50-150 rooms -- with excellent service and food. The target market might be middle- to upper-income families from selected regions of the US, e.g., the northeast, midwest and sunbelt. Canada is also a potential market, together with the UK, Italy, the Federal Republic of Germany and Switzerland. The former two European countries are already providing limited numbers of tourists, constrained by the stock of accommodations.

5.11 Demand from North America for the conventional beach vacation and from Europe for two weeks could be met by developing special interest and multi-destination vacations. The former should capitalize on the potential of its natural history, scuba and other sports, culture, fishing, golf and leisure-related assets, while the latter should exploit the country's location as the most southern Caribbean island and its close proximity to South America. All these points of tourism potential could be marketed jointly.

5.12 A further source of tourism could be exploited through better cruiseship facilities in both Tobago and Port of Spain in Chaguaramas. Currently, cruiseship passengers number only 19,000 annually. Trinidad with its strategic location, bunkering and water facilities, air facilities and first-class accommodations in Port of Spain, could become a major base port for cruiseship operators if positively promoted.

5.13 Currently, the population, work force, Government institutions and private sector are ambivalent about tourism, and they are not organized, trained or coordinated so as to exploit the potential of tourism. The general population needs to become aware of the benefits of tourism and that it is important for personnel directly involved with tourists to provide a relaxed, happy atmosphere. Staff in hotels and restaurants would benefit from further training related to their job functions.

5.14 The Government needs to provide a framework within which the private sector can develop profitable hotels, restaurants and other tourist and leisure-related facilities. Of major concern is the organization of the tourism sector, specifically the Tourist Bureau, which currently has no formal director, as well as the Government departments and institutions dealing with policy, financing, investment promotion, air access, local transportation, site development, and airport and seaport facilities. Tourism promotion is not effective and needs to be reviewed in light of the target markets to be developed and the budget. Concurrently with

successful reorganization of the tourism sector, the Government needs to mobilize both international and local capital, a step that likely will require reappraising of the system of incentives. Of most benefit would be Government guarantees for hotel funding, the development of joint ventures with the private sector, provision of public land as equity to projects, and a reduction of the bureaucracy involved in processing applications for funding and development. In addition to specific resort planning, the Government is well-advised to develop a coherent tourism strategy for Tobago, Chaguaramas National Park and the north coast of Trinidad. Technical assistance will be required for these tasks.

### CONCLUSIONS

5.15 While in the past the private sector and Government have largely neglected tourism, a new consensus is emerging on the direction for new tourism policies. The benefits of a sound tourism policy would be manifold: increased generation and decreased loss of foreign exchange; increased employment, training and job opportunities; fairer distribution of social and economic benefits, especially between the two islands; development of a strong and profitable private sector; increased opportunities for vacation and leisure for the domestic tourist; potential for inter-sectoral linkages; and diversification and strengthening of the general economy.

5.16 The major problems in the tourism sector are: the low number of tourists; small number of hotel rooms; low occupancy rate, general quality and profitability of hotels; difficult access to Tobago from major markets; poor value for money; poor marketing image of Trinidad and Tobago by tourists and the travel trade in North America and Europe; considerable outward movement by residents and consequent loss of foreign exchange; lack of attractions, inadequate organization of those that do exist and general lack of tourism ambience; lack of, and high cost of, infrastructure; and lack of supporting tourism facilities, including restaurants and shops.

### RECOMMENDATIONS

1. A priority short-term measure is to improve the existing hotel stock and implement selectively targeted, joint marketing programs that emphasize the tourism assets of Trinidad and Tobago alone and together with other countries, e.g., Trinidad and Tobago with Grenada/Barbados/Venezuela. This short-term measure could improve hotel occupancy rates and profitability.

2. A number of supporting activities need strengthening:

- Market research of the major target markets.
- Improved coordination of tourism agencies, specifically, improved cooperative and selectively targeted promotion of appropriate markets.
- More direct flights from Europe and North America and increased availability of seats for international tourists during peak periods.

- Improved infrastructure, especially airport and seaport terminals.

3. A concurrently five-year development program might include:

- An increase in the supply of hotel accommodations in terms of both hotel size and new hotels, particularly in Tobago, the latter to be of small- and medium-size (50-150 rooms), both measures to provide a total of around 1,500 new rooms.
- Major tourism and leisure development at Chaguaramas aimed at both international and domestic tourists.
- A major increase in cruiseship passengers visiting both islands.

4. In the longer term, development of the north coast of Trinidad for both international and domestic tourists.

5. Exchange rate adjustment would complement this program. Tourism development would be better served if there were either a Ministry of Tourism or Minister of Tourism within an appropriate ministry, rather than having this sector submerged in a major ministry. Infrastructure assessment and provision will be required to support the envisaged tourism development.

6. In implementing the recommendations detailed above, the Government would benefit from technical assistance. Given the generally sound tourism policies currently being proposed, and the strength and ability of those people involved in the tourism sector, it is apparent that the technical assistance program should focus on the implementation of policy.

## Chapter VI

### THE FINANCIAL SECTOR

6.1 The financial sector comprises a broad range of institutions that have emerged to meet certain financial needs in the economy. At the end of 1986, there were eight commercial banks operating 117 branches. In addition, there were eight active finance companies, six trust companies (independent affiliates of commercial banks), two mortgage finance companies, four thrift institutions and three privately owned building societies. Over 50 companies were registered for insurance operations, of which 43 were doing new business. Of these, 17 were life insurance companies. There are also three development finance companies (Agricultural Development Bank, Development Finance Corporation and Trinidad and Tobago Mortgage Finance Company), two merchant banks, more than 300 registered credit unions, over 140 registered pension funds, a stock exchange and the Trinidad and Tobago Unit Trust.

#### COMMERCIAL BANKING

6.2 As with other sectors of the economy, the financial institutions have felt the effects of the economic downturn. The after-tax profits of the commercial banking sector increased from TT\$51.0 million in 1979 to TT\$125.8 million in 1984. Since then, they have been falling, dropping to TT\$58.9 million in 1986, or 53% between 1984 and 1986. Total deposits have hardly grown since 1984 and the value of total loans outstanding has stagnated.

6.3 To stimulate the economy, the Central Bank reduced the cash reserve requirement of the banks from 17% to 15% of deposit liabilities beginning July 2, 1986. At the same time, it raised the rate of interest on special deposits held in secondary reserves from 3% to 4% a year and encouraged the commercial banks to lower their loan charges in view of the reduced cost of funds. The commercial banks responded by dropping the medium-term prime loan rate from 12.5% to 11.5% and by fixing a ceiling of 15.5% on loans. The Central Bank also revised the installment credit guidelines set in March 1973 with respect to hire purchase transactions. Repayment periods for these loans to consumers were lengthened, and the requirement of a minimum down payment was waived.

6.4 These measures have had little effect on the lending activities of banks. Domestic credit to the private sector (end of month totals) for the first seven months of 1987 averaged TT\$5,800 million as compared to TT\$5,987 million at the end of September 1986. There was, however, some increase in the funds made available to the public sector. With respect to Central Government, net claims outstanding increased from TT\$399.5 million at the end of September 1986 to TT\$468.6 million at the end of July 1987. As to the rest of the public sector, credits outstanding moved from TT\$1,023.4 million to TT\$1,310.9 million over the same period (Table 1.9).

6.5 The tight liquidity of recent years has led the commercial banks to seek increasing accommodation from the Central Bank. Loans outstanding from the Central Bank increased from zero at the end of 1983 to TT\$468.9 million at the end of February 1987. Since then, the figure has been declining, reaching TT\$286.7 million at the end of July.

6.6 In recent years the commercial banks have been able to attract an increasing clientele by expanding their activities and providing a wider range of services. Banking is a widespread practice. The branch/population ratio in 1986 was 1 to 10.2 thousand. Some urban areas, however, have too many banks, a problem that contributes to the overall cost of operations.

6.7 The disposition of the commercial bank resources plays a crucial role in development. Commercial banks are essentially short- to medium-term lenders. In recent years, the Government and public bodies have accounted for 10-15% of the loans and advances outstanding. Agriculture's share has been less than 2%, while petroleum's has fluctuated between 1.5-2.5% since the early 1980s. One or two banks are making some special efforts to increase their lending to agriculture, but the resources being made available are still extremely small. Lending to the manufacturing sector has increased in recent years, and this sector now accounts for over 13% of the total. On the other hand, construction's share has tended to fall with the decline in the economy, as has consumer lending, from over 30% in the early 1980s to around 25% at the end of 1986. Hotels and guest houses have accounted for less than 1% of bank loans and advances outstanding, while distributive trades have received about 10-15%, and finance, insurance and real estate have maintained their share at 10-13%.

**Table 1.9: DOMESTIC CREDIT OUTSTANDING OF COMMERCIAL BANKS, 1986-87**  
(TT\$ Million)

End of Period	Central Govt. (Net)	Public Sector Entities	Private Sector	Total
<b>1986</b>				
September	399.5	1,023.4	5,987.2	7,410.1
December	397.7	1,039.4	5,908.9	7,346.0
<b>1987</b>				
March	446.0	1,206.5	5,884.0	7,536.5
June	452.0	1,305.7	5,701.6	7,459.3
September	426.0	1,386.7	5,693.6	7,506.3
Av. Jan.-Sept.	446.2	1,285.1	5,776.9	7,508.2

Source: Central Bank, Monthly Statistical Digest, September 1987.

6.8 Apart from statutory requirements, generally the banks (like other financial institutions) use their own discretion in disposing their funds. With respect to consumer lending, the Central Bank, as indicated earlier, has issued some guidelines, which were liberalized in 1986 to stimulate the economy.

6.9 While the Government would like to have a greater proportion of funds channeled to the productive sectors, it should continue to rely on moral suasion. Any framework of control should allow for skillful management, since a loss of public confidence in the present circumstances could affect the recovery.

#### INTEREST RATE POLICY

6.10 An important issue is the use of interest rate as an instrument of economic policy. Since 1978, the Central Bank has had the power to control interest rates but has chosen not to exercise it, opting to allow market forces to exert their influence. Since the early 1980s, deposit rates have tended to come down. Generally, those paid by commercial banks have been below the rate of inflation as reflected in the retail price index. Despite this situation, total deposits in the banking sector increased from TT\$759 million at the end of 1973 to TT\$7,417 million at the end of 1986.

6.11 While the interest rate may have some influence on the volume of savings, income appears to be a more crucial variable. Given present circumstances, raising nominal deposit rates is not likely to stimulate greater savings. In fact, this action may only serve to justify raising lending rates, whereas their containment is called for by the depressed conditions and high indebtedness of business firms. A preferred solution to achieve positive real interest rates would be to bring down the rate of inflation to international rates and in this way improve the allocation of resources. In light of the declining profits of banks, it is unrealistic to expect any significant reduction in loan rates in the short term. Some relief could come from lower costs associated with lending. While the cost of funds is not unimportant in decision-making, the major disincentives to investment appear to come from the depressed condition of the economy, as reflected in the state of demand, the industrial relations climate, certain labor legislation and official bureaucratic red tape.

6.12 Another important issue is the spread between banks' lending and deposit rates. Average lending rates in 1987 have been around 13% compared to average deposit rates of 6%, yielding a relatively large margin of 7 points between the two rates. While it appears that banks need to shore up their profit position, nevertheless, efforts should be made to reduce their operating costs which result in a high interest rate spread.

#### Non-Bank Financial Intermediaries

6.13 Finance companies grew rapidly during the boom years of the 1970s and early 1980s. By offering significantly higher interest rates than commercial banks, they attracted a significant part of individual and company savings. Total deposits increased from TT\$83.2 million at the end of 1986 to TT\$960.0 million at the end of 1986.

6.14 An absence of control over the operations of these institutions until 1979 allowed them to disregard prudent financial practices, a situation that caused them serious problems with economic downturn. Since 1984, at least seven have either suspended operations or closed down and a number of depositors lost their savings.

6.15 To prevent an erosion of confidence in the financial system, legislation was passed in 1986 to set up a deposit insurance scheme. Membership in the scheme is compulsory for all licensed banks and financial institutions, which must pay an initial contribution and an annual premium. Under this scheme, the Central Bank is required to match the initial contribution made by members of the Deposit Insurance Fund. There is some indication that such measures are restoring confidence in the sector.

6.16 Deposits held by the finance houses amount to only about 10% of that of the commercial banks. With respect to their loans portfolio, about 75% of their loans have been for business purposes, with personal loans accounting for the other 25%.

6.17 The assets of the trust and mortgage finance companies have grown steadily since the early 1970s. Total assets increased from TT\$54 million at the end of 1973 to TT\$1,647.3 million at the end of September 1986. The most important source of funds are deposits which have tended to account for over 90% of total liabilities. Resources have also been borrowed from outside the country from time to time to support domestic lending.

6.18 Insurance companies play an important role in the economic system. They not only provide a necessary service but are significant mobilizers of savings, and they also undertake investment. Between 1981 and 1985, total investments of those companies engaged in long-term business more than doubled. In excess of 90% of these assets are held locally. Mortgages tend to account for more than half the value of local assets.

6.19 A major feature of the insurance industry in Trinidad and Tobago is the large number of companies involved in it. Increasing income and property assets in the 1970s, and the small capitalization required, attracted several newcomers, some with little insurance experience. In the competition for business, some companies chose to lower their premium rates to levels that became difficult to sustain. As the market shrank and claims shot up in recent years, several companies have come under severe pressure. A few have closed, while others are experiencing great financial difficulty and cannot meet legitimate claims. The public's confidence in the non-life sector has been shaken in particular.

6.20 Because insurance companies perform a social and developmental function, the regulatory authorities need to devote more attention to the industry. The avenues for dealing with complaints by the public are inadequate. A review of the insurance legislation, particularly the provisions relating to capital structure is in order. The efficiency of the industry as a whole should be looked into, including the possibilities for reducing the number of companies without eliminating competition. To earn foreign exchange and generally widen the scope of their operations, local companies should be given incentives to operate abroad. The Government and the industry own a re-insurance company through which local companies place a small part of their business. It has been making a profit, and expansion should be considered.

## RESOURCE MOBILIZATION

6.21 One of the major factors in the decline in both public and private investment is a shortage of financial resources. All financial intermediaries have been affected in various degrees. The downturn in economic activities has also revealed serious flaws in the operation and management of some of them, and in certain cases the authorities moved too late to protect the public. The crisis of confidence has not been resolved, despite legislative measures. The financial institutions need to be monitored more carefully, given the public's sensitivity to their performance.

6.22 The state has used a number of fiscal devices to encourage savings, one is to exempt from taxation up to TT\$5000 in interest from savings. Commercial banks and other savings institutions, however, are required to obtain from every savings account holder his Board of Inland Revenue file number and to insert it on all interest returns. While this procedure was intended to facilitate the work of the Inland Revenue Department, it has caused concern among many deposit holders. Some have reportedly devised unorthodox ways to hide their savings for fear that, if discovered, the source might have to be divulged and previous tax liabilities questioned. Whether funds have been withdrawn from the system because of this requirement is, however, difficult to determine. The more important issue is whether to exempt all interest from savings to encourage greater savings. The solution would be to adopt a policy in this direction, in which case the question of submitting Inland Revenue file numbers would not be an issue. The 1988 Budget has now reduced the tax on interest income to 10%, dropped the requirement for Inland Revenue file numbers and abolished the TT\$5000 exemption.

6.23 There is also need for taking a closer look at the various avenues through which the community saves and for exploring ways to enhance saving instruments.

## THE STOCK EXCHANGE

6.24 Activity in the Stock Exchange has declined markedly in recent years. An informal securities market existed for many years before 1981, at which time the Trinidad and Tobago Stock Exchange came into being with the passing of the Securities Industry Act of 1981. The main purpose of an Exchange is not only to allow companies to raise investment capital, but also to provide an opportunity for investors to save through the purchase of shares in companies of their choice. The volume of public company shares traded increased from 32.0 million (market value of TT\$140.4 million) in 1981 to 90.3 million (market value of TT\$556.6 million) in 1982. The volume fell to 48.5 million (market value of TT\$186.0) in 1984. The figure for 1986 includes two unusual transactions involving about 25 million shares.

6.25 Although the Government continues to raise new capital in the local market, in recent years it has not been using the Stock Exchange. With respect to the private sector, there have been no new issues of public company shares since 1984, when TT\$7.4 million was raised. Between 1982



and June 1987, the private sector raised only TT\$52.5 million through the issue of new shares (primary issues). During the same periods, funds paid to alien shareholders from the sale of shares to nationals of Trinidad and Tobago amounted to TT\$ 175.2 million.

6.26 To encourage greater use of the Stock Exchange, the number of listed companies needs to be increased from the present 34. Doing so requires changing the criteria presently used to admit companies to the Exchange List. The Government might also consider allowing a percentage of new issues to be tax-deductible. Allowing the tax deduction for some proportion of dividends received from new investment might encourage savings.

6.27 With respect to the Exchange itself, certain steps are needed to make it more effective. Existing legislation needs to be reviewed with an eye to giving the Exchange more authority and to allow the Government to use it. The company law should also be updated, in particular, strengthening its disclosure provisions. To encourage greater foreign portfolio investment, the Aliens (Landholding) Ordinance which is overly restrictive, should be amended to allow a greater inflow of foreign resources within a reasonable framework of control. Greater foreign participation in the stock market may serve to counter the downward pressure arising from local economic conditions.

6.28 In its Investment Policy, the Government has stated its intention to encourage nationals living and working abroad with savings overseas to invest them in Trinidad and Tobago. To this end, it guarantees the convertibility of all savings returned to the country (including interest and dividends) and allows nationals returning hard currency to hold the funds in either foreign currency and/or local currency accounts, as desired. The funds must be retained in the country for a minimum of six months. Interest earned on these savings will not be subject to the corporate or personal income tax. The Government also guarantees the confidentiality of the bank/client relationship.

#### RECOMMENDATIONS

6.29 With the downturn in the economy, the financial system has come under a great deal of stress. While the legal framework of operations has improved, it is far from satisfactory. The savings/investment process involves an array of institutions that have lost the public's confidence to varying degrees. Public concerns and complaints need to be dealt with adequately. Appropriate measures include:

1. A more determined effort to encourage a greater volume of savings is needed. As higher interest rates are unlikely to have the desired effect, the Government might consider exempting from the income tax all interest income accruing to individuals.

2. Rationalization of the insurance industry is an urgent priority. Existing insurance law and regulations need reviewing with the aim of increasing efficiency and affording greater protection to the public.

3. Measures are needed for a reduction in the spread between banks' lending and deposit rates. Reduction of the operating costs associated with lending is advisable.

4. Moral suasion to get banks and other financial institutions to lend a greater proportion of their resources for productive investment is the optimal tool, rather than fiat.

5. Increasing the number of companies listed on the Stock Exchange will give investors a wider choice, a measure that requires changing the criteria presently used to admit companies to the Exchange List. Another possible measure is to encourage both companies and the Government to make greater use of the Exchange for raising capital.

6. Offering a wider range of securities to the public would be a propitious step. Properly structured in terms of yield and liquidity, this step might raise more funds for the Government and the level of savings in the economy. In this connection, the creation of secondary markets for Government securities merits attention.

Chapter V.I

EMPLOYMENT/UNEMPLOYMENT ISSUES

7.1 Unemployment is one of the most serious social problems facing the country. Although the number of unemployed as a percentage of the labor force dropped from an average of about 15% in the mid-1970s to 10.3% in 1982, it has grown steadily since, from 43,000 in 1982 to 84,000 in 1986, or almost 18% of the labor force in the latter year (Annex Table 12). The estimated rate for 1987 is in the region of 22%. In terms of numbers, total employed fell from 401,000 in 1982 to 388,000 in 1986; put another way, 13,000 jobs were lost in the five-year period.

7.2 Unemployment among the male segment of the labor force has grown at a faster rate than among the female segment. In 1982, the male unemployment rate was 8.6%, but by 1986, the level had almost doubled, reaching 16.8%. On the other hand, the female unemployment increased from 13.5% percent to 19.9% over the same period. Although unemployment has risen in almost all age groups, it is most concentrated in the younger categories (Table 1.10).

Table 1.10: UNEMPLOYMENT RATIOS BY AGE GROUPS,  
DECEMBER 1986 AND MARCH 1987

Age Group (Years)	Unemployment Ratio (%)	
	December 1986	Prelim. March 1987
15-19	40.1	47.7
20-24	30.8	38.9
25-39	18.7	24.0
30-34	13.6	15.7
35-39	9.9	12.6
40-44	11.1	9.8

Source: Central Statistical Office.

7.3 In terms of the geographical distribution of unemployment, jobs have been lost in all regions, although some have suffered more than others. For instance, while unemployment in Port of Spain increased from 5.1% in 1983 to 10.6% in 1986; in San Fernando, the comparable figures were 8.5% and 23%; in Nariva/Mayaro, 14.1% and to 15.0%; in Tobago, 13.6% and 16.7%. With respect to the sectoral distribution of employment, there has been a decline in almost every sector in recent years, with some sectors more severely affected than others. For example, the unemployment rate in the petroleum industries increased from less than 10% in 1980 to 21% in mid-1986. In construction, too, the unemployment rate increased sharply from 10.5% in 1980 to over 30% in 1986. In the wholesale and retail trade, the figure moved from 8.8% to 14.2% over the period. Between 1982 and 1986, 23,497 jobs were lost in the private sector as a result of the closure of some companies or the rationalization of their labor force by others still in operation.

7.4 In order not to worsen the situation, the present government, like its predecessor, has so far refused to reduce the civil service work force to any significant extent. The civil service (including defense, teaching and protective services, as well as statutory bodies) has about 63,000 positions. Of this number, about 7,000 are with the statutory boards and similar bodies. Actual employment in the Central and Local Governments at the end of 1986 was about 40,000. Because of its buoyant revenue position during the boom years, the Government was able to increase the number of jobs in the service significantly: the wage and salary bills of the Central Government went from TT\$360.7 million in 1974 to an average of TT\$2,670 million in recent years.

7.5 In the context of its present revenue position, the Government is finding it increasingly difficult to maintain the present work force. In its January 1987 budget submission, the Government cut the salary of ministers by 5% and suspended COLA and merit increases. Management salaries in several state enterprises were also reduced. Some relief was, however, given to people in the lower salary ranges.

7.6 The private sector has felt the shrinkage of employment more than the public sector. One consequence of the growing unemployment has been a weakened trade union movement. During the boom years of the 1970s and early 1980s, the labor unions were able to win wage and salary increases far in excess of labor productivity. For the public service, the last wage contract allowed for an increase of 59.5% over the period 1981 (37.5%), 1982 (11.5%) and 1983 (10.5%). Although there have been a number of new agreements in the private sector, the average increase has fallen substantially since the early 1980s. For instance, an examination of 139 agreements in 1982 (covering 15,130 workers) showed an average rise of 58% over a three-year period. The percentage increases ranged between 23% and 118%. On the other hand, the average rate of increase of 31 agreements signed in 1986 was only 14%, with a range of 3-33%.

#### EMPLOYMENT STRATEGIES

7.7 In recent years, the population of Trinidad and Tobago has grown at an average rate of 1.6% while the labor force has grown by 1.3%. The absence of a strategy to deal with the employment challenge was largely responsible for the ad hoc approach taken to job creation. The unemployment levy imposed on individuals and companies since 1970 to help provide jobs, yielded TT\$2.2 billion, through 1986. However, the proceeds were never properly utilized to create permanent jobs.

7.8 The issue of employment also seems to have received minor consideration in the recent industrialization strategy, which placed heavy emphasis on large capital-intensive projects aimed at enhancing the foreign exchange earnings capacity of the country. Even while the economy was growing, the question of training was not properly addressed, with the result that a shortage of skills persisted in certain areas at the same time that unemployment was a problem. In boom periods, construction was a major employer, and the seriousness of the problem of structural unemployment and underemployment were not as much a concern. The Government itself often increased its labor force to provide jobs rather than out of need.

**Table 1.11: LABOR FORCE AND EMPLOYMENT, 1982-87**

	1982	1983	1984	1985	1986	Prel. 1987
(in 000 of persons)						
Labor force	445.8	452.8	478.7	478.9	472.8	475.1
Employed	408.9	402.5	414.4	399.7	387.9	378.8
Unemployed	42.6	51.2	67.5	76.4	84.1	105.1
(% of total labor force)						
Employed	98.5	88.7	85.9	88.9	82.2	79.9
Unemployed	9.5	11.3	14.1	16.1	17.8	22.1

Source: Annex Table 12.

7.9 Government wage policy in Trinidad and Tobago has been detrimental to the economy. By paying wages in temporary work programs higher than those in the low productivity sectors such as agriculture, the Government attracted labor away from those sectors, a situation that led to a fall in output. With the increase in urban unemployment, some of this labor is returning to agriculture. In general it is now easier to find labor for certain kinds of jobs, and at more reasonable wage rates than in the boom years, when the private sector had to compete for labor and therefore to offer remuneration comparable to that in the the public sector. Also during the boom years, the labor supply was augmented by illegal immigrants from neighboring countries. While this inflow helped the construction sector, it placed greater pressure on the social services.

#### CURRENT EMPLOYMENT AND WAGE POLICY ISSUES

7.10 Wage levels vary widely across sectors of the economy. Real wages have been falling over the last few years, as nominal wages have remained fixed in the face of rising prices. The last raise for the civil service was in 1983, when it received 10.5%, the last part of a three-year agreement. Since 1983, prices have increased at an average rate of over 10%. Even some firms in the private sector, have cut nominal wages, while in other cases, the nominal increases have been below the rate of inflation. A number of firms have been forced to close because of financial problems arising from debt servicing. There is now a controversial piece of legislation pending that would provide compensation for workers who lose their jobs.

7.11 As regards public sector employment, in dealing with the budgetary problem, the Government may have to effect economies in its wage bill. The options are to reduce the labor force while keeping wages at existing levels--an action that would aggravate unemployment--or to keep the work force largely intact, but cut nominal wages and salaries further. While the burden of adjustment needs to be shared by every group, at the same time a wage and salary structure in both the public and private sector that attracts and retains the skills necessary for development is needed.

7.12 The Ministry of Labour administers a few programs aimed at placing people with low skills or who have less than five Ordinary Level passes in temporary positions to gain experience that they can use to acquire more permanent jobs. These programs are, however, limited. The Government also has a farm program through which a small number of agriculture workers go to North American (mainly Canada) on a seasonal basis to do unskilled agricultural work.

7.13 The Government needs more innovative approaches to dealing with the unemployment problem. Given the high growth rate of the labor force, it will have to devise measures that encourage prospective entrants into the labor force to spend longer time in school or training. This step can be accomplished by adding a variety of short courses to the existing curricula at both the secondary and tertiary levels. The technical/vocational programs can be lengthened to provide broader course content. Apprenticeship schemes that require modest outlays could be adopted on a larger scale as part of the private sector's contribution. Self-employment opportunities need to be more clearly identified and a framework for assistance articulated. Even these measures will be insufficient, however, if the population continues to increase at the rates of recent years. Attempts should be made not only to reduce the natural growth rate further, but also to stem the flow of illegal immigrants.

7.14 As far as the creation of jobs in the short term is concerned, the few Government projects about to start will generate some opportunities, directly and indirectly. While construction is not likely in the foreseeable future to reach the levels experienced in the 1970s and early 1980s, incentives should be used to encourage this sector, given its labor intensity. The brunt of the burden of creating permanent jobs will have to be borne by the private sector, particularly in the areas of manufacturing, agriculture, tourism and agro-based industries. Agriculture has already attracted some labor back and now has one of the lowest unemployment rates, (less than 3% in 1986).

7.15 Given the increasingly large number of graduates with secondary and university education who cannot find jobs, the Government has to take a more serious approach to manpower planning within the context of its development strategy. There needs to be a clear assessment of present and future skill requirements in the context of the economic directions adopted by the Government. While considerable funds have been spent on education, little emphasis seems to have been placed on course content or reform of the general curriculum with a view to developing the skills that could have facilitated development and lead to more employment.

7.16 Human resources must be seen as one of Trinidad and Tobago's major assets. Properly developed and channeled, they become a creative force. Neglected and misdirected they could turn into an explosive problem, with serious consequences for the tourism and investment climate.

## CONCLUSIONS

7.17 Between 1982 and 1987 the number of unemployed has more than doubled. However, alleviation of unemployment rests heavily on the ability of the economy to resume growth. Even modest rise in tourism, could, for instance, more than double the present employment in this sector of about 4,000, over the next five-year period. Revival of the economy calls for an increase in the current levels of private and public investment. It also requires a stepping up of production, which has been affected by the fall in domestic demand official policies and problems in the export markets. Given the critical foreign exchange position and the high import propensity of the economy, the extent to which domestic demand is stimulated has to be closely monitored. A more determined effort by all sectors of the economy to increase exports is needed. The Government can play an active role here by removing existing policy and bureaucratic barriers and providing the necessary assistance to the institutions that promote exports.

## RECOMMENDATIONS

1. A mixed private sector/Government task force could be set up to investigate why a number of private firms have closed or are contemplating closure, and what assistance might be helpful. Urgent follow-up action needs to be taken on its findings.

2. The excessive size of the public sector work force has to be addressed in the context of public fiscal constraints. Redeployment within the public sector could provide some room for maneuver.

3. Possible measures to stem the rapid flow of young people into the labor force include changes in the structure and content of course programs and the requirements for graduation to better meet employer needs and employment prospects. More widespread adoption of apprenticeship schemes could also help. A youth training employment partnership (YTEP) program has recently been instituted.

4. The development of agriculture on a more efficient and competitive basis needs to be accelerated. With falling wages in the urban sectors and increasing unemployment, farm wages have also fallen, and it is now easier to find labor for agricultural work. Programs bearing on agricultural financing, marketing and technical assistance ought to be reviewed, with the aim of increasing their effectiveness.

5. A more systematic approach to manpower planning is needed in conjunction with whatever changes are envisaged for education and training.

## Chapter VIII

### STRATEGY FOR MEDIUM-TERM GROWTH

8.1 The new Government has indicated that it intends to change the framework of development of the previous administration. It wants to reduce the extent of state participation in the economy and to have the private sector play a greater role. An increasing share of domestic investment and job creation is to come from the private sector, with the Government's role becoming more regulatory and increasingly confined to infrastructural development and enterprises essential to public welfare. Given its financial position, the state can no longer invest on the scale it has since 1974, or provide a wide range of services at low cost. Market forces are likely to become increasingly predominant as Government financial assistance is reduced and state enterprises try to match revenues and costs. Nevertheless, enterprises that are essential to the public welfare will be kept under state ownership, even though they may not be economically viable immediately.

### DEBT AND BORROWING

8.2 Since 1974, Government expenditures have been the main determinant of growth in the economy. This pattern cannot be sustained. The shift to private-led growth, however, cannot be immediate, as a framework has to be put in place. Thus, in the short term, the Government still has a critical role to play in diverting the economy from its path of the negative growth. At the same time, the Government has no savings, and the public debt has become increasingly burdensome in the context of declining foreign exchange earnings and revenues. Further, the proportion of public debt denominated in Japanese yen and European currencies increased to about 60% in 1986. The burden of the external debt in U.S. dollar terms has thus risen with the U.S. dollar depreciation, producing an effect similar to that of a deterioration in the country's terms of trade. The Central Government's external debt/GDP ratio has been increasing sharply, from 8.1% in 1983 to 20% in 1986. If the foreign debt of US\$751 million relating to state enterprises is taken into account, the total external debt of the country would rise to US\$1,807 million in 1986, equivalent to 37% of GDP,<sup>3</sup> while

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3/ With respect to Central Government debt outstanding at the end of 1986, 5.0% was owed to bilateral agencies, 3.2% to multilateral institutions, and 65.4% to private financial institutions; 26.4% was borrowed in the form of bonds. The lenders contributing to the outstanding debt of state enterprises were: bilateral agencies, 21.6%; multilateral agencies, 17.3%; private financial institutions, 43.5% and suppliers' credits, 17.6%. As far as repayment of Central Government debt is concerned, 64% had an original maturity of less than 5 years, while the other 36% fell into the 5-10-year category. Almost all Central Government external debt outstanding at the end of 1986 will be repaid by 1993 if the Government does not default.



debt service payments are estimated at 17% of exports of goods and services. During the first 11 months of 1987, only two new foreign loans were raised, and this was one for US\$100 million in the Japanese market. Locally, the Government borrowed TT\$345 million (US\$95.8 million) in this period.

8.3 Though Trinidad and Tobago was able to access several capital markets (in particular the Japanese private placement market) over the 1985-87 period, the terms have in general been burdensome (Annex Table 30). The amounts raised were also significantly less than the amounts sought and there was only one public issue over the period, i.e., on the sterling market.

8.4 Until 1985, the growth of the public debt did not appear to pose a great problem as far as servicing was concerned. The situation changed dramatically in 1986 with the collapse of oil prices. The Government has met all its debt servicing obligations despite dwindling foreign exchange reserves. However, not only has the domestic situation changed, but credit conditions in the international capital markets have become more difficult.

8.5 Trinidad and Tobago cannot be classified as a heavily indebted country, even though it is experiencing strain in servicing its debt; indeed debt servicing will become increasingly problematic over the next few years when much of the debt will fall due for repayment. Our projections suggest that external borrowings of about US\$225 million a year could be targeted over the next few years to sustain the recovery. To meet its debt service payments and build up reserves, Trinidad and Tobago will require additional capital inflows averaging about US\$250 million a year over the next 4-5 year period, but it seems unfeasible. Financing of the recovery is thus predicated on the external debt being satisfactorily rescheduled. It is inadvisable that the Government borrow to service past loans, however. New borrowing should be aimed at financing projects critical to adjustment and stimulation of the economy. Borrowing increasingly on hard terms in the financial markets would be imprudent. While there may be little scope for negotiating interest rates, the Government would do well, through enhancing Trinidad and Tobago's credit rating, to seek loans with longer repayment periods.

8.6 As far as local borrowing is concerned, the Government has reached the limit of its borrowing capacity from the Central Bank. Some funds are available in the private sector, but Government will have to be careful not to crowd out private borrowers, at a time when it is trying to encourage greater private investment.

#### POLICIES FOR RECOVERY

8.7 The focus here is on policies with respect to the transition from short-term recovery to medium-term growth. Even at this time, the country has a reasonable export capacity (both in goods and services) that it has not fully exploited. In the long term, earnings from tourism could be expanded considerably if the Government implements certain measures and the capacity of the industry is increased. An appropriate short- to medium-term policy would be greater utilization of existing capacity (i.e.,

increasing the occupancy rate) and trying to attract a larger number of cruiseships. At the same time that greater professionalism in the industry at the local level is encouraged, promotional efforts need to be intensified. Related industries such as handicrafts and souvenirs should be envisaged. More adequate shopping facilities could help in earning foreign exchange.

8.8 Trinidad and Tobago might also think seriously about developing a capacity to export certain types of services, such as those relating to construction, engineering and a range of other professional ones. It is not fully exploiting its know-how, even though a major part of the budget goes for training and education. An adequate return on that investment requires that technically trained people look beyond national borders.

8.9 With respect to the oil sector, earnings from exports of petroleum and petroleum products have been falling since 1980. Between 1980 and 1985, earnings fell by almost 30% and in the first six months of 1987, they were 12% below those in the corresponding period of 1986 as petroleum production declined. The reason was that as the fields got older and their producing capacity diminished, it became increasingly costly to extract oil. Exploration efforts were also insufficient.

8.10 The Government itself has a heavy stake in the oil sector, as it has acquired considerable assets in recent years, and it owns all the refining capacity. Five companies are engaged in crude oil production with AMOCO (which is foreign-owned and operates largely in the marine area), accounting for more than half of total production.

8.11 In the short term, oil remains the country's most important foreign exchange earner and thus holds the key to the short-term recovery efforts. Government policies can be used to stimulate production. An urgent first step is to review the policies affecting the petroleum industry. Government tax and incentive policies must be aimed not only at encouraging enhanced recovery, but also at sustaining a high level of exploration and drilling. The impact of the decline in oil prices and the trends in costs should be examined objectively with the oil companies with a view to reversing present trends.

8.12 Non-oil exports have been increasing in recent years, with chemical goods accounting for a large portion of these. Recent declines in prices have affected the performance of some of the energy-based industries. Now that the new methanol and urea plants are on-line, this sector should show improved performance in 1987 and 1988. Even now and given the existing exchange rate, there is scope for increasing exports to CARICOM and the other neighboring countries. Because the scarcity of foreign exchange has constrained export growth, the Government should follow through on its commitment to allow exporting firms more favorable access to foreign exchange resources. Priority could be given to reducing bureaucratic red tape. As many firms are operating below capacity, increased output would also improve the employment situation. Firms themselves need to market aggressively. Steps have been taken to free up a large part of intra-CARICOM trade, and Trinidad and Tobago manufacturers should be able to take greater advantage of this regional market.

8.13 In the medium to longer term, the Government faces the task of reorienting the manufacturing sector from import-substitution, encouraged by high protective barriers, to export. So with the growth of energy-based projects, the industrial sector could emerge as the lead sector in the economy, replacing oil.

8.14 Agriculture, too, has a critical role in the medium-term recovery, but it needs to become more efficient and competitive. In view of the unemployment problem, many people have been attracted back to the land, which many had abandoned during the boom period. This process should be encouraged. In devising a framework of assistance to this sector, it will be necessary to establish clear objectives and priorities. Many measures to date have been ineffective. For example, subsidy programs aimed at helping farmers have often been off target, wasting a great deal of resources. The state itself, through its wholly-owned company, Caroni Limited, has been trying, with some success to diversify away from sugar. The know-how acquired by Caroni could be integrated with the extension services of the Ministry of Agriculture to develop a technical resource for farmers, once the direction for agricultural development is articulated and a framework put in place.

8.15 Increasing domestic savings needs to be a primary objective of economic policy to sustain higher investment levels. For its own part, the Government will have to cut wasteful expenditures and attain greater efficiency in public spending. Individual and corporate savings also need to be encouraged if the country is to undertake a higher level of investment. It would be beneficial to speed up the review of the tax system. The work on reorganizing and restructuring the state enterprises should make them more efficient and less dependent on the Central Government. External debt servicing is a serious problem for a few of them, a situation the Central Government will have to take into account in devising approaches to its own debt situation.

8.16 A longer term context for decision-making is essential if present social and economic trends are to be reversed. Short-term measures ought not to detract from the Government's longer term goals to restructure the economy and attain greater efficiency. Nor can the Government allow its own fiscal situation to interfere with the implementation of policies necessary for longer term growth. If not, it may find itself in a perpetual financial crisis.

8.17 In the past, the Government took too long to assess the effectiveness of its policies relative to their initial objectives and impact. Thus, problems such as contradictory policies, lack of coordination among different branches, and delays in decision-making were common. Ad hoc approaches replaced development planning. Long-term goals must guide short-term policy-making, if the economy is to move along the desired path. The long-term goals must themselves be formulated against the background of the resources and capability of the country and must provide clear directions to the various sectors of the economy. A timeframe is also important in pursuing development objectives.

8.18 The new NAR Government has adopted some measures to deal with these problems and these are beginning to have some positive effects. A Ministry of Planning and Mobilization is a key part of the new administrative structure. A National Planning Commission, chaired by the Prime Minister and in which the trade union movement and the private business sector are represented, has also been set up with the aim of discussing the impact of particular policies on the economy.

## TWO SCENARIOS

### Baseline Scenario

8.19 In assessing future trends, two scenarios were examined: a baseline scenario and a higher growth one based on improved policies. A comparison of the highlights of the two scenarios is given in Table 1.12. The first, the baseline scenario, is based essentially on the work done by the Government's Central Statistical Office and published in "A Macroeconomic Survey of Projections 1987-90." The basic assumption of that work is a continuation of the trends of 1987. Thus, the projections for some sectors are based on growth in the recent past.

**Table 1.12: BASELINE SCENARIO COMPARED WITH HIGHER GROWTH SCENARIO:  
SELECTED ECONOMIC INDICATORS  
(In Percent)**

	Baseline Scenario		Higher Growth Scenario with Improved Policies	
	1985-90	1990-95	1985-90	1990-95
<b><u>Growth Rates</u></b>				
GDP	-3.2	0.9	0.4	3.0
Investment	-1.8	0.8	1.5	3.8
Total Consumption	-3.6	-0.7	1.0	2.2
Agriculture	2.6	0.5	2.7	2.5
Industry	-0.7	0.9	1.7	2.7
Services	-6.3	1.0	-1.4	3.3
Total Exports	-12.2	2.1	-11.1	2.9
Total Imports	-11.1	-1.7	-10.4	1.8
<b><u>Percentages</u></b>				
Investment/GDY	26.6	26.5	28.1	33.6
Consumption/GDY	73.9	68.1	76.7	67.7

**Source: Annex Tables 34-39.**

8.20 Under this scenario, projections of real GDP to 1990 show a declining trend, with the level of real GDP in 1990 estimated to be 15% below that of 1985, for an average annual rate of decline of 3.2%. While export agriculture is expected to stagnate, domestic agriculture will experience some growth. The petroleum sector will decline slightly in 1987 and 1988; some growth will be seen thereafter. The underlying assumption of this projection is that oil prices will hover around US\$16 until 1990 and that the SPT will be reduced in 1988 and held constant at that level over the period 1989-90. The reduced SPT in turn is expected to stimulate drilling. It is also assumed that the expected cost/revenue ratio per barrel of oil will be relatively constant and that the relationship of the exploration and production subsectors to the rest of the petroleum industry will remain at the 1986 level.

8.21 Using growth rates of the recent past, the manufacturing sector is projected to continue its downward trend. The implementation of some Government projects in 1988 will slow the continued decline of construction activities, but in the absence of a continuous and sustained level of expenditures, the slide will continue, unless construction in the private sector picks up significantly. The hotel sector is projected to grow at about 4.4% a year between 1987 and 1990. The value added in "General Government" will remain constant over the period.

8.22 Trinidad and Tobago will maintain a positive trade balance, but the deficit on the services account will increasingly become negative over time. The current account balance will remain negative through 1990. Given the poor state of reserves, significant long-term borrowing is envisaged in the next few years.

8.23 This scenario is untenable, as it assumes that the brunt of the adjustment will be met by increased foreign borrowing in the order of US\$325 million a year. The experience of 1987, when foreign borrowing reached only US\$100 million, shows that this scenario is unfeasible. Further, exacerbation or persistence of the declining economic trends since 1983 cannot continue for much longer without endangering the social stability of the country.

#### Scenario with Improved Policies

8.24 The second scenario, which takes a more optimistic view of future developments, is predicated on the adoption of an improved policy agenda along the lines suggested in this report. This second scenario assumes that the economy will start growing again in 1988 with a GDP rate of 0.5% projected for 1988 and 3.0% for 1990 and beyond. It is assumed that the Government investment program will be strengthened in 1988 and that its sectoral policies will start taking effect. The investment/GDP ratio is projected to rise from 20% in 1988 to an average of 29% during 1990-95. Oil prices are projected to remain at around US\$16 per barrel until 1990 and to rise to US\$24 by 1995. It is assumed that Government policies can reverse the declining trend in oil production of recent years, and oil production is projected to increase by 2% in 1989 and by 2% between 1990 and 1995. Urea prices are projected to rise from US\$117 per metric ton in 1987 to US\$200 in 1990 and to reach US\$244 in 1995.

8.25 Government efforts to attract private foreign investment should result in a net positive inflow from 1988 on, reversing the trend of previous years, but the amounts are not likely to be significant in the short term. Increased external borrowing is projected at an average annual rate of US\$225 million between 1988 and 1990. However, in the absence of debt rescheduling the country would require an additional capital inflow of about US\$385 million a year on average over the next 3-4 years. If debt servicing of these additional amounts is provided for, the debt service ratio would escalate from 20% in 1987 to 34% in 1990 and decline to about 26% by 1995. The balance of payments current account deficit would increase to 4.4% of GDP by 1990 and would be reduced to 1% of GDP by 1995. The external debt/GDP ratio (37% in 1987) would also decline to 36% in 1990 and to 29% by 1995. Interest as a percentage of GDP will similarly decline from 3.2% in 1990 to 2.8% in 1995. To raise capital of this magnitude, however, seems implausible. Financing of the recovery and enhancement of creditworthiness is thus predicated on a satisfactory debt rescheduling, which in turn could be achieved only if the appropriate macro-economic framework is put in place.

8.26 With the right mix of policies and assuming that the international economic environment remains favorable, the Government can reverse the declining trends in exports and increase its import capacity. As far as oil is concerned, it is increasingly costly to extract it from existing wells, and greater incentives for exploration and drilling are needed. The 1988 Budget has provided some concession to the oil sector, but in view of the expected decline in oil prices, these concessions may require further modification. In the gas-based industries sector there is potential for a significant increase in non-oil exports.

8.27 Given the fairly well-developed industrial infrastructure, cheap energy and pool of skilled labor, a turnaround in the economy is possible, and the scenario presented here is feasible. GDP growth rates are expected to be modest, however, and with population rising at just under 2% per capita, incomes will rise only a little through 1995.

TRINIDAD AND TOBAGO

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**Table 1. TRINIDAD AND TOBAGO -- GDP AT CONSTANT FACTOR COST BY SECTORS OF ORIGIN, 1982-87**

	1982	1983	1984	Prel. 1985	Est. 1986	Est. 1987
<u>(In millions of 1978 Trinidad and Tobago dollars)</u>						
<u>Petroleum sector</u>	<u>318.9</u>	<u>281.3</u>	<u>318.1</u>	<u>345.8</u>	<u>342.7</u>	<u>299.2</u>
Exploration and production	182.4	148.6	155.4	161.5	157.8	-
Refining	59.1	29.2	38.2	31.8	33.5	-
Service contractors	17.8	13.3	11.4	18.8	12.9	-
Other, including petro-chemicals	71.6	92.2	113.8	139.5	139.3	-
<u>Non-petroleum sector</u>	<u>2,679.3</u>	<u>2,489.8</u>	<u>2,166.7</u>	<u>2,801.8</u>	<u>1,853.2</u>	<u>1,846.2</u>
Agriculture	67.9	79.4	78.7	82.7	84.8	87.1
Manufacturing a/	318.8	298.8	252.8	218.5	227.8	273.9
Electricity and water	88.9	114.9	119.7	121.8	128.4	137.1
Construction	488.1	388.3	385.3	232.3	189.6	118.2
Transport and storage	514.8	573.2	432.1	428.9	398.4	219.1
Distribution and restaurants	449.8	315.1	229.7	199.9	188.2	198.2
Finance, insurance and real estate	588.1	478.4	416.4	435.2	377.4	228.9
Government	238.4	238.4	233.9	225.9	229.5	199.3
Other services	26.1	27.9	38.3	68.8	53.1	388.4
<u>GDP at factor cost</u>	<u>2,998.2</u>	<u>2,771.1</u>	<u>2,416.8</u>	<u>2,346.8</u>	<u>2,195.9</u>	<u>2,145.4</u>
<u>(Annual percentage changes)</u>						
<u>Petroleum sector</u>	<u>8.3</u>	<u>-9.5</u>	<u>18.2</u>	<u>11.3</u>	<u>-8.7</u>	<u>-12.7</u>
Exploration and production	-8.5	-9.7	6.8	3.9	-2.8	-
Refining	-12.8	-58.6	3.4	2.6	8.1	-
Service contractors	-9.2	-25.3	-14.3	14.8	-8.8	-
Other, including petro-chemicals	48.4	28.8	22.7	23.3	--	-
<u>Non-petroleum sector</u>	<u>4.5</u>	<u>-7.1</u>	<u>-15.4</u>	<u>-5.8</u>	<u>-7.4</u>	<u>-8.4</u>
Agriculture	3.2	16.9	-8.9	5.1	2.5	2.7
Manufacturing a/	-1.9	-8.6	-13.1	-14.3	5.2	28.2
Electricity and water	18.2	29.2	4.2	1.6	3.9	8.4
Construction	5.3	-18.8	-19.7	-23.9	-18.4	-37.7
Transport and storage	12.4	11.3	-24.6	-1.2	-8.7	-45.8
Distribution and restaurants	-2.8	-29.8	-27.1	-13.8	-16.9	18.1
Finance, insurance and real estate	8.5	-7.4	-11.5	4.5	-13.3	-39.9
Government	-4.3	-8.2	-1.7	-3.4	1.6	-13.2
Other services	53.5	6.9	37.3	56.7	-11.5	631.4
<u>GDP at factor cost</u>	<u>4.8</u>	<u>-7.3</u>	<u>-12.8</u>	<u>-2.9</u>	<u>-8.4</u>	<u>-2.3</u>

Source: Central Statistical Office.

a/ Excluding oil refining and petrochemical industries.



**Table 2: TRINIDAD AND TOBAGO -- GDP AT CURRENT FACTOR COST BY SECTORS OF ORIGIN, 1962-67**

	1962	1963	1964	Prel. 1965	Est. 1966	Est. 1967
<b>(In millions of 1970 Trinidad and Tobago dollars)</b>						
<b>Petroleum sector</b>	<b>5,154.4</b>	<b>4,486.6</b>	<b>4,939.8</b>	<b>4,847.6</b>	<b>3,645.1</b>	<b>3,663.3</b>
Exploration and production	4,683.4	3,846.1	3,945.6	3,656.3	2,766.6	2,669.6
Refining	187.5	211.6	369.5	412.2	369.8	
Service contractors	199.2	173.3	158.6	187.6	142.1	993.5
Other, including petro-chemicals	146.3	255.6	522.7	567.5	426.6	
<b>Non-petroleum sector</b>	<b>14,877.2</b>	<b>15,296.6</b>	<b>14,286.3</b>	<b>14,674.3</b>	<b>13,746.8</b>	<b>11,719.4</b>
Agriculture	432.5	614.6	667.6	677.1	644.9	689.5
Manufacturing a/	1,349.6	1,447.7	1,433.2	1,265.2	1,427.1	1,497.6
Electricity and water	379.6	372.3	385.4	464.4	398.9	324.5
Construction	3,152.6	2,698.4	2,396.6	1,864.3	1,571.9	1,558.1
Transport and storage and communication	2,125.3	2,619.6	2,245.4	2,292.5	2,236.4	1,565.7
Distribution	1,988.3	1,592.7	1,315.3	1,232.8	1,166.6	1,543.3
Finance, insurance and real estate	2,166.5	2,341.7	2,316.4	2,666.4	2,427.2	1,666.6
Government	2,666.2	2,615.7	2,675.4	2,741.4	2,666.5	2,332.5
Other services	415.8	593.7	657.6	731.7	767.1	1,652.6
<b>GDP at factor cost</b>	<b>20,031.6</b>	<b>19,783.4</b>	<b>19,226.1</b>	<b>18,921.8</b>	<b>17,391.9</b>	<b>15,322.7</b>
Plus: Indirect taxes	816.6	969.6	1,047.3	1,155.4	1,046.6	
Less: Subsidies	1,674.7	1,633.6	1,187.9	1,172.6	428.6	616.1
<b>GDP at market prices</b>	<b>19,175.5</b>	<b>19,119.4</b>	<b>19,085.5</b>	<b>19,464.6</b>	<b>18,011.9</b>	<b>15,932.8</b>
Plus: Factor income from abroad	856.6	552.6	339.6	479.7	384.4	396.6
Less: Factor income paid abroad	587.7	648.6	1,668.7	1,298.6	1,668.7	1,166.6
<b>Gross national income</b>	<b>19,444.6</b>	<b>18,824.6</b>	<b>18,356.4</b>	<b>18,686.3</b>	<b>17,279.6</b>	<b>15,222.8</b>
<b>(in percent of GDP at factor cost)</b>						
<b>Petroleum sector</b>	<b>25.7</b>	<b>22.7</b>	<b>25.7</b>	<b>25.6</b>	<b>21.6</b>	<b>23.6</b>
Exploration and production	23.4	19.4	20.5	19.5	15.9	17.6
Refining	0.7	1.1	1.6	2.2	1.8	
Service contractors	1.0	0.9	0.8	1.0	0.8	6.6
Other, including petro-chemicals	0.7	1.3	2.7	3.6	2.5	
<b>Non-petroleum sector</b>	<b>74.3</b>	<b>77.3</b>	<b>74.3</b>	<b>74.4</b>	<b>79.6</b>	<b>76.4</b>
Agriculture	2.2	4.1	4.5	4.6	5.4	4.2
Manufacturing a/	6.7	7.3	7.5	6.7	8.2	9.6
Electricity and water	1.9	1.9	2.0	2.1	2.2	2.1
Construction	15.7	13.6	12.4	9.9	9.6	10.2
Transport, storage and communication	10.6	14.3	11.7	12.1	12.9	10.2
Distribution	9.9	8.1	6.8	6.5	6.3	10.2
Finance, insurance and real estate	10.6	11.8	12.6	13.8	14.6	16.4
Government	14.3	13.2	13.9	14.5	16.6	15.2
Other services	2.1	3.6	3.4	4.2	4.4	4.1

Source: Central Statistical Office.

a/ Excluding oil refining and petrochemical industries.

**Table 2: TRINIDAD AND TOBAGO -- NATIONAL ACCOUNTS BY FINAL EXPENDITURES, 1982-86**

	1982	1983	1984	1985	Prel. 1986
<u>(In millions of Trinidad and Tobago dollars)</u>					
<u>Consumption</u>	<u>15,176.7</u>	<u>16,668.4</u>	<u>15,291.9</u>	<u>14,273.6</u>	<u>14,689.9</u>
General Government	3,135.7	3,326.6	3,615.8	3,464.6	3,458.9
Other	12,041.0	12,748.4	11,676.1	10,809.0	11,231.0
<u>Gross capital formation</u>	<u>5,417.1</u>	<u>4,939.1</u>	<u>4,118.7</u>	<u>3,889.5</u>	<u>4,666.6</u>
General Government	3,315.9	1,899.8	1,264.8	1,166.6	488.6
Other	2,101.2	3,039.3	2,853.9	2,722.9	3,511.4
<u>Gross domestic expenditure</u>	<u>20,593.8</u>	<u>21,607.5</u>	<u>19,410.6</u>	<u>18,162.1</u>	<u>18,689.9</u>
Exports of good and non-factor services	6,763.2	5,637.1	5,876.2	5,885.2	5,925.5
Imports of goods and non-factor services	6,121.5	7,555.2	6,195.3	5,142.7	5,683.5
<u>GDP at market prices</u>	<u>19,175.5</u>	<u>19,119.4</u>	<u>19,695.5</u>	<u>18,964.6</u>	<u>18,611.9</u>
Indirect taxes	818.6	969.6	1,647.3	1,155.4	1,646.6
Subsidies	1,674.7	1,633.6	1,187.9	1,172.6	428.6
<u>GDP at factor cost</u>	<u>20,031.6</u>	<u>19,783.4</u>	<u>19,226.1</u>	<u>18,921.8</u>	<u>17,391.9</u>
<u>(In percent of GDP at market prices)</u>					
<u>Consumption</u>	<u>79.1</u>	<u>84.6</u>	<u>86.1</u>	<u>75.5</u>	<u>81.6</u>
General Government	16.4	17.4	18.9	18.3	19.2
Other	62.7	66.6	61.2	57.2	62.4
<u>Gross capital formation</u>	<u>28.3</u>	<u>26.6</u>	<u>21.6</u>	<u>20.6</u>	<u>22.2</u>
General Government	12.1	9.9	6.6	6.1	2.7
Other	16.2	16.1	15.0	14.5	19.5
<u>Gross domestic expenditure</u>	<u>167.4</u>	<u>116.6</u>	<u>161.7</u>	<u>96.1</u>	<u>168.8</u>
Exports of goods and non-factor services	35.6	29.5	30.6	31.1	32.9
Imports of goods and non-factor services	42.4	39.5	32.5	27.2	36.7

Source: Central Statistical Office and Fund staff estimates.

**Table 4: TRINIDAD AND TOBAGO -- SAVINGS AND INVESTMENT, 1982-86**

	1982	1983	1984	1985	Preli. 1986
<u>(In millions of Trinidad and Tobago dollars)</u>					
<u>Gross national savings</u>	<u>3,869.8</u>	<u>2,562.1</u>	<u>2,864.7</u>	<u>3,667.2</u>	<u>2,134.2</u>
General Government	1,354.9	583.5	484.7	711.7	-92.4
Other	2,514.4	1,978.6	2,380.0	2,955.5	2,216.6
<u>Gross capital formation</u>	<u>5,417.1</u>	<u>4,989.1</u>	<u>4,118.7</u>	<u>3,888.5</u>	<u>4,666.6</u>
Central Administration	2,328.3	1,899.8	1,264.8	1,168.6	488.6
Other	3,088.8	3,089.3	2,853.9	2,720.5	3,511.4
<u>Net national savings a/</u>	<u>-1,547.8</u>	<u>-2,427.0</u>	<u>-1,254.0</u>	<u>-221.3</u>	<u>-1865.8</u>
General Government	-965.4	-1,316.3	-788.1	-448.1	-571.6
Other	-582.4	-1,090.7	-473.9	226.8	-1,294.8
<u>Use of foreign savings</u>	<u>1,547.8</u>	<u>2,427.0</u>	<u>1,254.0</u>	<u>221.3</u>	
Accumulation of net international reserves (increase -)	652.3	2,336.6	1,781.6	578.4	2,351.3
Net foreign borrowing	895.5	78.4	-527.6	-357.1	-485.5
<u>(In percent of GDP at market prices)</u>					
<u>Gross national savings</u>	<u>20.2</u>	<u>13.4</u>	<u>15.0</u>	<u>19.4</u>	<u>11.9</u>
General Government	7.1	3.1	2.5	3.8	-0.4
Other	13.1	10.3	12.5	15.6	12.3
<u>Gross capital formation</u>	<u>29.3</u>	<u>26.0</u>	<u>21.6</u>	<u>20.6</u>	<u>22.2</u>
General Government	12.1	9.9	6.6	5.1	2.7
Other	16.2	16.1	15.0	14.5	19.5
<u>Net national savings a/</u>	<u>-8.1</u>	<u>-12.6</u>	<u>-6.6</u>	<u>-1.2</u>	<u>-10.4</u>

Sources: Statistical Appendix Table 2; Central Statistical Office; and Fund staff estimates.

a/ Gross national savings less gross capital formation, equivalent to the external current account deficit.

**Table 5: TRINIDAD AND TOBAGO -- VOLUMES OF PRODUCTION AND UTILIZATION OF CRUDE OIL, NATURAL GAS AND RELATED PRODUCTS, 1982-87**

	1982	1983	1984	1985	1986	1987
<b>I. Crude Oil and Refined Petroleum Products</b> (In millions of barrels)						
Production	64.6	58.3	62.6	64.3	61.7	56.6
Exports	37.4	31.1	32.5	35.4	27.6	29.4
Input into refineries	55.1	27.2	28.2	29.6	36.3	31.5
Domestic crude	31.7	27.2	28.1	29.4	29.8	26.1
Imported crude	23.4	-	0.1	0.2	6.5	3.4
Refinery output	54.1	28.3	26.4	36.6	33.7	31.4
Exports	55.1	27.2	28.1	25.0	31.6	26.4
<b>II. Natural Gas</b> (In millions of cubic meters)						
Production	6,916.4	6,318.3	7,236.6	7,556.6	7,559.3	7,672.6
Uses:						
Fuel	3,926.6	3,162.2	2,552.6	2,966.6	2,689.1	3,311.6
Processed gas	686.6	919.5	1,185.6	1,163.6	2,255.5	n.a.
Other	959.6	1,121.6	1,717.6	1,766.6	2,328.9	n.a.
Vented/losses	1,353.5	1,175.6	1,856.6	1,655.6	885.6	n.a.
<b>III. Fertilizers</b> (In thousands of tons)						
Production	939.7	1,274.3	1,458.1	1,663.5	1,883.9	1,863.3
Exports	856.6	1,213.9	1,281.6	1,468.1	1,565.6	1,827.9
Local Sales	54.2	48.8	166.9	273.3	366.1	n.a.
<b>IV. Methanol</b>						
Production	-	-	188.9	358.2	323.5	424.3
Exports	-	-	171.8	366.3	315.4	425.7
<b>Memorandum items</b>						
Installed refinery capacity (in thousands of barrels a day)	365	365	365	365	365	365
Capacity utilization (in percent)	49	24	25	27	26.9	28.1
Production of refined products (in percent of total)						
Fuel oils	56.6	51.2	55.3	59.7	53.4	n.a.
Motor gasolines	26.5	29.7	22.7	23.7	25.6	n.a.
Gas/diesel oil	17.6	15.9	15.9	14.6	11.9	n.a.
Other	11.3	3.2	6.1	2.6	9.1	n.a.
Meters drilled (in thousands)	252.9	183.8	266.8	199.4	222.5	189.7

Source: Ministry of Energy.

**Table 6: Trinidad and Tobago-- Domestic Prices of Selected Refined Petroleum Products, 1982-88**

	1982	1983	1984	1985	1986	1987	1988
<u>(In Trinidad and Tobago dollars per liter)</u>							
<b>Super motor gasoline</b>							
Wholesale	0.22	0.49	0.77	0.77	0.77	0.82	1.015
Retail	0.28	0.55	0.85	0.85	0.85	0.98	1.100
<b>Regular motor gasoline</b>							
Wholesale	0.18	0.40	0.73	0.73	0.73	0.78	0.975
Retail	0.23	0.45	0.80	0.80	0.80	0.85	1.050
<b>Gas oil</b>							
Wholesale	0.24	0.41	0.69	0.69	0.69	0.69	0.715
Retail	0.28	0.45	0.75	0.75	0.75	0.75	0.780
<b>Diesel oil</b>	0.23	0.40	0.70	0.70	0.70	0.70	0.730
<b>Kerosene</b>							
Wholesale	0.68	0.82	0.71	0.71	0.71	0.71	0.765
Retail	0.11	0.35	0.77	0.77	0.77	0.77	0.770
<u>(In Trinidad and Tobago dollars per pound)</u>							
<b>Liquified gas</b>							
Wholesale	0.48	0.58	0.68	0.68	0.68	0.68	0.68
Retail	0.50	0.65	0.75	0.75	0.75	0.75	0.75

**Source:** Ministry of Energy.

**Table 7: TRINIDAD AND TOBAGO -- OUTPUT OF SELECTED PRODUCTS, 1982-87**

(In thousands of specified units)

	1982	1983	1984	1985	1986	<u>Jan-June</u> 1987
<u>Sugar (tons)</u>						
Raw sugar	78.7	77.2	64.7	81.0	92.3	88.4
Refined sugar	11.4	9.4	31.3	33.5	37.5	10.0
Area cropped (ha)	25.2	21.2	19.8	22.4	27.2	14.6
<u>Coffee beans (kg)</u>	<u>1,794</u>	<u>1,388</u>	<u>852</u>	<u>2,142</u>	<u>1,334</u>	<u>1,797</u>
Of which: Exports	1,573	859	-	755	882	-
<u>Cocoa beans (kg)</u>	<u>2,246</u>	<u>1,717</u>	<u>1,500</u>	<u>1,307</u>	<u>1,426</u>	<u>1,331</u>
<u>Steel products (tons)</u>	<u>512.6</u>	<u>676.1</u>	<u>572.6</u>	<u>513.0</u>	<u>881.0</u>	-
Of which: Exports	155.6	190.5	208.8	143.2	262.0	
<u>Cement (tons)</u>	<u>139.2</u>	<u>389.8</u>	<u>465.4</u>	<u>328.5</u>	<u>337.6</u>	176.5
<u>Assembly products (units)</u>						
Motor vehicles	15.0	20.7	22.9	11.9	10.7	3.2
Refrigerators	28.4	19.9	21.8	6.4	14.4	8.3
<u>Memorandum item</u>						
Imports of cement, (tons)	282.8	94.6	0.7	10.6	2.8	-

**Sources:** Central Bank of Trinidad and Tobago; and Central Statistical Office.

**Table 8: TRINIDAD AND TOBAGO -- RETAIL PRICE INDEX, 1982-88 a/**

	(Relative Weights) a/	1982	1983	1984	1985	1986	1987	March 1988
(September 1982=100)								
A. <u>Period average</u>								
<u>Overall index</u>	<u>1,000</u>	<u>98.7</u>	<u>115.2</u>	<u>136.5</u>	<u>148.5</u>	<u>151.3</u>	<u>167.6</u>	<u>174.6</u>
Food	351	97.6	121.5	133.6	144.9	166.2	191.2	202.2
Meals out	15	99.7	105.6	113.2	119.1	119.2	125.2	127.7
Drinks and tobacco	47	95.7	113.9	133.8	156.6	166.4	171.4	187.2
Fuel and light	26	99.9	124.1	201.8	282.9	285.7	289.3	299.6
Housing	138	101.6	103.5	109.6	126.2	139.4	149.7	151.1
Maintenance	12	99.8	126.5	134.2	136.4	141.5	143.6	145.6
Rent	126	102.3	101.3	107.2	125.2	136.2	150.4	151.7
Household supplies	84	98.5	106.8	115.9	123.5	136.6	138.9	142.8
Services	14	98.1	115.5	133.3	150.6	154.3	153.2	156.6
Clothing	189	98.7	105.5	115.2	119.5	124.6	131.6	132.8
Transportation	86	82.1	140.6	160.9	166.2	179.4	186.4	197.2
Education	25	99.4	112.3	123.6	133.6	144.2	155.8	169.6
Medical goods and services	25	95.6	108.2	116.1	121.1	124.4	148.4	153.3
B. <u>End of period</u>								
<u>Overall index</u>		<u>102.6</u>	<u>118.6</u>	<u>135.3</u>	<u>144.3</u>	<u>158.4</u>	<u>171.6</u>	-
Food		105.3	125.9	141.2	153.6	172.9	199.7	-
Meals out		100.9	106.2	115.9	120.1	121.6	127.2	-
Drinks and tobacco		102.4	117.3	136.5	155.6	163.6	172.7	-
Fuel and Light		100.1	124.1	202.6	283.2	287.6	296.6	-
Housing		101.9	104.6	116.1	129.4	147.9	151.4	-
Maintenance		113.1	129.7	135.7	135.5	143.6	142.9	-
Rent		100.8	101.6	114.2	128.8	148.3	152.2	-
Household supplies		101.6	109.8	118.8	124.9	134.2	141.5	-
Services		100.9	120.3	137.5	154.2	153.7	152.8	-
Clothing		101.6	109.9	117.3	126.2	129.6	132.8	-
Transportation		102.6	143.1	163.4	164.6	182.6	187.1	-
Education		106.6	114.4	126.6	136.3	145.7	162.7	-
Medical goods and services		100.3	114.2	118.6	122.7	125.9	152.1	-

(continued)

**Table 8: TRINIDAD AND TOBAGO -- RETAIL PRICE INDEX, 1992-99 a/**  
(continued)

	1992	1993	1994	1995	1996	1997	March 1999
<b>(Annual percentage changes)</b>							
<b>A. Period average</b>							
<b>Overall index</b>	<b>11.5</b>	<b>16.7</b>	<b>13.3</b>	<b>7.7</b>	<b>7.7</b>	<b>16.8</b>	<b>6.4</b>
<b>Food</b>	<b>13.7</b>	<b>24.5</b>	<b>16.6</b>	<b>6.5</b>	<b>16.6</b>	<b>19.4</b>	<b>9.5</b>
<b>Meals out</b>	<b>4.0</b>	<b>5.3</b>	<b>7.8</b>	<b>5.2</b>	<b>--</b>	<b>5.6</b>	<b>4.7</b>
<b>Drinks and tobacco</b>	<b>19.2</b>	<b>19.8</b>	<b>17.5</b>	<b>16.6</b>	<b>6.7</b>	<b>3.6</b>	<b>9.7</b>
<b>Fuel and light</b>	<b>5.6</b>	<b>24.2</b>	<b>127.1</b>	<b>6.4</b>	<b>1.6</b>	<b>1.3</b>	<b>3.6</b>
<b>Housing</b>	<b>6.6</b>	<b>1.9</b>	<b>5.9</b>	<b>15.1</b>	<b>16.5</b>	<b>7.4</b>	<b>2.1</b>
<b>Maintenance</b>	<b>19.1</b>	<b>26.9</b>	<b>6.1</b>	<b>1.6</b>	<b>3.7</b>	<b>1.1</b>	<b>1.1</b>
<b>Rent</b>	<b>-2.6</b>	<b>-1.6</b>	<b>5.8</b>	<b>16.8</b>	<b>11.1</b>	<b>8.1</b>	<b>2.2</b>
<b>Household supplies</b>	<b>16.6</b>	<b>8.4</b>	<b>6.5</b>	<b>6.6</b>	<b>5.3</b>	<b>6.8</b>	<b>5.1</b>
<b>Services</b>	<b>16.6</b>	<b>17.7</b>	<b>15.4</b>	<b>13.6</b>	<b>2.5</b>	<b>-0.7</b>	<b>1.3</b>
<b>Clothing</b>	<b>6.6</b>	<b>6.9</b>	<b>9.2</b>	<b>3.7</b>	<b>4.3</b>	<b>5.6</b>	<b>1.8</b>
<b>Transportation</b>	<b>13.5</b>	<b>76.5</b>	<b>14.9</b>	<b>3.3</b>	<b>7.9</b>	<b>3.9</b>	<b>6.4</b>
<b>Education</b>	<b>8.9</b>	<b>13.6</b>	<b>16.1</b>	<b>6.1</b>	<b>7.9</b>	<b>6.6</b>	<b>13.5</b>
<b>Medical goods and services</b>	<b>35.3</b>	<b>13.2</b>	<b>7.3</b>	<b>4.3</b>	<b>2.7</b>	<b>19.3</b>	<b>6.6</b>
<b>B. End of period</b>							
<b>Overall index</b>	<b>16.6</b>	<b>15.4</b>	<b>14.1</b>	<b>9.7</b>	<b>9.6</b>	<b>8.3</b>	<b>=</b>
<b>Food</b>	<b>12.6</b>	<b>26.6</b>	<b>12.2</b>	<b>9.6</b>	<b>12.6</b>	<b>15.5</b>	<b>-</b>
<b>Meals out</b>	<b>4.4</b>	<b>5.3</b>	<b>9.1</b>	<b>3.6</b>	<b>6.7</b>	<b>5.1</b>	<b>-</b>
<b>Drinks and tobacco</b>	<b>18.5</b>	<b>14.6</b>	<b>16.4</b>	<b>14.6</b>	<b>5.1</b>	<b>5.6</b>	<b>-</b>
<b>Fuel and light</b>	<b>5.2</b>	<b>24.6</b>	<b>127.2</b>	<b>6.4</b>	<b>1.3</b>	<b>1.6</b>	<b>-</b>
<b>Housing</b>	<b>-1.7</b>	<b>2.1</b>	<b>11.6</b>	<b>11.5</b>	<b>14.3</b>	<b>2.4</b>	<b>-</b>
<b>Maintenance</b>	<b>27.9</b>	<b>14.7</b>	<b>4.6</b>	<b>-6.1</b>	<b>6.6</b>	<b>-6.5</b>	<b>-</b>
<b>Rent</b>	<b>-5.6</b>	<b>6.8</b>	<b>12.4</b>	<b>12.3</b>	<b>15.1</b>	<b>2.6</b>	<b>-</b>
<b>Household supplies</b>	<b>9.5</b>	<b>6.1</b>	<b>8.2</b>	<b>5.1</b>	<b>7.4</b>	<b>5.4</b>	<b>-</b>
<b>Services</b>	<b>16.2</b>	<b>19.2</b>	<b>14.3</b>	<b>12.1</b>	<b>-6.3</b>	<b>6.6</b>	<b>-</b>
<b>Clothing</b>	<b>7.5</b>	<b>3.6</b>	<b>6.7</b>	<b>2.5</b>	<b>7.3</b>	<b>2.9</b>	<b>-</b>
<b>Transportation</b>	<b>13.3</b>	<b>46.3</b>	<b>14.2</b>	<b>6.9</b>	<b>16.6</b>	<b>2.5</b>	<b>-</b>
<b>Education</b>	<b>8.6</b>	<b>14.4</b>	<b>16.7</b>	<b>7.7</b>	<b>6.9</b>	<b>11.7</b>	<b>-</b>
<b>Medical goods and services</b>	<b>26.6</b>	<b>13.9</b>	<b>3.9</b>	<b>3.5</b>	<b>2.6</b>	<b>26.7</b>	<b>-</b>

a/ The weights reflect the 1975-76 expenditure pattern of low- and middle-income families.

Source: Central Statistical Office.



**Table 9. TRINIDAD AND TOBAGO -- INDEX OF PRODUCER PRICES BY INDUSTRY, 1982-88**

	Weights	1982	1983	1984	1985	1986	1987	1988 I Quarter
<u>(Period averages; October 1978 = 100)</u>								
<u>All industry</u>	<u>1,000.0</u>	<u>176.2</u>	<u>198.3</u>	<u>208.6</u>	<u>218.2</u>	<u>231.9</u>	<u>242.1</u>	<u>248.2</u>
Food processing	191.0	151.4	186.0	203.9	217.6	224.3	237.1	245.0
Drink and tobacco	121.0	211.0	237.3	254.2	284.8	307.3	316.1	317.2
Textiles, garment and footwear	101.0	176.4	196.5	187.4	191.0	198.6	227.6	242.4
Printing, publishing, and paper converters	93.0	159.6	165.7	174.3	186.2	219.3	228.1	229.6
Wood products	89.0	167.5	178.4	181.2	178.1	169.2	170.0	171.4
Chemical and non-metallic products	148.0	182.6	209.5	218.6	230.7	250.6	261.9	278.3
Assembly type and related industries	257.0	183.8	202.0	214.6	216.5	230.7	235.3	236.4
<u>(Annual percentage changes)</u>								
<u>All industry</u>		<u>13.8</u>	<u>12.5</u>	<u>5.2</u>	<u>4.6</u>	<u>6.3</u>	<u>4.4</u>	<u>3.6</u>
Food processing		7.7	22.9	9.6	6.7	3.1	5.7	7.4
Drink and tobacco		21.5	12.5	7.1	12.0	7.9	2.9	2.4
Textiles, garment and footwear		13.8	11.4	-4.6	1.9	4.0	14.6	6.0
Printing, publishing, and paper converters		15.1	3.8	5.2	6.8	17.8	4.0	0.4
Wood products		10.8	6.5	1.6	-1.7	-5.0	0.5	3.4
Chemical and non-metallic products		16.5	14.7	4.3	5.5	8.6	4.5	6.6
Assembly type and related industries		13.0	9.9	6.2	0.9	6.6	2.0	0.0

Source: Central Statistical Office.

**Table 10: TRINIDAD AND TOBAGO -- INDEX OF MINIMUM WAGE RATES FOR PRODUCTION  
AND ANCILLARY WORKERS BY INDUSTRY, 1982-87**

(November 1976 = 100)

Weights	1982		1983		1984		1985		1986		1987		
	May	Nov.	May	Nov.	May	Nov.	May	Nov.	May	Nov.	May	Nov.	
<b>Total industry</b>	<b>10,000</b>	<b>315.8</b>	<b>338.8</b>	<b>377.8</b>	<b>398.8</b>	<b>421.8</b>	<b>433.2</b>	<b>448.2</b>	<b>454.2</b>	<b>462.4</b>	<b>473.8</b>	<b>454.8</b>	<b>461.8</b>
Manufacture of food, drink and tobacco	415	351.8	371.1	439.5	478.7	508.4	526.7	558.5	569.2	597.1	618.2	628.2	632.2
Manufacture of textiles, garments and footwear	428	377.8	408.8	463.8	523.9	546.2	557.8	576.3	588.7	608.5	575.5	577.8	538.8
Other manufacturing industries	548	318.2	348.5	378.9	418.1	464.4	475.8	498.2	511.1	521.4	529.8	527.8	552.8
Assembly type and related industries	557	484.9	417.1	444.8	471.8	458.3	502.3	525.8	534.3	543.7	555.2	583.9	585.9
Electricity, water and sewerage	415	234.6	303.1	343.4	349.8	375.8	379.9	381.9	383.4	385.8	387.5	337.8	386.8
Building and construction	498	315.2	327.8	352.3	364.8	398.2	411.8	415.5	432.6	435.2	438.8	439.5	446.8
Distribution	1,298	386.8	335.5	391.9	418.7	448.5	506.9	515.6	522.3	537.8	593.7	578.8	571.8
Services	822	311.2	333.8	465.3	425.7	472.2	478.9	583.1	589.8	517.9	528.5	518.8	523.8
Transport, communications and storage	425	295.2	368.8	372.7	383.7	418.9	413.8	459.4	477.1	485.4	487.5	482.6	488.2
Central and Local Govern- ments	3,121	321.3	327.1	378.6	383.8	488.8	499.5	399.5	399.5	399.5	399.8	358.8	358.8
Petroleum industries	1,133	283.2	275.9	298.3	313.7	323.4	327.8	348.1	364.7	379.4	397.9	483.3	423.7
Manufacture of sugar	358	342.2	346.1	358.3	382.9	378.7	375.8	428.7	434.8	437.9	437.9	437.9	492.4

Source: Central Statistical Office.

**Table 11. TRINIDAD AND TOBAGO -- INDICES OF PRODUCTION, EARNINGS,  
EMPLOYMENT AND COSTS IN MANUFACTURING (ALL EMPLOYEES), 1982-87**

(Average of four quarters 1977 = 100)

	1982	1983	1984	1985	1986	1987		
						First Quarter	Second Quarter	3rd Quarter
<b><u>All industry</u></b>								
Production	97.9	118.2	111.6	106.6	136.3	137.9	130.1	133.0
Weekly earnings	249.5	297.5	340.4	365.7	372.2	377.5	383.7	391.6
Productivity	106.4	120.3	122.6	133.5	167.9	162.7	176.7	178.5
Employment	97.2	95.4	89.6	86.6	77.8	75.5	74.6	73.2
Hours worked	97.6	97.6	96.6	86.6	77.6	75.6	74.8	74.5
Unit labor costs	248.5	247.3	277.7	278.9	222.7	-	-	-
<b><u>Manufacturing (excluding oil and sugar)</u></b>								
Production	125.6	176.7	135.2	161.3	205.6	213.5	204.1	267.6
Weekly earnings	247.8	301.5	351.5	377.3	385.5	385.5	388.4	400.2
Productivity	118.9	164.9	163.2	186.7	243.6	268.6	249.3	261.5
Employment	161.4	163.2	97.4	85.5	83.1	86.6	79.5	78.6
Hours worked	165.1	167.1	161.3	86.8	84.3	79.5	86.2	79.4
Unit labor costs	268.4	182.8	215.4	282.1	168.8	-	-	-
<b><u>Oil refining</u></b>								
Production	62.6	34.6	36.2	36.6	35.2	35.7	35.8	40.8
Weekly earnings	256.6	298.2	324.2	346.1	347.2	364.6	371.3	386.2
Productivity	73.5	44.5	53.4	55.6	53.9	54.9	55.1	59.6
Employment	87.5	76.4	76.1	67.8	64.2	62.7	60.2	61.6
Hours worked	84.2	76.6	67.8	66.6	65.3	65.6	65.1	68.5
Unit labor costs	341.6	665.6	667.1	618.4	693.4	-	-	-
<b><u>Sugar refining</u></b>								
Production	44.1	43.7	45.4	33.2	32.5	65.9	33.8	14.8
Weekly earnings	262.6	264.8	275.2	315.4	306.6	334.6	366.8	327.2
Productivity	58.4	59.5	78.8	59.4	64.3	120.7	67.7	35.2
Employment	85.6	78.7	72.9	71.8	67.3	71.8	62.8	56.5
Hours worked	62.4	57.6	53.1	52.6	46.9	54.6	49.9	42.6
Unit labor costs	448.6	445.6	349.2	531.6	475.9	-	-	-

**Table 12. TRINIDAD AND TOBAGO -- LABOR FORCE AND EMPLOYMENT, 1982-87**

	1982	1983	1984	1985	Prel. 1986	Prev. March 1987
<u>(Thousands of persons)</u>						
<u>Population a/</u>	<u>1,128.6</u>	<u>1,149.3</u>	<u>1,158.6</u>	<u>1,181.2</u>	<u>1,199.3</u>	<u>1,241.1</u>
<u>Labor Force</u>	<u>445.6</u>	<u>452.8</u>	<u>478.7</u>	<u>473.9</u>	<u>472.6</u>	<u>475.1</u>
Male	297.7	307.1	319.2	317.3	313.6	313.8
Female	147.8	145.7	159.5	156.6	158.4	161.3
<u>Employed</u>	<u>466.9</u>	<u>482.5</u>	<u>414.4</u>	<u>399.7</u>	<u>387.9</u>	<u>376.6</u>
Male	273.6	279.1	288.8	289.7	281.6	249.7
Female	127.3	123.4	135.6	130.6	126.9	129.3
<u>Unemployed</u>	<u>42.6</u>	<u>51.2</u>	<u>67.5</u>	<u>76.4</u>	<u>84.1</u>	<u>165.1</u>
Seeking work	22.3	32.3	42.5	47.1	52.1	65.5
Other	26.3	18.9	25.6	29.3	32.6	39.6
<u>(Percent of total labor force)</u>						
<u>Unemployed</u>	<u>9.5</u>	<u>11.3</u>	<u>14.1</u>	<u>16.1</u>	<u>17.6</u>	<u>22.1</u>
Seeking work	5.0	7.1	8.9	9.9	11.0	13.8
Other	4.5	4.2	5.2	6.2	6.8	8.3
<u>Employed by economic sector</u>						
<u>(Thousands of persons)</u>						
Agriculture and fishing	32.7	33.9	38.5	42.7	44.2	48.9
Mining, quarrying and manufacturing	72.6	68.1	63.2	59.2	55.7	56.3
Construction (including electricity, gas, and water)	86.5	85.7	82.3	73.8	61.4	53.6
Commerce	87.3	92.9	98.1	95.2	96.8	86.6
Transport and communications	28.3	32.2	33.9	27.9	27.3	27.2
Other services	93.5	89.7	93.4	106.9	102.5	103.4
<u>(Percentage of employed)</u>						
Agriculture and fishing	8.1	8.4	9.3	10.7	11.4	13.2
Mining, quarrying and manufacturing	18.1	16.9	15.3	14.8	14.4	13.6
Construction (including electricity, gas and water)	21.6	23.1	19.8	18.5	15.8	14.5
Commerce	21.8	21.3	23.7	23.8	25.0	23.4
Transport and communications	7.1	8.6	8.2	7.6	7.6	7.4
Other services	23.3	22.3	23.7	25.2	26.4	27.9

a/ Mid-year estimates.

Source: Central Statistical Office

**Table 13: TRINIDAD AND TOBAGO -- WORK STOPPAGES BY INDUSTRY, 1962-67**

	1962	1963	1964	1965	1966	Jan-June 1967
<b><u>Number of work stoppages</u></b>	<b><u>12</u></b>	<b><u>38</u></b>	<b><u>38</u></b>	<b><u>45</u></b>	<b><u>16</u></b>	<b><u>2</u></b>
Sugar industry	-	15	-	7	2	-
Petroleum industry	2	6	6	2	2	-
Assembly type and related industries	2	2	8	8	4	-
Other manufacturing	-	12	11	8	4	1
Construction	4	1	2	2	2	-
Services	4	2	11	23	4	1
<b><u>Number of man-days lost</u></b>	<b><u>20,521</u></b>	<b><u>54,691</u></b>	<b><u>259,654</u></b>	<b><u>76,554</u></b>	<b><u>66,767</u></b>	<b><u>245</u></b>
Sugar industry	-	3,458	-	446	-	-
Petroleum industry	456	6,226	94,186	1,513	18,366	-
Assembly type and related industries	5,776	678	34,131	49,736	15,631	-
Other manufacturing	1,189	26,941	74,641	13,316	43,176	246
Construction	5,116	7,566	13,736	4,948	-	-
Services	7,996	9,878	43,566	6,613	4,266	5

**Source:** Ministry of Labor, Employment and Manpower Resources.

**Table 14: TRINIDAD AND TOBAGO -- CONSOLIDATED GENERAL GOVERNMENT OPERATIONS a/, 1982-87**  
(In millions of Trinidad and Tobago dollars)

	1982	1983	1984	1985	1986	1987 (*)
<b>I. Consolidated General Government</b>						
<u>Total revenue</u>	<u>7,663.0</u>	<u>8,551.7</u>	<u>8,586.0</u>	<u>8,565.4</u>	<u>8,281.5</u>	
<u>Total expenditure and net lending</u>	<u>9,455.0</u>	<u>8,546.0</u>	<u>8,184.8</u>	<u>7,626.5</u>	<u>8,376.4</u>	
Current expenditure	5,882.7	6,077.8	6,224.5	6,665.0	5,525.5	
Wages and salaries	3,097.4	2,853.2	3,047.4	3,038.2	3,073.7	
Contributions to NIB	57.5	59.2	57.2	56.1	57.2	
Other goods and services	468.5	494.8	614.7	487.9	475.3	
Transfers and subsidies	2,011.7	2,451.1	2,219.9	2,107.9	1,448.2	
Other	175.6	219.5	285.2	319.9	473.2	
Capital expenditure and net lending	3,652.3	2,468.2	1,960.3	1,021.5	844.9	
<u>Overall balance</u>	<u>-2,392.0</u>	<u>-1,994.3</u>	<u>-1,598.8</u>	<u>-1,061.1</u>	<u>-1,088.9</u>	
Financing	2,392.0	1,994.3	1,598.8	1,061.1	1,088.9	
Foreign	292.8	237.6	483.2	429.0	829.0	
Domestic	2,099.2	1,756.7	1,995.6	641.1	259.9	
<b>II. Central administration</b>						
<u>Total revenue</u>	<u>7,048.6</u>	<u>8,529.3</u>	<u>8,558.7</u>	<u>8,539.3</u>	<u>8,257.6</u>	<u>8,010.6</u>
<u>Total expenditure and net lending</u>	<u>9,446.4</u>	<u>8,544.0</u>	<u>8,168.9</u>	<u>7,601.8</u>	<u>8,330.4</u>	<u>8,275.7</u>
Current expenditure	5,794.1	6,075.8	6,208.6	6,690.3	5,465.5	5,033.9
Wages and salaries	2,755.3	2,384.3	2,542.1	2,527.5	2,575.6	2,275.4
Contributions to NIB	44.5	46.0	44.1	42.6	44.3	40.8
Other goods and services	368.4	388.2	470.9	348.3	300.9	339.4
Transfers	2,470.2	3080.2	2,886.6	2,780.3	2,063.1	1,782.7
Interest payments	166.7	197.1	265.5	281.6	441.7	595.6
Capital expenditure and net lending	3,652.3	2,468.2	1,960.3	1,021.5	844.9	1,241.8
<u>Overall balance</u>	<u>-2,397.8</u>	<u>-2,014.7</u>	<u>-1,610.2</u>	<u>-1,062.5</u>	<u>-1,072.8</u>	<u>-1,265.1</u>
<b>III. Statutory authorities</b>						
<u>Total Revenue</u>	<u>64.4</u>	<u>87.0</u>	<u>91.3</u>	<u>76.2</u>	<u>135.6</u>	<u>189.6</u>
Operating revenue	2.7	6.0	12.0	10.2	8.1	48.5
Transfers from central administration	61.7	79.0	79.3	66.0	127.5	135.1
<u>Total expenditure</u>	<u>63.0</u>	<u>88.2</u>	<u>94.4</u>	<u>99.0</u>	<u>93.4</u>	<u>181.8</u>
Wages and salaries	38.6	54.3	58.4	61.1	60.9	112.0
Contributions to NIB	0.8	1.1	1.2	1.2	1.2	2.7
Other goods and services	23.6	32.8	34.8	36.8	31.3	67.1
<u>Overall balance</u>	<u>1.4</u>	<u>-0.6</u>	<u>-3.1</u>	<u>-22.9</u>	<u>-2.2</u>	<u>1.8</u>
<b>IV. Local Governments b/</b>						
<u>Total expenditure</u>	<u>483.5</u>	<u>563.9</u>	<u>602.1</u>	<u>622.1</u>	<u>585.1</u>	<u>562.5</u>
Operating revenue	11.7	13.8	15.3	15.9	15.8	15.0
Transfers from central administration	390.8	550.1	586.8	606.4	499.3	547.5
<u>Total expenditure</u>	<u>484.1</u>	<u>542.9</u>	<u>587.6</u>	<u>598.0</u>	<u>563.5</u>	<u>564.2</u>
Wages and salaries	363.5	414.6	446.9	444.6	437.2	418.1
Contributions to NIB	12.2	12.1	11.9	12.3	11.7	7.6
Goods and services	79.1	100.2	113.9	109.1	90.8	98.6
Other	9.3	16.0	14.9	32.0	27.9	39.9
<u>Overall balance</u>	<u>-1.4</u>	<u>-1.0</u>	<u>-1.4</u>	<u>-1.1</u>	<u>-1.7</u>	<u>-1.7</u>

**T: Table 15: TRINIDAD AND TOBAGO -- SUMMARY OF CENTRAL ADMINISTRATION OPERATIONS a/, 1982-87**

	1982	1983	1984	1985	1986	Prel. 1987
<b>(In thousands of TT\$)</b>						
<b>Total revenue</b>	<b>7,648.6</b>	<b>6,529.3</b>	<b>6,558.7</b>	<b>6,539.3</b>	<b>5,257.6</b>	<b>5,646.1</b>
Petroleum revenue	3,274.2	2,461.5	2,759.7	2,467.4	1,691.0	1,940.1
Non-petroleum revenue	3,774.4	4,067.8	3,799.0	4,071.9	3,566.6	3,706.0
<b>Total expenditure and net lending</b>	<b>9,446.4</b>	<b>8,544.6</b>	<b>8,168.9</b>	<b>7,661.8</b>	<b>6,330.4</b>	<b>6,275.7</b>
Current expenditure	5,794.1	6,075.8	6,268.6	5,986.3	5,485.5	5,033.9
Wages and salaries	2,755.8	2,394.3	2,542.1	2,527.5	2,575.6	2,275.4
Contributions to NIB	44.5	46.0	44.1	42.6	44.3	46.8
Other goods and services	368.4	368.2	476.8	348.3	366.9	339.4
Transfers and subsidies	2,476.2	3,698.2	2,896.0	2,786.3	2,663.1	1,782.7
Interest payments	166.7	197.1	265.5	281.6	441.7	595.6
Capital expenditure and net lending	3,752.3	2,468.2	1,900.3	1,621.5	844.9	1,241.8
<b>Overall balance</b>	<b>-2,397.8</b>	<b>-2,014.7</b>	<b>-1,610.2</b>	<b>1,662.5</b>	<b>-1,072.8</b>	<b>-1,265.1</b>
<b>Financing</b>	<b>2,397.8</b>	<b>2,014.7</b>	<b>1,610.2</b>	<b>1,662.5</b>	<b>1,072.8</b>	<b>1,265.1</b>
External	266.8	146.6	195.0	187.8	-273.2	-95.7
Drawings	355.9	535.9	536.4	557.0	196.4	382.8
Repayment	-89.1	-395.3	-341.4	-369.2	-427.6	-478.5
Domestic	2,111.6	1,874.1	1,415.2	915.4	1,316.0	1,360.8
Financial system	2,029.3	1,799.8	1,156.2	342.5	1,142.0	n.a.
of which Central Bank	2,011.5	1,658.3	1,117.6	485.0	1,195.4	n.a.
Other sources b/	86.7	74.3	259.0	572.9	168.0	n.a.
<b>(In percent of GDP at market prices)</b>						
<b>Total revenue</b>	<b>36.8</b>	<b>34.2</b>	<b>34.4</b>	<b>34.6</b>	<b>35.8</b>	<b>35.4</b>
Petroleum revenue	17.1	12.9	14.5	13.1	16.0	12.2
Non-petroleum revenue	19.7	21.3	19.9	21.5	20.9	23.3
<b>Total expenditure and net lending</b>	<b>49.3</b>	<b>44.7</b>	<b>42.8</b>	<b>40.2</b>	<b>37.0</b>	<b>39.4</b>
Current expenditure	36.2	31.8	32.5	31.6	32.1	31.6
Capital expenditure and net lending	19.0	12.9	10.3	8.6	4.9	7.8
<b>Overall balance</b>	<b>-12.5</b>	<b>-10.5</b>	<b>-8.4</b>	<b>-5.6</b>	<b>-6.3</b>	<b>-7.9</b>

**Table 16. TRINIDAD AND TOBAGO -- CENTRAL ADMINISTRATION REVENUES, 1982-87**  
(In millions of Trinidad and Tobago dollars)

	1982	1983	1984	1985	1986	1987
<b>Total revenue</b>	<b>7,048.6</b>	<b>6,529.3</b>	<b>6,558.7</b>	<b>6,539.3</b>	<b>5,257.6</b>	<b>5,646.1</b>
<b>Petroleum revenue</b>	<b>3,274.2</b>	<b>2,461.5</b>	<b>2,759.7</b>	<b>2,467.4</b>	<b>1,691.0</b>	<b>1,946.1</b>
Corporation tax	2,704.3	1,979.2	2,176.5	1,863.6	1,182.2	1,410.5
Withholding tax	6.8	1.8	3.7	18.8	6.8	1.6
Royalties	535.3	444.2	442.9	451.1	381.0	382.2
Oil impost	7.5	15.5	16.2	15.7	18.4	0.9
Unemployment levy	--	--	56.8	50.4	35.5	37.0
Excise duties	20.3	20.8	63.6	67.8	67.1	86.2
National Recovery Impost	-	-	-	-	-	21.7
<b>Non-petroleum revenues</b>	<b>3,774.4</b>	<b>4,067.8</b>	<b>3,799.0</b>	<b>4,071.9</b>	<b>3,566.6</b>	<b>3,700.0</b>
<b>Tax revenue</b>	<b>3,213.6</b>	<b>3,485.3</b>	<b>3,376.1</b>	<b>3,443.5</b>	<b>2,921.2</b>	<b>3,175.1</b>
Taxes on income	2,274.1	2,397.4	2,279.6	2,096.4	1,779.5	1,555.3
Companies	505.5	589.0	545.9	438.6	346.3	298.2
Individuals	1,520.9	1,604.9	1,517.5	1,411.5	1,171.1	999.2
Unemployment levy	156.8	134.8	97.5	69.6	79.1	84.5
National health surcharge	--	--	63.9	106.7	96.9	104.2
Other a/	90.9	59.7	54.8	70.0	86.1	69.2
Social Security contributions	8.0	7.8	7.8	7.9	7.5	n.a.
Taxes on property	17.5	14.2	14.3	24.2	27.2	25.5
Taxes on goods and services	333.7	479.9	574.3	640.4	595.2	678.6
Purchase tax	145.2	212.3	324.8	327.0	345.8	417.3
Excise duties	23.8	31.2	44.7	64.2	63.9	78.1
Betting and entertainment duty	19.0	26.2	26.4	17.1	13.9	12.2
Motor vehicle tax	127.6	186.3	147.3	151.4	141.8	161.9
Other b/	18.1	29.9	37.1	80.7	29.3	n.a.
Taxes on international trade	541.8	551.7	459.7	623.2	488.1	376.5
Import duties	539.6	551.5	459.7	315.7	311.8	312.2
Stamp tax on bills of entry	--	--	--	251.6	175.3	132.2
Levy on sale of foreign exchange	--	--	--	55.7	1.6	n.a.
Other c/	2.2	0.2	0.1	0.2	--	n.a.
Stamp duties	38.5	44.3	42.4	51.5	33.7	28.2
Non-tax revenue	566.8	582.5	420.9	628.4	645.4	530.9
Fees and service charges d/	12.7	13.9	13.5	21.1	18.6	25.7
Property income	535.0	546.4	381.0	392.5	530.6	477.2
Profits from non-financial enterprises	18.0	18.3	23.7	155.8	29.9	27.2
Of which: National lottery	14.2	12.2	18.5	28.6	21.7	17.5
Rentals	3.4	3.6	2.9	5.8	3.5	3.4
Interest e/	259.2	127.7	57.2	27.3	26.9	n.a.
Central Bank profits	233.5	372.9	275.0	176.1	436.8	276.4
Operating surpluses of departmental enterprises f/	20.9	23.9	22.2	27.5	33.5	27.1
Other g/	13.1	22.2	26.4	214.8	96.2	n.a.

a/ Consists of withholding tax and insurance surrender tax.

b/ Excludes national insurance health surcharge, but includes liquor and miscellaneous business licenses and fees.

c/ Includes export tax.

d/ Excludes oil impost.

e/ Includes interest paid to the funds for long-term development and unemployment.



**Table 17. TRINIDAD AND TOBAGO -- CENTRAL ADMINISTRATION EXPENDITURES, 1982-87**  
(In millions of Trinidad and Tobago dollars)

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
<b><u>Total expenditures</u></b>	<b><u>9,446.4</u></b>	<b><u>9,544.6</u></b>	<b><u>9,169.9</u></b>	<b><u>7,661.8</u></b>	<b><u>6,388.4</u></b>	<b><u>6,275.7</u></b>
<b><u>Current expenditures</u></b>	<b><u>5,794.1</u></b>	<b><u>6,075.8</u></b>	<b><u>6,269.6</u></b>	<b><u>5,986.3</u></b>	<b><u>5,485.5</u></b>	<b><u>5,033.9</u></b>
<b>Goods and services</b>	<b>3,163.2</b>	<b>2,798.5</b>	<b>3,057.1</b>	<b>2,918.4</b>	<b>2,988.7</b>	
Wages and salaries	2,755.3	2,384.3	2,542.1	2,527.5	2,575.6	2,275.4
Contributions to NIB	44.5	46.0	44.1	42.6	44.3	40.8
Other goods and services	363.4	368.2	470.9	348.3	368.9	339.4
<b>Interest payments</b>	<b>168.7</b>	<b>197.1</b>	<b>265.5</b>	<b>281.6</b>	<b>441.7</b>	<b>595.6</b>
Domestic	43.3	39.3	80.9	79.9	116.4	136.3
External	117.4	157.8	184.6	201.7	331.3	459.3
<b>Transfers and subsidies</b>	<b>2,478.2</b>	<b>3,088.2</b>	<b>2,886.0</b>	<b>2,788.3</b>	<b>2,663.1</b>	<b>1,782.7</b>
Public sector bodies	1,497.9	2,183.3	2,015.3	1,961.9	1,286.7	
Statutory authorities	61.7	79.0	79.3	66.0	127.5	133.3
State enterprises	1,039.4	1,474.2	1,349.3	1,269.5	663.9	n.a.
Of which:						
Public utilities	682.0	789.7	513.0	561.2	486.0	n.a.
Local governments	396.8	556.2	586.3	686.4	489.3	591.1
Abroad	89.0	32.9	57.0	26.5	23.2	n.a.
Other	883.4	944.6	813.7	791.9	759.1	n.a.
Nonprofit organizations	76.5	132.0	121.0	122.8	70.5	n.a.
Households	774.7	789.6	650.7	622.8	599.5	n.a.
Other	32.7	22.4	41.2	46.3	89.2	n.a.
<b><u>Capital expenditures</u></b>	<b><u>3,652.3</u></b>	<b><u>2,466.2</u></b>	<b><u>1,965.3</u></b>	<b><u>1,621.5</u></b>	<b><u>844.9</u></b>	<b><u>1,241.8</u></b>
<b>Capital formation</b>	<b>2,015.7</b>	<b>1,686.0</b>	<b>1,162.2</b>	<b>940.9</b>	<b>377.5</b>	<b>n.a.</b>
<b>Capital Transfers and net lending</b>	<b>1,636.6</b>	<b>862.2</b>	<b>858.1</b>	<b>686.6</b>	<b>467.4</b>	<b>n.a.</b>

n.a. Not available.

**Source:** Ministry of Finance and the Economy.

**Table 18. TRINIDAD AND TOBAGO -- CENTRAL ADMINISTRATION TRANSFERS AND NET LENDING TO PUBLIC ENTERPRISES, 1982-87**

	1982	1983	1984	1985	1986	1987
<u>(In millions of Trinidad and Tobago dollars)</u>						
<b>Total transfers</b>	<b><u>2,676.0</u></b>	<b><u>2,336.4</u></b>	<b><u>2,207.4</u></b>	<b><u>1,970.1</u></b>	<b><u>1,131.3</u></b>	<b><u>840.1</u></b>
<b>Current transfers</b>	<b><u>1,039.4</u></b>	<b><u>1,474.2</u></b>	<b><u>1,349.3</u></b>	<b><u>1,289.5</u></b>	<b><u>663.9</u></b>	<b><u>465.2</u></b>
Public utilities	602.0	788.7	513.0	561.2	406.0	355.4
TTEC	110.0	128.9	27.2	44.1	39.2	6.0
PA	102.1	263.7	105.0	120.6	66.5	73.7
PTSC	115.9	141.0	159.6	162.7	132.3	141.5
WASA	274.0	255.1	221.2	233.8	168.0	134.2
Other enterprises	439.5	690.5	834.1	728.3	257.9	109.8
BWIA	34.0	55.5	58.8	76.6	18.0	-
CARONI	115.6	164.2	275.0	197.8	115.0	105.8
TRINTOC	--	62.0	154.8	171.2	--	-
Other	287.8	403.8	347.7	282.7	124.9	4.0
<b>Capital transfers and net lending</b>	<b><u>1,636.6</u></b>	<b><u>862.2</u></b>	<b><u>858.1</u></b>	<b><u>680.6</u></b>	<b><u>467.4</u></b>	<b><u>374.9</u></b>
Public utilities	473.8	293.8	218.8	124.0	92.2	13.2
TTEC	155.5	127.9	74.5	26.3	3.7	3.7
PTSC	1.9	19.8	24.7	34.2	9.5	6.1
TELCO	210.3	65.3	58.8	8.5	76.0	-
WASA	66.1	60.8	60.8	55.0	3.0	3.4
Other enterprises	1,162.8	568.4	639.3	556.6	375.2	361.7
BWIA	63.2	--	--	--	--	--
CARONI	230.4	2.8	10.0	--	--	--
ISCOTT	440.5	145.0	379.2	76.2	245.6	217.2
National Energy Corporation	128.5	110.9	170.0	120.2	87.9	87.5
Methanol plant	53.8	47.0	55.9	93.6	--	47.2
Urea plant	57.4	63.9	53.8	26.6	--	35.3
Other	17.3	--	60.3	--	--	5.0
Trinidad Cement Limited	36.1	16.9	1.3	0.8	--	7.7
TRINTOC	--	--	--	294.2	--	--
Development Finance Corporation	46.0	--	20.4	--	--	--
Mortgage Finance Corporation	85.0	50.0	25.0	25.0	4.8	--
Other	133.1	242.8	33.4	40.2	36.9	49.3

le 19. TRINIDAD AND TOBAGO -- CENTRAL ADMINISTRATION DOMESTIC DEBT, 1982-87

	1982	1983	1984	1985	1986	June 1987	1987
	<u>760.4</u>	<u>1,034.8</u>	<u>1,089.8</u>	<u>1,301.9</u>	<u>1,552.1</u>	<u>1,876.9</u>	<u>2,717.4</u>
	100.2	249.2	278.8	281.5	310.8	310.5	975.0
	0.6	2.0	41.2	--	100.9	19.5	380.5
is	99.6	247.2	237.6	281.5	209.9	291.0	594.5
	660.2	785.6	811.0	1,020.4	1,241.3	1,566.4	1,741.8 <sup>P</sup>
	12.3	45.1	42.1	31.9	2.6	214.3	n.a.
ts	95.3	100.2	84.9	82.2	157.5	78.3	n.a.
	552.6	640.3	684.0	906.3	1,081.2	1,273.8	n.a.
Finance Board	53.0	78.3	79.7	--	--	--	n.a.
Companies	64.8	91.0	109.8	214.7	--	--	n.a.
	61.9	71.9	65.7	105.0	--	--	n.a.
sector	372.9	399.1	428.8	--	--	--	n.a.

e.

. Bank; and Ministry of Finance and the Economy.

-day maturity; in 1984 a total of TT\$50 million was issued in bills with 180-day maturity.  
r one year; includes floating rate loan issued since 1986.

**Table 26. TRINIDAD AND TOBAGO -- SUMMARY OPERATIONS OF STATUTORY AUTHORITIES, 1982-86**  
(In millions of Trinidad and Tobago dollars)

	1982	1983	1984	1985	1986
<b>I. All statutory authorities</b>					
<u>Total revenue</u>	<u>64.4</u>	<u>67.6</u>	<u>91.3</u>	<u>76.2</u>	<u>135.6</u>
Operating revenues	2.7	8.6	12.6	10.2	6.1
Transfers from central administration	61.7	79.0	79.3	66.0	127.5
<u>Total expenditure</u>	<u>63.6</u>	<u>88.1</u>	<u>94.4</u>	<u>99.6</u>	<u>93.4</u>
Wages and salaries	38.6	54.3	59.4	61.1	60.9
Contributions to NIB	0.8	1.1	1.2	1.2	1.2
Other goods and services	23.6	32.8	34.8	36.8	31.3
of which: IDC transfers to households	4.6	2.7	2.3	3.8	0.9
<u>Overall balance</u>	<u>5.4</u>	<u>9.1</u>	<u>12.6</u>	<u>0.8</u>	<u>-4.1</u>
<b>II. Industrial Development Corporation (IDC)</b>					
<u>Total revenue</u>	<u>26.3</u>	<u>18.1</u>	<u>19.2</u>	<u>16.4</u>	<u>16.3</u>
Operating revenues	1.1	2.1	2.2	2.2	3.2
Transfers from central administration	19.2	16.0	17.0	16.2	13.1
<u>Total expenditure</u>	<u>18.7</u>	<u>16.1</u>	<u>17.5</u>	<u>19.0</u>	<u>15.4</u>
Wages and salaries	9.8	9.2	10.5	10.7	9.9
Contributions to NIB	0.2	0.2	0.2	0.2	0.2
Goods and services	4.1	4.6	4.6	4.3	3.7
Transfers to households and private enterprises	4.6	2.7	2.3	3.8	1.6
<u>Overall balance</u>	<u>1.6</u>	<u>2.0</u>	<u>1.7</u>	<u>-2.6</u>	<u>0.9</u>
<b>III. Other statutory authorities a/</b>					
<u>Revenue</u>	<u>44.1</u>	<u>69.5</u>	<u>72.1</u>	<u>57.8</u>	<u>119.3</u>
Operating revenues	1.6	6.5	9.8	8.6	4.9
Transfers from central administration	42.5	63.0	62.3	49.8	114.4
<u>Total expenditure</u>	<u>44.3</u>	<u>72.6</u>	<u>76.9</u>	<u>86.1</u>	<u>78.6</u>
Wages and salaries	28.8	45.1	47.9	56.4	51.6
Contributions to NIB	0.6	0.9	1.0	1.0	1.0
Other goods and services	14.9	26.1	28.0	28.7	26.0
<u>Overall balance</u>	<u>3.8</u>	<u>7.1</u>	<u>16.9</u>	<u>1.3</u>	<u>-5.6</u>

a/ Comprises the following entities: Tobago Council for Handicapped Children, Sugar Industry Labor Welfare Fund, Airports Authority, Public Utilities Commission, Agricultural Society, Board of Industrial Training, Trinidad Public Library, Carnegie Free Library, Trinidad and Tobago National Commission for UNESCO, Princess Elizabeth Home for Handicapped Children, Association for Retarded Children, Port Fortin Civic Center, Mayaro Civic Center, Sangre Grande Civic Center, Trinidad and Tobago Tourist Board, Management Development and Productivity Center, Bureau of Standards, Trinidad and Tobago Export Development Corporation, Cipriani Labor College, Association in Aid of the Deaf, Blind Welfare Association, Queen's Hall, and Naparima Bowl.

Source: Ministry of Finance and the Economy.

**Table 21. TRINIDAD AND TOBAGO -- SUMMARY OPERATIONS OF THE PUBLIC UTILITIES, 1962-66**  
(In millions of Trinidad and Tobago dollars)

	1962	1963	1964	1965	1966
<b>I. Consolidated financial operations</b>					
<u>Operating revenues</u>	<u>366.0</u>	<u>387.9</u>	<u>583.3</u>	<u>609.8</u>	<u>809.3</u>
<u>Operating expenditures</u>	<u>978.4</u>	<u>1,123.1</u>	<u>1,302.5</u>	<u>1,205.5</u>	<u>1,326.8</u>
Wages and salaries	651.0	747.2	776.6	724.1	692.2
Contributions to NIB	4.8	5.0	7.3	10.3	11.3
Interest payments	55.1	85.4	130.7	158.8	237.7
Other goods and services	267.5	285.5	388.0	312.3	385.6
<u>Operating balance</u>	<u>-678.4</u>	<u>-735.2</u>	<u>-719.2</u>	<u>-595.7</u>	<u>-517.5</u>
Current transfers from central administration	682.0	788.7	513.0	531.2	466.0
Capital transfers from central administration	473.0	293.0	218.0	124.0	92.2
Capital contributions	38.4	43.2	48.7	22.0	7.8
Capital expenditures	426.7	536.6	476.9	545.7	262.0
<u>Overall balance</u>	<u>9.1</u>	<u>-189.5</u>	<u>-415.6</u>	<u>-374.2</u>	<u>-273.5</u>
Foreign financing	19.8	162.7	68.3	474.5	122.8
Domestic financing	-28.9	26.8	327.3	-166.3	150.7
<b>II. Trinidad and Tobago Electricity Commission (TTEC)</b>					
<u>Operating Revenue</u>	<u>111.0</u>	<u>117.3</u>	<u>282.5</u>	<u>300.4</u>	<u>343.3</u>
<u>Operating expenditure</u>	<u>197.3</u>	<u>230.1</u>	<u>319.6</u>	<u>275.1</u>	<u>338.3</u>
Wages and salaries	103.9	130.8	147.6	138.1	141.6
Contributions to NIB	0.7	0.7	2.2	2.2	2.3
Interest payments	0.7	0.6	0.3	19.3	29.4
Other goods and services	92.0	98.0	169.5	115.5	165.0
<u>Operating balance</u>	<u>-85.7</u>	<u>-112.8</u>	<u>-37.1</u>	<u>33.3</u>	<u>5.0</u>
Current transfers from central administration	116.0	128.9	27.2	44.1	39.2
Capital transfers from central administration	155.5	127.9	74.5	26.3	3.7
Capital contributions	1.2	2.6	2.0	10.4	1.6
Capital expenditure	128.6	234.3	133.4	89.9	65.8

(Continued)

**Table 21: Summary Operations of the Public Utilities, (cont'd)**

	1982	1983	1984	1985	1986
<u>Overall balance</u>	<u>52.4</u>	<u>-88.2</u>	<u>-66.6</u>	<u>24.2</u>	<u>-16.8</u>
Foreign financing	--	128.8	9.1	6.0	21.7
Domestic financing	-52.4	-35.6	56.9	-36.2	-5.4
<b>III. Port Authority of Trinidad and Tobago</b>					
<u>Operating revenue</u>	<u>118.1</u>	<u>121.9</u>	<u>169.1</u>	<u>77.2</u>	<u>96.9</u>
<u>Operating expenditure</u>	<u>298.6</u>	<u>329.3</u>	<u>311.7</u>	<u>266.6</u>	<u>258.5</u>
Wages and salaries	197.9	207.9	179.0	171.4	116.0
Contributions to NIB	2.8	2.9	2.6	2.3	1.9
Interest payments	36.3	53.7	64.0	73.6	72.8
Other goods and services	78.8	64.8	66.1	18.3	52.8
<u>Operating balance</u>	<u>-185.5</u>	<u>-207.4</u>	<u>202.6</u>	<u>-183.4</u>	<u>-156.6</u>
Current transfers from Central					
Administration	162.1	203.7	165.0	120.6	66.5
Capital contributions	19.8	12.7	7.8	7.6	6.2
Capital expenditure	31.5	9.9	8.9	10.9	6.3
<u>Overall balance</u>	<u>-95.1</u>	<u>59.1</u>	<u>-98.7</u>	<u>-66.1</u>	<u>-90.2</u>
Domestic financing	95.1	-59.1	98.7	78.3	90.2
<b>IV. Public Transport Service Corporation (PTSC)</b>					
<u>Operating revenue</u>	<u>6.6</u>	<u>13.9</u>	<u>17.4</u>	<u>24.2</u>	<u>30.6</u>
<u>Operating expenditure</u>	<u>181.6</u>	<u>197.7</u>	<u>181.7</u>	<u>172.7</u>	<u>166.4</u>
Wages and salaries	76.1	94.9	124.0	123.5	126.5
Contributions to NIB	1.3	1.4	2.5	2.4	3.6
Other goods and services	59.5	51.3	55.2	46.8	36.9
<u>Operating balance</u>	<u>-125.0</u>	<u>-123.8</u>	<u>-164.3</u>	<u>-148.5</u>	<u>-136.4</u>
Current transfers from central					
administration	115.9	141.0	159.6	162.7	132.3
Capital transfers from central					
administration	1.9	19.8	24.7	34.2	9.5
Capital expenditure	2.6	6.4	31.8	23.2	13.6
<u>Overall balance</u>	<u>-9.8</u>	<u>30.6</u>	<u>-11.0</u>	<u>25.2</u>	<u>-8.2</u>
Domestic financing	9.8	-30.6	11.8	-25.2	8.2

**Table 21: Summary Operations of Public Utilities, (cont'd)**

	1982	1983	1984	1985	1986
<b>V. <u>Trinidad and Tobago Telephone Company (TELCO)</u></b>					
<u>Operating revenue</u>	<u>46.6</u>	<u>189.2</u>	<u>161.0</u>	<u>226.5</u>	<u>292.3</u>
<u>Operating expenditure</u>	<u>121.6</u>	<u>172.4</u>	<u>216.7</u>	<u>232.5</u>	<u>297.6</u>
Wages and salaries	86.3	161.6	168.2	166.1	116.0
Interest payments	18.1	31.1	66.4	65.8	125.5
Other goods and services	23.2	39.7	42.1	66.6	56.3
<u>Operating balance</u>	<u>-75.6</u>	<u>-63.2</u>	<u>-65.7</u>	<u>-4.6</u>	<u>-5.5</u>
Capital transfers from Central					
Administration	216.3	65.3	58.8	8.5	76.6
Capital contributions	16.4	23.9	33.1	--	
Capital expenditure	132.4	235.3	237.6	361.7	162.9
<u>Overall balance</u>	<u>19.3</u>	<u>-269.3</u>	<u>-216.8</u>	<u>-357.2</u>	<u>-92.4</u>
Foreign financing	19.8	38.9	79.2	468.5	161.1
Domestic financing	-39.1	176.4	131.6	-111.3	-8.7
<b>VI. <u>Water and Sewerage Authority (WASA)</u></b>					
<u>Operating revenue</u>	<u>22.7</u>	<u>25.6</u>	<u>23.3</u>	<u>31.5</u>	<u>46.8</u>
<u>Operating expenditure</u>	<u>229.9</u>	<u>253.6</u>	<u>272.8</u>	<u>304.5</u>	<u>276.8</u>
Wages and salaries	196.8	212.6	217.7	191.6	192.1
Contributions to NIB	--	--	--	3.4	4.1
Other goods and services	39.1	41.6	55.1	76.1	74.6
<u>Operating balance</u>	<u>-207.2</u>	<u>-228.0</u>	<u>-249.5</u>	<u>-233.6</u>	<u>-223.7</u>
Current transfers from central					
administration	274.6	255.1	221.2	233.6	166.6
Capital transfers from central					
administration	166.1	85.8	66.8	55.6	3.6
Capital contributions	1.6	4.6	6.6	4.6	--
Capital expenditure	131.6	98.6	65.8	66.6	13.4
<u>Overall balance</u>	<u>42.3</u>	<u>16.3</u>	<u>-28.3</u>	<u>-6.2</u>	<u>-66.4</u>
Domestic financing	-42.3	-16.3	28.3	6.2	66.4

**Source:** Ministry of Finance and the Economy.

**Table 22. TRINIDAD AND TOBAGO -- NATIONAL INSURANCE BOARD (NIB), 1962-67 a/**

	1962	1963	1964	1965	1966	1967
<u>(In millions of Trinidad and Tobago dollars)</u>						
<u>Total revenues</u>	<u>311.2</u>	<u>349.6</u>	<u>367.5</u>	<u>281.0<sup>r</sup></u>	<u>320.0<sup>r</sup></u>	<u>350.6</u>
Contributions	251.9	257.8	267.6	242.2	239.5	236.1
Central Administration	44.5	46.6	44.1	42.6	44.3	--
Local Governments	9.8	9.5	9.1	9.6	8.9	--
Industrial Development Corporation	6.2	6.2	6.2	6.2	6.2	--
Other	190.2	202.1	219.6	199.8	185.1	--
Investment income	59.3	91.8	100.5	39.0 <sup>r</sup>	81.5 <sup>r</sup>	114.5
<u>Total expenditures and net lending</u>	<u>276.5</u>	<u>405.1</u>	<u>321.9</u>	<u>301.6</u>	<u>263.5</u>	--
Current expenditures	118.8	128.1	146.9	224.2	229.1	169.6
Capital expenditures	4.4	6.8	1.6	1.6	6.7	6.6
Net lending	153.3	276.2	174.4	76.4	42.7	--
<u>Overall balance</u>	<u>34.7</u>	<u>-55.5</u>	<u>45.6</u>	<u>80.8</u>	<u>156.5</u>	--
Domestic Financing	-34.7	55.5	-45.6	-56.6	169.5	--
Government securities	-3.6	8.1	1.4	--	--	--
Deposits	-30.4	66.2	64.7	--	--	--
Other	-6.7	-89.8	-111.7	--	--	--
<u>(In percent of GDP at market prices)</u>						
<u>Overall balance</u>	<u>6.2</u>	<u>-9.3</u>	<u>6.2</u>	<u>6.3</u>	<u>9.6</u>	--

a/ For years ending June.

r - revised

Source: National Insurance Board.



**Table 23. TRINIDAD AND TOBAGO -- SUMMARY ACCOUNTS OF THE FINANCIAL SYSTEM, 1982-87**  
(In Millions of Trinidad and Tobago dollars; end of period)

	TT\$2.4 = US\$				TT\$3.6 = US\$			
	1982	1983	1984	1985	1985	1986	1986	1987
	(In millions of Trinidad and Tobago dollars; end of period)							
<b>Net foreign assets</b>	<b>7,586.8</b>	<b>5,178.7</b>	<b>2,419.8</b>	<b>2,112.6</b>	<b>4,653.5</b>	<b>2,294.8</b>	<b>2,567.1</b>	<b>2,873.7</b>
<b>Net domestic assets</b>	<b>1,828.7</b>	<b>4,647.4</b>	<b>6,849.9</b>	<b>7,616.8</b>	<b>6,138.6</b>	<b>7,774.6</b>	<b>7,286.2</b>	<b>7,768.6</b>
<b>Net claims on public sector</b>	<b>-3,439.4</b>	<b>-1,367.5</b>	<b>-73.8</b>	<b>574.2</b>	<b>574.2</b>	<b>1,995.5</b>	<b>1,165.8</b>	<b>2,165.9</b>
Central Government	-3,292.2	-1,478.1	-385.4	89.1	89.1	1,244.6	465.4	1,247.1
Local Governments	-92.8	-111.6	-88.8	-78.9	-78.9	-18.1	-59.9	-8.6
Statutory bodies	-88.8	-13.4	44.5	86.5	86.5	169.2	129.4	269.3
State enterprises	41.1	227.6	347.9	489.5	489.5	591.8	578.1	658.1
Credit to private sector	6,495.5	7,891.4	8,276.8	8,253.9	8,253.9	7,854.8	8,399.7	7,812.1
Other assets net a/	-2,827.4	-1,676.5	-1,353.9	-1,212.1	-2,692.1	-2,875.5	-2,218.5	-2,218.8
<b>SDR allocation</b>	<b>122.4</b>	<b>116.2</b>	<b>188.8</b>	<b>121.9</b>	<b>182.8</b>	<b>283.6</b>	<b>182.4</b>	<b>281.9</b>
<b>Liabilities to private sector</b>	<b>2,492.8</b>	<b>2,767.9</b>	<b>18,169.1</b>	<b>16,886.7</b>	<b>16,886.7</b>	<b>2,885.2</b>	<b>18,883.9</b>	<b>2,831.8</b>
Money	1,929.8	1,979.8	1,887.8	1,765.7	1,765.7	1,693.5	1,591.5	1,512.8
Time deposits	3,754.1	4,675.8	5,149.8	5,581.8	5,581.8	4,888.9	5,628.4	4,834.7
Savings and other deposits	2,278.5	2,416.5	2,422.1	2,448.8	2,448.8	2,624.7	2,588.9	2,838.5
Private capital and surplus	531.2	636.6	781.4	898.9	898.9	688.1	951.1	646.6

a/ Includes valuation adjustment of TT\$1,687.9 million in 1985 and 1986.

Source: Central Bank of Trinidad and Tobago.

**TABLE 24: TRINIDAD AND TOBAGO -- BALANCE OF PAYMENTS, 1982-87**  
(In Millions of US Dollars)

	1982			1983			1984		
	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance
<b>Current account</b>	<b>2,155.5</b>	<b>2,800.4</b>	<b>-644.9</b>	<b>2,588.4</b>	<b>2,591.2</b>	<b>-1,002.9</b>	<b>2,604.0</b>	<b>2,128.5</b>	<b>-522.5</b>
Merchandise trade	2,228.6	2,783.8	-555.2	2,026.5	2,514.4	-487.9	2,110.8	1,917.3	193.5
Services	921.4	871.0	50.3	552.5	986.9	-434.4	476.7	1,109.4	-632.8
Investment income	357.0	278.9	78.1	238.3	353.3	-123.1	141.5	445.3	-303.8
Interest	357.0	70.6	286.4	238.3	178.5	61.8	141.5	101.2	-39.7
Public sector	354.9	61.3	293.6	226.9	147.3	79.6	139.5	140.6	-9.0
Central administration	354.9	48.8	306.1	226.9	65.7	161.2	139.5	76.9	62.6
State enterprises	--	12.5	-12.5	--	81.6	-81.6	--	71.7	-71.7
Private	2.1	9.3	-7.3	3.4	31.2	-27.8	2.0	32.6	-30.7
Other investment income	--	207.3	-207.3	--	174.8	-174.8	--	264.1	-264.1
Reinvested earnings	--	171.8	-171.8	--	105.7	-105.7	--	104.7	-104.7
Remitted profits	--	2.4	-2.4	--	46.7	-46.7	--	132.3	-132.3
Dividends	--	26.0	-26.0	--	22.5	-22.5	--	27.2	-27.2
Other transportation	239.7	143.3	96.4	209.6	128.4	81.2	202.2	135.9	66.3
Travel	197.0	225.0	-28.0	87.0	201.4	-114.4	98.5	276.2	-177.7
Other government	37.1	32.9	4.2	12.7	16.0	-3.3	17.8	13.0	4.8
Other	96.6	199.0	-102.4	13.1	227.8	-214.8	16.6	239.0	-222.4
Unrequited transfers	5.5	145.5	-140.0	9.3	89.9	-80.6	16.6	99.3	-82.7
Private	5.5	87.0	-81.5	5.5	76.0	-70.5	4.3	75.3	-71.0
Government	--	58.5	-58.5	3.8	13.2	-9.4	12.3	24.0	-11.7
<b>Capital Account</b>	<b>674.1</b>	<b>235.2</b>	<b>438.9</b>	<b>737.2</b>	<b>242.0</b>	<b>495.2</b>	<b>522.7</b>	<b>652.1</b>	<b>-119.4</b>
Public sector capital	223.0	59.0	164.0	377.8	219.7	158.1	333.9	314.3	19.6
Central administration									
borrowing	148.3	26.3	122.0	212.5	113.1	99.4	223.5	54.6	168.9
Central Administration lending	--	2.5	-2.5	10.8	51.6	-40.8	--	87.7	-87.7
Other public sector	75.3	31.0	44.3	154.5	55.0	99.5	110.4	172.0	-61.6
Direct Investment	215.1	11.6	203.5	134.8	17.1	117.7	164.2	51.0	113.2
Reinvested earnings	171.1	--	171.1	105.7	--	105.7	104.7	--	104.7
Other	43.3	11.6	31.7	29.1	17.1	12.0	59.5	51.0	8.5
Commercial banks	17.7	14.5	3.2	39.0	--	39.0	24.5	5.4	19.2
Other private capital	217.7	149.3	68.3	165.7	105.2	60.5	--	271.4	-271.4
Long-term capital	214.2	41.2	173.0	58.6	47.0	11.6	--	116.3	-116.3

Table 24: Balance of Payments, (cont'd)

	1992			1993			1994		
	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance
Errors and omissions			-65.8			-868.0			-1002.2
Overall balance			-271.8			-973.6			-742.1
Change in reserves:									
Monetary authorities (increase -)			272.9			973.2			741.5
Central Government (increase -)			-1.1			0.4			0.6

	1995			Prel. 1996			1997		
	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance
Current account	2,665.5	2,757.7	-92.2	1,704.6	2,308.3	-603.7	1,416.9	1,917.0	-371.1
Merchandise trade	2,154.7	1,557.3	597.4	1,368.2	1,484.1	-115.9	1,249.1	1,144.5	104.6
Services	497.4	1,126.3	-629.0	334.6	784.3	-449.7	265.4	769.9	-423.5
Investment income	199.9	540.8	-341.0	97.7	299.3	-201.6	13.3	272.9	-265.6
Interest	199.9	208.1	-8.3	92.7	159.9	-62.2	13.3	136.8	-117.5
Public sector	198.4	187.0	11.5	1.5	142.6	-141.1	0.6	136.8	-136.0
Central administration	198.4	84.0	114.4	1.5	93.8	-92.3	0.6	76.9	-76.1
State enterprises	--	102.9	-102.9	--	48.8	-48.8	--	53.9	-53.9
Private	1.5	21.2	-19.7	98.2	17.3	78.9	12.5	--	12.5
Other investment income	--	332.7	-332.7	--	139.4	-139.4	--	142.1	-142.1
Reinvested earnings	--	191.0	-191.0	--	33.4	-33.4	--	..	..
Remitted profits	--	114.4	-114.4	--	87.8	-87.8	--	..	..
Dividends	--	27.3	-27.3	--	18.2	-18.2	--	..	..
Freight	--	--	--	8.2	--	8.2	8.2	--	8.2
Other transportation	161.8	141.5	20.3	128.1	109.3	18.8	134.4	106.6	33.8
Travel	99.2	223.3	-124.1	83.3	165.2	-81.9	111.2	161.4	-50.2
Other Government	18.9	14.3	4.6	13.6	11.9	1.7	13.4	11.6	1.8
Other	17.7	206.5	-188.8	5.7	198.6	-192.9	4.9	162.4	-157.5
Unrequited transfers	13.5	74.1	-60.6	1.8	39.7	-38.1	5.4	57.6	-52.2
Private	4.2	60.8	-56.6	1.3	31.6	-30.3	0.8	38.5	-37.7
Government	9.3	13.3	-4.0	0.5	8.3	-7.8	4.6	19.1	-14.5

**Table 24: Balance of Payments, (cont'd)**

	1985			Prel. 1986			1987		
	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance
<b>Capital account</b>	<b>826.4</b>	<b>814.8</b>	<b>12.1</b>	<b>294.2</b>	<b>852.8</b>	<b>-58.6</b>	<b>435.3</b>	<b>227.5</b>	<b>207.8</b>
Public sector capital	331.0	242.8	88.6	288.5	289.0	79.5	345.0	228.2	124.8
Central administration									
borrowing	228.3	84.6	185.6	27.1	99.8	72.7	219.9	127.5	92.4
Central administration lending	--	74.4	-74.4	27.3	12.8	14.5	15.8	--	15.8
Other public sector	110.7	88.8	27.4	284.1	96.4	187.7	109.3	92.7	16.6
Direct investment	251.5	258.3	1.2	--	14.5	-14.5	61.1	--	61.1
Reinvested earnings	191.6	--	191.6				61.1	--	61.1
Other	60.5	258.3	-189.8	--	--	--	--	--	--
Commercial banks	--	41.8	-41.8	--	27.2	-27.2	29.2	7.3	-21.9
Other private capital	48.9	88.6	-36.7	5.7	182.1	-96.4	..	..	..
Long-term capital	8.3	73.8	-65.5						
Short-term capital	35.7	6.9	28.8						
<b>Errors and omissions</b>			<b>-168.2</b>		<b>35.2</b>	<b>-35.2</b>	<b>12.1</b>	<b>--</b>	<b>12.1</b>
<b>Overall balance</b>			<b>-241.8</b>			<b>-697.6</b>	<b>..</b>		<b>-161.2</b>
Change in reserves:									
Monetary authorities (increase -)			238.7			761.3	..		..
Central Government (increase -)			2.8			-8.7			

(e) - estimates

.. - not available

Sources: Central Statistical Office

**Table 25. TRINIDAD AND TOBAGO -- ADJUSTED EXPORTS, f.o.b., 1982-87 a/**

	1982	1983	1984	1985	Prel. 1986	Jan-June 1987
(Millions of U.S. dollars)						
<b>Total</b>	<b>2,228.6</b>	<b>2,028.5</b>	<b>2,118.8</b>	<b>2,154.7</b>	<b>1,978.4</b>	<b>782.2</b>
<b>Re-exports</b>	<b>122.1</b>	<b>89.4</b>	<b>71.6</b>	<b>74.5</b>	<b>29.6</b>	<b>18.8</b>
Of which: Machinery and equipment	71.9	61.8	29.5	62.4	22.2	6.2
<b>Domestic exports</b>	<b>2,102.7</b>	<b>2,018.9</b>	<b>2,024.7</b>	<b>2,099.1</b>	<b>1,948.8</b>	<b>691.1</b>
<b>Major petroleum, mineral and related products</b>	<b>1,948.9</b>	<b>1,879.8</b>	<b>1,883.3</b>	<b>1,961.9</b>	<b>1,172.2</b>	<b>588.3</b>
Crude petroleum	1,116.4	1,099.4	955.4	1,021.8	551.8	264.5
Petroleum products	697.8	611.6	765.1	688.7	416.8	238.6
Ammonia	95.8	151.5	188.3	166.2	125.4	51.4
Fertilizers	8.2	7.8	8.7	52.7	47.4	18.1
Asphalt	2.8	2.8	4.6	6.6	6.1	3.1
Methanol	8.83	8.24	19.8	24.9	21.3	15.2
Tar oil	18.9	5.9	9.3	--	--	8.8
<b>Major agricultural products</b>	<b>38.4</b>	<b>31.5</b>	<b>32.8</b>	<b>28.2</b>	<b>31.5</b>	<b>28.8</b>
Sugar	21.9	25.8	28.7	22.8	25.3	25.1
Coffee	3.9	2.7	8.8	3.2	2.7	6.3
Cocoa	4.5	2.9	3.2	3.8	3.1	3.2
Citrus	8.1	--	--	--	8.4	8.2
<b>Other food and beverages</b>	<b>25.7</b>	<b>21.8</b>	<b>18.5</b>	<b>17.5</b>	<b>24.7</b>	<b>14.2</b>
Dairy products	1.3	6.3	8.1	8.1	8.1	8.1
Fish	1.8	8.3	8.7	8.3	1.8	1.6
Rum	5.8	4.8	5.1	5.8	6.7	2.1
Bitters	1.3	1.4	8.9	1.4	1.6	8.8
Other	15.5	15.8	9.7	9.9	14.7	9.7
<b>Manufactured goods classified chiefly by materials</b>	<b>44.4</b>	<b>58.9</b>	<b>65.2</b>	<b>43.3</b>	<b>88.7</b>	<b>43.8</b>
Paper	4.3	3.8	2.8	2.2	2.8	1.5
Textiles	3.3	2.7	2.8	1.4	1.1	8.8
Metal manufactures	33.2	41.8	57.1	35.8	88.8	38.7
Other	3.6	3.4	4.1	3.9	2.9	3.8
<b>Other manufactured goods</b>	<b>61.3</b>	<b>38.5</b>	<b>37.1</b>	<b>47.2</b>	<b>28.8</b>	<b>12.6</b>
Furniture	8.2	8.2	8.1	2.2	8.4	8.3
Clothing	2.4	2.8	1.1	8.9	1.7	1.8
Footwear	8.2	--	--	--	--	8.8
Machinery	7.8	3.9	2.1	2.8	3.8	2.7
Miscellaneous chemicals	38.8	21.5	28.2	11.8	7.9	5.2
Other	21.5	8.9	13.8	38.3	7.1	3.4
Coverage adjustment	3.8	-81.8	4.5	-17.9	4.7	4.2
(As percent of domestic exports)						
<b>Major petroleum, mineral and related products</b>	<b>92.3</b>	<b>93.8</b>	<b>91.6</b>	<b>93.5</b>	<b>87.4</b>	<b>85.1</b>
<b>Major agricultural products excluding sugar</b>	<b>8.4</b>	<b>8.2</b>	<b>8.2</b>	<b>8.3</b>	<b>8.5</b>	<b>8.5</b>
Sugar	1.8	1.2	1.4	1.8	1.9	3.8
All other products	6.3	5.8	6.8	5.2	18.2	18.8

a/ Excludes exports of oil products under the processing agreement and of stores and bunkers.

Sources: Central Statistical Office.

**Table 26: TRINIDAD AND TOBAGO -- VOLUME, VALUE, AND UNIT VALUE OF SELECTED EXPORTS, 1982-87**

(Volume as indicated, value in millions of US dollars, and unit value in U.S. dollars)

	1982	1983	1984	1985	1986	1987
<b>Crude petroleum</b>						
Volume (million barrels)	32.8	33.7	31.3	34.8	32.9	28.4
Value	1,118.4	1,899.4	955.4	1,821.8	551.8	519.8
Unit value	34.9	32.6	30.5	29.3	16.8	18.3
<b>Petroleum products a/</b>						
Volume (millions barrels)	25.1	28.1	25.3	24.7	25.3	35.2
Value	793.2	683.8	772.8	711.3	424.7	515.7
Unit value	31.5	29.9	30.5	28.8	16.8	14.7
<b>Anhydrous ammonia</b>						
Volume (million kilograms)	712.5	1,198.6	1,173.9	1,157.5	1,128.7	1,076.4
Value	98.8	151.5	188.3	188.2	125.4	112.6
Unit value	0.14	0.13	0.15	0.14	0.11	0.10
<b>Urea</b>						
Volume (thousand metric tons)	44.8	38.7	61.9	361.6	582.7	465.3
Value	6.6	5.9	8.8	52.7	47.8	41.4
Unit value	147.3	152.5	142.2	145.7	93.6	89.8
<b>Methanol</b>						
Volume (million kilograms)	8.83	8.92	286.5	314.7	334.6	315.4
Value	8.83	8.24	19.8	34.9	31.3	41.1
Unit value	8.88	8.26	8.18	8.11	8.89	8.13
<b>Steel products</b>						
Volume (thousand metric tons)	115.1	169.9	215.4	129.8	315.8	n.a.
Value	18.8	28.1	38.5	22.2	78.5	72.6
Unit value	163.3	153.6	169.5	171.3	234.5	n.a.
<b>Sugar</b>						
Volume (thousand metric tons)	58.2	82.5	73.3	68.2	57.5	53.2
Value	21.9	25.8	28.7	22.8	23.3	28.1
Unit value	438.3	412.8	391.5	322.3	404.8	528.2
<b>Cocoa</b>						
Volume (thousand kilograms)	1.91	1.78	1.58	1.31	1.31	n.a.
Value	4.5	2.9	3.2	3.8	3.1	n.a.
Unit value	2.4	1.7	2.1	2.3	2.4	n.a.

a/ Includes products exported under the processing agreement.

n.a. Not available.

Sources: Central Statistical Office.

**Table 27: TRINIDAD AND TOBAGO -- ADJUSTED IMPORTS, c.i.f., 1982-87 a/**

	1982	1983	1984	1985	1986	Jan-June 1987
(In millions of U.S. dollars)						
<b>Total</b>	<b>2,783.8</b>	<b>2,514.4</b>	<b>1,917.3</b>	<b>1,557.8</b>	<b>1,372.2</b>	<b>571.7</b>
<u>Consumer goods</u>	<u>638.2</u>	<u>703.5</u>	<u>665.6</u>	<u>456.9</u>	<u>297.5</u>	<u>133.6</u>
Non-durables	384.8	441.3	391.5	336.6	226.6	167.1
Food	255.3	297.6	268.3	245.8	167.9	78.1
Other	129.5	144.3	123.2	90.8	67.1	29.6
Semi-durables	116.6	126.8	165.1	62.1	35.7	12.3
Durables	137.4	135.4	169.0	58.2	36.8	13.6
<u>Raw materials and inter- mediate goods</u>	<u>1,688.2</u>	<u>1,629.2</u>	<u>859.5</u>	<u>680.2</u>	<u>594.5</u>	<u>283.3</u>
Construction materials	237.6	217.1	144.2	87.1	68.6	27.7
Steel works and materials	86.6	96.6	55.5	43.2	36.9	16.2
Chemicals	32.5	33.3	28.7	27.4	34.4	12.7
Agricultural materials	141.1	121.7	121.2	93.1	65.6	37.7
Metal and stone	46.1	38.3	47.9	29.3	31.4	16.6
Assembly industries	165.9	199.3	186.1	96.6	91.2	17.1
Other	364.4	323.5	325.9	314.7	267.6	155.9
<u>Capital goods</u>	<u>1,128.6</u>	<u>841.6</u>	<u>443.6</u>	<u>412.3</u>	<u>433.2</u>	<u>158.4</u>
Power generating, agricul- tural machinery, etc.	258.2	222.9	33.6	35.6	29.7	11.6
Oil and mining machinery	139.4	73.6	24.6	59.6	46.4	15.7
Metal manufactures, etc.	373.9	348.9	219.6	186.2	292.9	84.3
Motors and parts	142.8	126.5	95.5	79.3	42.1	17.6
Aircraft and parts	124.3	11.6	11.6	13.6	61.6	6.6
Other	89.4	67.1	59.7	43.8	56.4	15.6
<u>Coverage adjustment b/</u>	<u>9.4</u>	<u>-59.3</u>	<u>8.6</u>	<u>7.9</u>	<u>47.6</u>	<u>5.6</u>
(As percent of total imports)						
Consumer goods	22.9	28.0	31.6	29.3	21.7	23.3
Raw materials and inter- mediate goods	36.2	46.9	44.8	43.7	43.3	49.6
Capital goods	40.5	33.4	23.1	26.5	31.6	26.3
Adjustment	0.4	-2.3	0.5	0.5	3.4	0.6

a/ Exclude imports of oil under the processing agreement.

b/ The coverage adjustment derives mainly from the discrepancy between official revisions to the estimate for total imports and the unadjusted detailed classification.

Sources: Central Statistical Office.

**Table 28: TRINIDAD AND TOBAGO -- DIRECTION OF TRADE, 1982-87**

(In millions of U.S. dollars)

	1982	1983	1984	1985	1986	1987
<b>I. Imports, c.i.f. a/</b>						
<b>Total</b>	<b>2,783.8</b>	<b>2,514.4</b>	<b>1,917.3</b>	<b>1,557.3</b>	<b>1,372.2</b>	<b>1,218.7</b>
United States	1,299.5	1,091.7	727.1	660.0	573.7	499.9
Canada	135.2	166.5	133.4	116.4	83.0	81.4
CARICOM countries	178.7	179.1	146.6	99.5	68.2	55.0
Barbados	44.6	47.4	37.6	21.1	12.6	10.3
Jamaica	58.4	56.9	35.9	19.4	16.6	20.2
Guyana	22.5	26.0	22.0	18.0	4.3	2.7
Other	35.2	47.8	45.1	41.0	26.7	21.7
Other Caribbean	21.1	27.7	35.2	26.8	6.1	6.1
Europe Economic Community	558.8	499.2	376.4	288.4	288.7	259.7
United Kingdom	391.8	298.1	188.3	149.3	131.7	112.5
France	48.0	72.4	57.5	16.0	12.6	14.7
Germany, F.R.	54.4	46.0	34.3	41.0	63.3	70.6
Other	154.6	82.7	96.3	74.1	81.1	61.9
Latin America	190.2	166.4	77.1	88.3	79.3	96.5
Japan	265.5	241.1	212.2	158.0	146.5	64.2
Australia	28.4	29.2	27.8	20.1	12.8	14.4
New Zealand	19.5	19.2	15.3	14.5	8.1	11.1
Rest of world	94.9	101.3	177.7	155.3	125.8	136.4
<b>II. Exports, f.o.b. b/</b>						
<b>Total</b>	<b>2,928.7</b>	<b>2,276.5</b>	<b>2,110.8</b>	<b>2,154.7</b>	<b>1,385.7</b>	<b>1,462.4</b>
United States	1,414.5	1,321.5	1,233.9	1,357.8	845.4	825.5
Canada	17.3	15.7	16.3	33.0	40.0	27.7
CARICOM countries	279.2	213.5	265.1	250.8	127.6	155.1
Barbados	59.8	61.5	53.1	64.0	34.1	45.4
Jamaica	47.6	33.0	21.8	39.9	24.8	35.9
Guyana	116.5	66.7	72.9	67.8	19.7	6.8
Other	61.3	52.3	54.7	79.1	49.0	67.0
Other Caribbean	349.5	236.7	198.9	148.7	2.6	3.2
European Economic Community	495.4	279.1	325.4	302.6	198.7	174.4
United Kingdom	65.1	73.5	195.4	84.8	102.6	45.2
France	34.0	26.3	33.3	39.7	67.1	19.9
Germany, F.R.	2.5	8.5	7.0	5.2	19.5	14.3
Other	393.8	170.8	89.7	172.9	16.4	95.6
Latin America	217.6	51.4	13.8	14.1	16.4	47.8
Japan	1.7	8.9	6.5	1.4	14.5	34.2
Rest of world	221.5	143.7	116.9	56.6	146.5	194.5

a/ Excludes oil imports under the processing agreement.

b/ Includes exports under the processing agreement and excludes exports of stores and bunkers.

Sources: Central Statistical Office.



**Table 29: TRINIDAD AND TOBAGO -- TRADE WITH CARICOM COUNTRIES, 1982-87**  
(In millions of U.S. dollars)

	1982	1983	1984	1985	1986	1987
<b>Exports, f.o.b.</b>	<b>279.2</b>	<b>213.5</b>	<b>205.1</b>	<b>250.8</b>	<b>127.0</b>	<b>155.1</b>
<b>By country</b>						
Guyana	118.5	66.7	72.9	67.8	19.7	6.8
Dominica	2.8	2.8	2.6	2.9	3.2	3.5
Grenada	11.8	8.7	9.8	16.8	16.8	12.8
St. Vincent	7.7	6.3	6.3	8.2	6.9	9.4
St. Lucia	12.3	9.1	11.8	14.8	11.1	16.8
Barbados	59.8	61.5	53.1	64.5	34.1	45.4
Jamaica	47.6	33.8	21.8	39.9	24.8	35.5
Antigua	18.9	28.3	18.6	23.6	9.8	13.7
Other a/	7.8	5.9	9.8	28.2	7.2	11.6
<b>By product categories</b>						
Mineral fuels, lubricants, etc. (SITC 3)	266.7	158.3	159.7	244.8	75.5	n.a.
Other	72.5	63.2	45.4	44.7	52.1	n.a.
Food, beverages and tobacco (SITC 0 plus 1)	23.9	21.6	16.4	9.9	14.7	n.a.
Chemicals (SITC 5)	19.4	13.3	8.8	7.7	7.4	n.a.
Manufactured goods (SITC 6)	17.1	17.2	18.6	19.1	18.8	n.a.
Machinery and transport equipment (SITC 7)	7.4	5.8	3.8	2.8	5.5	n.a.
Miscellaneous manufactures (SITC 8)	5.2	5.4	3.6	3.4	5.2	n.a.
Other	6.5	6.7	1.6	1.8	1.3	n.a.
<b>Imports, c.i.f.</b>	<b>178.7</b>	<b>178.1</b>	<b>146.6</b>	<b>99.5</b>	<b>68.2</b>	<b>55.6</b>
<b>By country</b>						
Guyana	32.5	28.8	22.8	18.8	4.3	2.7
Dominica	8.2	2.3	3.5	2.8	1.2	6.8
Grenada	4.8	5.3	4.6	4.4	3.8	1.8
St. Vincent	6.3	16.1	17.2	24.8	18.9	6.9
St. Lucia	4.8	5.8	3.5	1.4	1.7	1.6
Barbados	44.6	47.4	37.6	21.1	12.6	18.3
Jamaica	58.4	56.8	35.9	19.4	16.6	28.2
Antigua	8.8	6.8	2.8	1.2	--	8.1
Other a/	11.9	11.9	14.3	8.8	4.6	11.3
<b>By product categories</b>						
Mineral fuels and lubricants	8.4	5.3	6.1	6.1	6.3	n.a.
Other	178.3	172.8	140.5	99.4	59.9	n.a.
Food, beverages and tobacco (SITC 0 plus 1)	45.8	53.4	47.8	51.3	28.2	n.a.
Chemicals (SITC 5)	24.3	24.8	26.1	15.8	18.3	n.a.
Manufactured goods (SITC 6)	23.8	28.2	25.8	11.4	8.4	n.a.
Machinery and transport equipment (SITC 7)	17.3	9.8	6.8	2.7	2.5	n.a.
Miscellaneous manufactures (SITC 8)	52.6	51.9	35.8	13.5	5.1	n.a.
Other	6.7	5.5	6.8	5.5	5.3	n.a.

a/ Anguilla, Montserrat, St. Kitts and Nevis, and Belize.

n.a. Not available.

Sources: Central Statistical Office.

**Table 22: TRINIDAD AND TOBAGO - FINANCIAL MARKET ACTIVITY, 1985-87 (U.S.\$) 1/**

Loans	Interest Rates	US\$	Yen	DM	SF	FF
<b>1985</b>						
Private Placement						
7.5 B Yen	7.5		28,838,383			
Syndicated Loan			28,371,000			
5.0 B Yen	Jap/ L.T.P. plus 0.5%					
Private Placement						
7.5 B Yen	7.5%		35,828,681			
Export Credit						
B.N.P. FF288,232,000	11.11%					19,458,085
Issue of Floating Rate Notes on Eurodollar Market. US\$50 M	Liber Plus 1-3/8%	58,000,000				
Two Issues of F.R.N.s on Swiss Bond Market SF50 M and SF60 M	7% Liber Plus 1-3/8%				42,600,750	
Japanese Market - Leasing Companies						
18 B Yen	8.125%		72,000,000			
Syndicate of Inter- national Banks US\$0 M & Eximbank US\$51 M	Liber Plus 1-1/8% (Comm.Banks) 10.7%	68,000,000				
<b>1986</b>						
Export Credit Financing from Germany and Austria						
KFW - DM 59.2 M	3.5%					
BNF - DM 48.9 M	Liber Plus 1-1/8%			74,647,158		
OZB - DM 53.7 M	3.5%					
Export Credit Financing from BNP FF 25,245,000	8.68%					3,534,891
<b>1987</b>						
Japanese Private Placement Market - Issues of Bonds						
Yen 7.5 B	6.8%		48,420,752			
Yen 7.5 B	8.7%		58,282,479			

1/ All amounts converted to US\$. Source. Ministry of Finance and the Economy.

Summary	1985	1986	1987
External Borrowing Requirements	432	326.2	218.0
Loans Raised a/ (Shortfall)/Surplus	328.1 (103.9)	78.2 (248.0)	148.6 (111.4)

a/ Does not reflect disbursements on loans previously arranged. Does not include loans from the IADB.

**Table 30A: TRINIDAD AND TOBAGO -- SUMMARY OF OUTSTANDING  
EXTERNAL PUBLIC DEBT BY BORROWER, LENDER, AND MATURITY, 1982-86**

(In millions of U. S. dollars)

	1982	1983	1984	1985	Prel. 1986
<u>Public sector</u>	<u>1,115</u>	<u>1,306</u>	<u>1,398</u>	<u>1,643</u>	<u>1,807</u>
<u>Central Government</u>	<u>554</u>	<u>646</u>	<u>800</u>	<u>1,017</u>	<u>1,056</u>
By lender					
Bilateral agencies	73	72	75	64	53
Multilateral agencies	45	44	40	37	34
Financial markets <u>a/</u>	415	510	552	676	690
Bonds <u>a/</u>	20	19	1	240	279
By maturity					
Under 5 years	85	200	153	430	677
5-10 years	431	422	533	495	379
Over 10 years	38	24	114	92	--
<u>Public enterprises</u>	<u>561</u>	<u>660</u>	<u>598</u>	<u>626</u>	<u>751</u>
By lender					
Bilateral agencies	123	110	106	118	162
Multilateral agencies	24	22	24	25	130
Financial markets <u>a/</u>	374	488	428	443	327
Suppliers' credit and other	40	40	40	40	132

a/ Includes lending by the commercial banks.

Sources: Ministry of Finance and the Economy; and Ministry of State Enterprises.

Table 31: TRINIDAD AND TOBAGO -- SUMMARY OF CENTRAL GOVERNMENT EXTERNAL DEBT BY LENDER, 1982-86

	1981	1982			1983				
	Debt Outstanding	Drawings	Amorti- zation	Valuation Adjustment	Debt Outstanding	Drawings	Amorti- zation	Valuation Adjustment	Debt Outstanding
(In millions of U.S. dollars)									
Total Central Government	440.28	148.28	28.28	-8.28	554.08	212.48	118.10	-7.20	846.21
Bilateral agencies	57.82	21.72	5.87	-0.45	72.92	5.45	6.08	-0.17	72.14
Multilateral agencies	48.78	1.05	2.83	--	44.98	1.04	4.01	2.19	44.20
Financial institutions	323.28	115.17	14.65	-7.83	415.95	205.98	102.14	-9.22	510.55
Bonds	12.82	10.82	2.98	--	20.21	--	0.89	--	19.32
(As percent of total outstanding debt)									
Total Central Government	100.0				100.0				100.0
Bilateral agencies	13.1				13.2				11.2
Multilateral agencies	10.8				6.1				6.8
Financial institutions	73.4				75.1				79.0
Bonds	2.9				3.6				3.0

	1984				1985				1986			
	Drawings	Amorti- zation	Valuation Adjustment	Debt Outstanding 12/31/84	Drawings	Amorti- zation	Valuation Adjustment	Debt Outstanding 12/31/85	Drawings	Amorti- zation	Valuation Adjustment	Debt Outstanding 12/31/86
(In millions of U.S. dollars)												
Total Central Government	223.47	84.80	-14.92	800.18	232.10	79.89	84.51	1,017.38	27.91	98.97	110.64	1,086.45
Bilateral agencies	9.10	5.87	-0.81	74.78	--	10.03	-0.32	84.41	--	11.28	0.05	85.18
Multilateral agencies	--	3.71	-0.03	40.48	--	3.53	0.07	37.00	--	3.62	0.30	35.89
Financial institutions	97.95	44.50	-11.94	552.08	140.28	59.32	45.24	678.28	27.01	77.67	85.00	691.00
Bonds	116.42	0.82	-2.84	182.88	91.82	6.51	21.62	239.71	--	6.40	45.31	278.80
(As percent of total outstanding debt)												
Total Central Government				100.0				100.0				100.0
Bilateral agencies				9.2				8.3				8.0
Multilateral agencies				5.1				3.6				3.2
Financial institutions				69.0				66.5				63.4
Bonds				18.8				23.4				28.4

Sources: Ministry of Finance and the Economy; IBRD; and Fund staff estimates.

**Table 32: TRINIDAD AND TORAGO--UNDISBURSED LOANS AS AT DECEMBER 1986**

(In Millions US\$)

Loan II	Total	Disbursed	Undisbursed	Lender or Agency	Year
84	1.0	0.4	0.6	EEC	
85	0.7	--	0.7	EEC	79
116	66.9	64.8	2.1		84
117	9.0	8.1	0.9	US BANK	85
118	12.0	--	10.8	--	85
119	39.0	--	35.1	EXIM	85
126	3.9	2.3	1.6	FRG	86
127	23.9	12.0	11.9	FRG	86
128	3.3	2.3	1.0	LUXEMB	86
129	8.2	3.1	5.1	FRG	86
130	12.5	10.3	2.2	FRG	86
146	24.6	0.8	<u>23.8</u>	IDB	n.a.
			95.8		

n.a. Not available.

Source: Ministry of Finance and Economy.

**Table 33. TRINIDAD AND TOBAGO -- EXCHANGE RATES, 1976-87**

	End of Period (SDR per TT\$)	Period Averages (1976-100)	
		Nominal Effec- tive Exchange Rate	Real Effec- tive Exchange Rate <u>a/</u>
1976	0.359	100.0	100.0
1977	0.343	101.0	103.7
1978	0.320	96.2	105.0
1979	0.316	95.0	105.5
1980	0.327	94.0	106.0
1981	0.358	99.7	116.6
1982	0.378	105.9	129.4
1983	0.398	109.9	149.9
1984	0.425	116.9	172.1
1985	0.253	118.8	180.0
1986	0.227	78.2	124.4
1985 - I	0.420	125.7	188.4
II	0.417	122.1	183.7
III	0.393	118.2	179.9
IV	0.253	109.3	167.9
1986 - I	0.244	80.4	123.5
II	0.236	78.4	123.4
III	0.229	77.0	123.6
IV	0.227	77.3	127.4
1987 - I	0.216	70.0	116.4
II	0.215	67.0	112.9
III	0.217	67.3	116.4

a/ Trinidad and Tobago exchange rate divided by the weighted average of the exchange rates of its trading partners; the exchange rates are deflated by consumer price indices.

Sources: IMF, International Financial Statistics; and Fund staff estimates.

**Table 34: TRINIDAD AND TOBAGO -- BASELINE SCENARIO  
ACTUAL AND PROJECTED NATIONAL ACCOUNTS, 1985-95**

(TT\$ Million)

	1985	<u>Prel.</u> 1986	1987	1988	<u>Projected</u>		
					1989	1990	1995
(in constant 1985 prices)							
GDP M.P.	17,374	16,932	15,741	15,041	15,309	14,798	15,497
Terms of Trade Adjust.	0	-1361	-957	-864	-852	-616	-699
Gross Domestic Income	17,374	15,571	14,784	14,177	14,457	14,182	14,799
Imports of GNFS	5,067	4,875	4,603	4,469	4,587	5,060	4,750
Capacity to Import	5,885	4,486	4,849	4,765	4,674	4,992	5,554
Resource Gap	-819	389	-246	-296	-87	68	-804
Resource Balance	-819	-972	-1,202	-1,160	-939	-548	-1502
Consumption	12,667	12,345	11,287	10,777	11,224	10,480	10,077
Gross Domestic Income	3,899	3,615	3,252	3,104	3,146	3,770	3,919
Gross Domestic Savings	4,707	3,226	3,497	3,399	3,233	3,702	4,722
Net Factor Income	-1036	-384	-369	-333	-282	-336	-227
Net Current Transfers	-203	-169	-158	-148	-139	-138	-123
Gross National Savings	3,469	2,673	2,970	2,918	2,811	3,227	4,372
<u>Growth Rates</u>							
	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1985-90</u>	<u>1990-95</u>		
Gross Dom. Product MP	-2.5	-7.0	-4.4	-3.2	0.9		
Total Resources	-3.6	-8.9	-4.6	-2.8	0.0		
Investment	-7.0	-10.1	-4.5	-1.8	0.8		
Total Consumption	-2.5	-8.6	-4.5	-3.6	-0.7		
Agriculture	5.2	1.7	0.8	2.6	0.5		
Industry	-1.1	-2.8	-1.2	-0.7	0.9		
Services	-10.0	-10.0	-7.2	-6.3	1.0		
<u>Percentages</u>							
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1985-90</u>	<u>1990-95</u>	
Invest./GDY	22.4	23.2	22.0	21.9	26.6	26.5	
Consumption/GDY	72.9	79.3	76.3	76.0	73.9	68.1	
GDS/GDY	27.1	20.7	23.7	24.0	26.1	31.6	
GNS/GDY	20.0	17.2	20.1	20.6	22.8	29.5	

Sources: Central Statistical Office and Mission estimates

**Table 35: TRINIDAD AND TOBAGO -- BASELINE SCENARIO  
PROJECTED TRADE GROWTH, 1985-95**

**Exports Growth Rates (G.R.) - Annual**

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1990</u>	<u>Average G.R. 1985-90</u>	<u>Average G.R. 1990-95</u>
Petroleum Crude	-34.3	-26.3	-4.5	1.1	-12.0	2.0
Petroleum Products	-41.6	-3.1	-4.5	1.0	-11.5	2.0
Ammonia	-17.7	-26.1	1.0	5.0	-11.4	3.0
Methanol	-34.1	9.7	1.0	8.0	-6.0	3.0
Manufactures	64.5	-7.6	-4.2	-1.1	8.0	1.0
Other Exports	-36.6	-45.2	-4.2	1.0	-26.0	2.0
Total Exports	-33.5	-20.0	-3.7	1.4	-12.2	2.1

**Current Value Exports (US\$ Million)**

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1990</u>	<u>1995</u>
Petroleum Crude	1021	552	508	517	522	637
Petroleum Products	681	410	420	466	476	559
Ammonia	166	125	102	112	177	212
Methanol	35	31	36	38	40	50
Manufactures	43	87	85	85	86	119
Other Exports	209	163	98	93	69	60
Total Exports	2155	1368	1249	1261	1370	1637

**Import Growth Rates (G.R.) - Annual**

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1990</u>	<u>Average G.R. 1985-90</u>	<u>Average G.R. 1990-95</u>
Food	-45.1	18.5	-6.8	-10.3	-12.3	-1.7
POL and other Energy	-1.8	-4.9	-3.1	-2.3	-2.3	0.6
Other Imports	-32.6	-23.5	-2.8	22.5	-11.0	-1.8
Other Con. Foods	-46.9	-26.8	-2.8	22.5	-5.3	-1.8
Intermediate Goods	-32.7	-15.2	-0.6	-1.1	-14.3	1.0
Capital Goods	25.0	-34.3	-4.7	22.5	-10.0	1.1
Total Imports	-34.0	-17.9	-3.7	15.7	-11.1	-1.7

**Current Value Imports (US\$ Million)**

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1990</u>	<u>1995</u>
Food	246	158	156	142	152	154
POL and Other Energy	25	17	20	21	22	30
Other Imports	1286	1197	969	875	1134	1098
Other Con. Goods	211	140	108	97	237	94
Intermediate Goods	663	624	561	471	492	550
Capital Goods	412	433	300	307	405	454
Total Imports	1557	1372	1145	1038	1308	1282

**Sources: Central Statistical Office and Mission estimates**



**Table 36: TRINIDAD AND TOBAGO -- BASELINE SCENARIO**

**BALANCE OF PAYMENTS, 1985-95**  
(Millions of Current US\$)

	1985	Prel.	Projected				
		1986	1987	1988	1989	1990	1995
Exports of GNFS	2452	1605	1521	1536	1551	1669	2003
Imports of GNFS	2143	1969	1581	1632	1763	1855	1920
Resource Balance	309	-364	-60	-96	-212	-186	83
Net Factor Income	-341	-202	-259	-122	-126	-204	-215
Interest	-200	-62	-118	-156	-167	-238	-214
Other	-141	-140	-141	34	41	34	-1
Net Current Transfers	-60	-38	-52	-55	-54	-53	-51
Current Account Balance	-92	-604	-371	-273	-292	-325	-183
Direct Investment	1	-15	61	7	1	8	36
Net LT Loans	-66	-96	-77	-129	-81	-167	-249
Disbursements	251	95	111	167	206	210	205
Repayments	185	191	188	296	287	377	454
Other LT inflows (Net)	29	-102	95	88	102	33	65
Total Other Items (Net)	-84	119	190	182	96	98	105
Financing Gap <sup>a/</sup>	-	-	-	248	227	388	277
Change in Net Reserves	241	698	163	-123	-53	-35	-51
Reserve Level	984	474	137	262	315	350	401
Reserve Level as Months of Imports	5.5	2.9	1.0	1.9	2.1	2.3	2.5
Debt Service/Exports and NFS (%)	15.7	15.8	20.1	29.4	29.3	36.8	33.3

Sources: Central Statistical Office and Mission estimates

a/ Does not include rescheduling.

**Table 37: TRINIDAD AND TOBAGO -- SCENARIO WITH IMPROVED POLICIES,  
ACTUAL AND PROJECTED NATIONAL ACCOUNTS, 1985-95**

(TT\$ Million)

	1985	Prel. 1986	1987	1988	Projected		
					1989	1990	1995
(in constant 1985 prices)							
GDP M.P.	17,374	16,932	16,550	16,637	16,876	17,354	20,135
Terms of Trade Adjust.	0	-1,361	-431	-1,012	-1,074	-890	-1,025
Gross Dom. Income	17,374	15,571	15,619	15,625	15,802	16,464	19,110
Imports of GNFS	5,067	4,870	4,862	4,886	4,903	5,841	6,330
Capacity to Import	5,885	4,487	4,875	4,747	4,767	5,063	6,071
Resource Gap	-819	383	-13	139	136	778	259
Resource Balance	-819	-977	-944	-872	-939	-112	-767
Consumption	12,667	12,339	12,262	12,383	12,504	12,622	12,942
Gross Dom. Investment	3,889	3,615	3,343	3,302	3,433	4,620	6,427
Gross Dom. Savings	4,707	3,232	3,357	3,242	3,298	3,842	6,168
Net Factor Income	-1,036	-384	-369	-330	-278	-332	-211
Net Current Transfers	-203	-169	-158	-148	-139	-138	-123
Gross National Sav.	3,469	2,678	2,829	2,764	2,881	3,371	5,835
<u>Growth Rates</u>							
		<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1985-90</u>	<u>1990-95</u>	
GDP M.P.		-2.5	-2.3	0.5	0.0	3.0	
Total Resources		-3.6	-4.8	4.1	1.2	2.6	
Investment		-7.0	-7.5	1.2	2.1	6.5	
Total Consumption		-2.6	-0.6	1.0	0.1	0.6	
Agriculture		5.2	1.7	0.8	2.7	2.5	
Industry		-1.1	-0.4	1.0	0.1	2.7	
Services		-10.0	-3.3	0.2	1.2	3.3	
<u>Percentages</u>							
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1985-90</u>	<u>1990-95</u>	
Invest./GDY	22.4	23.2	21.4	21.6	28.1	33.6	
Consumption/GDY	72.9	79.2	78.5	79.2	76.7	67.7	
GDS/GDY	27.1	20.8	21.5	20.8	23.3	32.3	
GNS/GDY	20.0	17.2	18.1	17.7	20.5	30.5	

Sources: Central Statistical Office and Mission estimates

**Table 38: TRINIDAD AND TOBAGO -- SCENARIO WITH IMPROVED POLICIES  
PROJECTED TRADE GROWTH**

(TT\$ Million)

<u>Export Growth Rates</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1985-90</u>	<u>1990-95</u>
Petroleum Crude	-34.3	-26.3	-4.5	1.0	1.0	-13.5	2.0
Petroleum Products	-41.6	-3.1	1.5	1.5	1.0	-8.5	3.0
Ammonia	-17.7	-26.1	1.0	1.0	5.0	-10.7	5.0
Methanol	-34.1	9.7	0.9	1.0	5.0	-5.0	5.0
Manufactures	64.5	-7.6	-4.2	-3.0	-1.1	9.2	5.0
Other Exports	-36.6	-45.2	1.2	1.0	1.0	-24.0	3.0
Total Exports	-33.5	-20.0	-1.5	1.1	1.3	-11.1	2.9

Current Value Exports (US\$ Million)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1995</u>
Petroleum Crude	1020	256	508	484	479	483	590
Petroleum Products	681	410	420	489	524	559	691
Ammonia	166	125	102	115	139	187	247
Methanol	35	31	36	38	40	42	57
Manufactures	43	87	85	87	92	96	105
Other Exports	209	163	98	66	72	75	113
Total Exports	2155	1368	1249	1279	1346	1442	1803

<u>Import Growth Rates</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1985-90</u>	<u>1990-95</u>
Food	-45.1	18.5	0.7	-1.6	2.9	-5.2	2.6
POL and Energy	-1.8	-1.5	0.2	0.9	2.1	-0.1	2.1
Other Imports	-32.6	-23.5	0.6	0.2	2.9	-11.4	1.6
Total Imports	-32.0	-17.9	0.6	0.1	2.4	-10.4	1.8

Current Value Imports (US\$ Million)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1995</u>
Food	246	158	156	195	204	224	249
POL and Other Energy	25	17	21	22	23	24	36
Other Imports	1286	1147	969	1009	1065	1028	1554
Other Consumer							
Goods	211	140	108	132	139	198	310
Capital Goods	412	433	300	370	390	434	595
Total Imports	1557	1372	1145	1226	1292	1330	1839

Price Index (1985=100)

Exports	100.0	95.2	108.2	112.4	117.1	123.4	134.0
Imports	100.0	131.7	133.9	142.4	150.4	150.5	163.4
Terms of Trade	100.0	72.3	80.8	78.9	77.9	82.0	82.0

Sources: Central Statistical Office and Mission estimates

**Table 39: TRINIDAD AND TOBAGO --SCENARIO WITH IMPROVED POLICIES,  
BALANCE OF PAYMENTS, 1985-95**

(Millions of Current US\$)

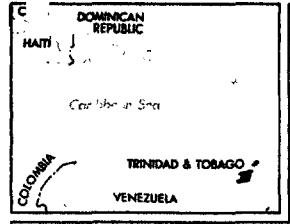
	1985	Prel	Projected				
		1986	1987	1988	1989	1990	1995
Exports of GNFS	2452	1605	1521	1573	1667	1774	2296
Imports of GNFS	2143	1969	1581	1627	1722	1839	2178
Resource Balance	309	-364	-60	-54	-55	-65	118
Net Factor Income	-341	-202	-259	-122	-133	-175	-147
Interest	-200	-62	-118	-156	-175	-211	-152
Other	-141	-140	-141	34	43	37	5
Net Current Transfers	-60	-38	-52	-55	-54	-53	-51
Current Account Balance	-92	-604	-371	-238	-242	-293	-80
Direct Invest.	1	-15	61	7	21	43	82
Net LT Loans	-66	-96	-77	-129	-90	-294	-434
Disbursements	251	95	111	167	206	210	205
Repayments	185	191	188	296	296	394	439
Other LT inflows (Net)	29	-102	95	-35	-26	-87	195
Other Items (Net)	-84	119	190	95	96	98	105
Financial Gap <u>a/</u>	-	-	-	395	350	403	168
Change in Net Reserves	241	698	163	-102	-109	-44	-236
Reserve Level	984	474	137	239	348	392	628
Reserve Level as							
Months of Import	5.5	2.9	1.0	1.8	2.4	2.6	3.5
Debt Service/Exports							
and NFS (%)	15.7	15.8	20.1	28.7	28.3	34.1	25.7
External Debt/GDP (%)	37.0	37.8	37.1	35.4	34.1	35.9	29.4

a/ Does not include rescheduling.

Sources: Central Statistical Office and Mission estimates

**NOTES**

MAP SECTION



# AND TOBAGO

The map has been prepared by The World Bank's staff exclusively for the convenience of the readers and is exclusively for the internal use of The World Bank and the International Finance Corporation. The denominations used and the boundaries shown on the map do not imply, on the part of The World Bank and the International Finance Corporation any judgment on the legal status of any territory or any endorsement or acceptance of such boundaries.

- Main Roads
- Principal Ports
- Secondary Ports
- National Capital
- Towns
- Oil Refineries
- Oil Fields
- Unassociated Gas Fields
- Gas Pipelines
- International Boundaries

