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Trinidad and Tobago: Selected Issues and Statistical Appendix

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TRINIDAD AND TOBAGO

Selected Issues and Statistical Appendix

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Approved by Western Hemisphere Department

June 3, 2003

Contents Page

Statistical Appendix Tables

Trinidad and Tobago: Basic Data

I. Social and Demographic Indicators

Area (thousand sq. km)	5,130	Nutrition	
		Calorie intake	
Population (2001)		(per capita/day)	2853
Total (million)	1.3	Protein intake	
Rate of growth (percent per year)	0.6	(per capita grams/day)	65
Density (per sq. km.)	250		
GDP per capita (US$)	5,900	Health (1997)	
		Physicians (per thousand)	1
Population characteristics (1999)		Hospital beds (per thousand)	3
Life expectancy at birth (years)	73		
Crude death rate (per thousand)	7	Access to electricity	
Infant mortality (per thousand live births)	12	Dwellings (percent)	92
Under 5 mortality rate (per thousand)	15		
		Access to safe water	
Income distribution, percent of total (1992)		Population (percent)	96
By highest 10 percent of households	29.9		
By lowest 20 percent of households	5.5	Education (1996)	
		Enrollment rates, percent	
Distribution of labor force, percent (2000)		Primary education	98
Agriculture	7.7	Secondary education	88
Industry	12.8		

II. Economic Indicators, 1998–2003

	1998	1999	2000	2001	2002	Proj. 2003
	(In percent of GDP)					
Origin of GDP 1/						
Petroleum	18.5	22.5	30.5	29.0	26.3	27.4
Agriculture	2.1	1.9	1.6	1.4	1.5	1.3
Manufacturing	9.1	8.0	7.3	7.1	7.2	7.2
Construction	8.7	8.1	7.2	7.0	7.1	7.1
Services	59.7	58.9	53.7	56.5	59.8	59.7
	(Annual percentage change; unless otherwise indicated					
National accounts and prices						
Real GDP	7.8	4.4	6.1	3.3	2.7	3.8
Real GDP per capita	7.2	4.1	8.1	2.9	2.0	3.3
GDP deflator	-1.5	7.9	13.1	6.6	-0.1	3.3
Consumer price index (end period)	5.6	3.4	5.6	3.2	4.3	2.8
Consumer price index (period average)	5.6	3.4	3.5	5.5	4.2	3.5
Unemployment rate (in percent)	14.2	13.1	12.1	10.8	10.4	11.0
	(In percent of GDP)					
Public finances 2/						
Central government						
Total revenue and grants	25.3	24.4	24.6	26.5	22.6	24.0
Total expenditure and net lending	27.1	25.0	24.5	25.0	24.1	25.4
Of which						
Interest	5.0	4.7	5.1	4.2	3.9	4.2
Primary fiscal balance	3.2	4.1	5.3	5.7	2.4	2.8
Overall fiscal balance	-1.8	-0.6	0.2	1.5	-1.5	-1.3
Net external financing	-1.2	1.8	3.3	0.0	-0.3	4.2
Net domestic financing	3.0	-1.2	-3.4	-1.5	1.8	-2.8
	(Annual percentage change; unless otherwise indicated)					
Money and credit						
Net domestic assets of the financial system	-7.7	8.9	6.1	4.3	1.5	-7.3
Of which						
Public sector (net) 3/	-4.7	-1.6	-9.4	-5.3	1.7	-10.8
Private sector	2.9	12.3	9.4	6.0	0.7	4.3

	1998	1999	2000	2001	2002	Proj. 2003
Financial system's liabilities to private sector	-4.4	11.2	18.3	9.8	3.5	5.6
Of which						
Broad money	-4.9	3.6	3.7	6.9	1.5	3.9
Money and quasi-money	5.6	4.0	4.1	5.7	1.5	3.6
Liabilities to private sector (in percent of GDP)	49.2	48.1	43.9	44.7	45.6	44.7
Treasury bill rate (in percent)	12.0	10.2	10.5	8.3	4.5	...
(In millions of U.S. dollars; unless otherwise indicated)						
Balance of payments						
Trade balance	-747.5	68.6	955.1	729.1	193.3	709.2
Exports, f.o.b.	2,264.2	2,815.7	4,288.0	4,273.0	3,894.0	4,620.6
Imports, c.i.f.	3,011.7	2,747.1	3,332.9	3,543.9	3,700.7	3,911.5
Services (net)	80.6	-70.6	-462.3	-248.6	-258.3	-348.0
Current transfers	22.3	37.7	37.8	33.4	46.7	37.3
Current account	-644.6	35.7	530.6	513.9	-18.3	398.5
Capital account	695.2	217.9	324.6	558.8	339.0	63.4
Overall balance	83.3	156.0	444.8	485.6	43.8	461.8
Goods exports (in percent of GDP)	37.4	41.2	52.3	46.7	41.5	45.9
Goods imports (in percent of GDP)	49.7	40.2	40.6	38.7	39.5	38.8
Current account (in percent of GDP)	-10.6	0.5	6.5	5.6	-0.2	4.0
Good exports, f.o.b. (annual percentage change)	-11.0	24.4	52.3	-0.3	-8.9	18.7
Goods imports, c.i.f. (annual percentage change)	-0.9	-8.8	21.3	6.3	4.4	5.7
Terms of trade (annual percentage change)	-5.9	27.4	43.6	1.6	-11.3	-1.3
Real effective exchange rate; (1990=100) (12-month percentage change)	1.9	4.7	8.3	3.9	-0.1	...
International reserve position and external debt						
Gross official reserves						
(in US$ millions)	783.0	945.4	1386.2	1875.9	1923.5	2384.5
(in months of imports)	2.6	3.3	3.8	5.0	4.9	5.6
Net official reserves	769.8	927.6	1368.6	1858.2	1907.0	2402.6
Public external debt outstanding (in percent of GDP)	24.7	23.6	20.8	18.2	17.2	15.6
Public sector debt	69.1	70.1	67.3	67.5	66.2	67.2
Debt service ratio 4/	9.8	8.0	7.8	3.8	4.4	4.2

IMF data (as of March 31, 2003)

Membership status	Joined 09/16/1963; Article VIII
Intervention currency and rate	U.S. dollar/TT$6.06 = US$1
Quota	SDR 335.60 million
Fund holdings of local currency	SDR 259.24 million
As percent of quota	74.27 percent
Special Drawing Rights Department	
Cumulative SDR allocation	SDR 46.23 million
Holdings of SDRs	SDR 0.35 million
Designation Plan	SDR 0.00 million

Sources: Trinidad and Tobago authorities; Social Indicators of Development, the World Bank; and Fund staff estimates.

1/ Sum may not add to 100 because of exclusion of imputed service charge and VAT.

2/ The fiscal year runs from October 1 to September 30. For example, 1999 refers to October 1, 1998 to September 30, 1999. Prior to 1999, the fiscal year was the calendar year.

3/ Exclusive of changes in government blocked accounts for open market operations.

4/ In percent of exports of goods and services.

I. Past and Present Energy Booms in Trinidad and Tobago: Lessons for Fiscal Policy[1]

A. Introduction

1. **Trinidad and Tobago, the Caribbean's largest producer of oil and gas, is expected to face a significant energy boom in the years ahead.** Due to new large oil and gas discoveries and to a series of projects that are scheduled to come on stream in the next three years, energy production is projected to double by 2006–07. Consequently, government revenues will register a significant boost from energy receipts over the medium term. However, given the estimated reserves of natural resources in the ground, notwithstanding new discoveries, proven oil and gas reserves are expected to taper off by 2020.

2. **The policy challenge that the authorities face is how to manage wisely their energy wealth so that they do not repeat the policy mistakes of the past.** Trinidad and Tobago has already experienced the consequences of resource mismanagement during the oil booms of the 1970s and 1980s. An overly expansionary and short-term focused fiscal policy and a slow policy adjustment when oil prices dropped after 1982 led to a lengthy and painful recession. This chapter draws a parallel between the historical and the current energy booms, underlining the main similarities and differences between the two episodes and pointing out the main policy issues during boom times.

B. A Historical Perspective on Fiscal Policy During the Oil Booms of 1970–80

3. **Trinidad and Tobago experienced substantial revenue and foreign exchange inflows during the oil booms of 1973–74 and 1979–80, but failed to manage this windfall appropriately.** The authorities used the initial windfalls cautiously, by saving abroad a large fraction of the proceeds, and by investing the rest in infrastructure and other projects aimed at output diversification. However, political pressures led to a rapid growth of subsidies to consumers, labor, and failing firms. During the second oil boom, fiscal policy became expansionary and inefficiencies multiplied. A confluence of subsidies, price controls, and wage increases, together with an appreciation of the real exchange rate and an extension of public ownership, eventually undermined the non-oil sectors of the economy instead of boosting them. When oil prices dropped after 1982, policy was slow to adjust, and the economy entered into a lengthy recession.

4. **Fiscal policy was relatively cautious during the first oil boom of 1973–74.** The first oil windfall, which increased oil revenues from 5 to 37 percent of non-energy GDP, was used relatively cautiously, with around 70 percent of the windfall being saved abroad. This led

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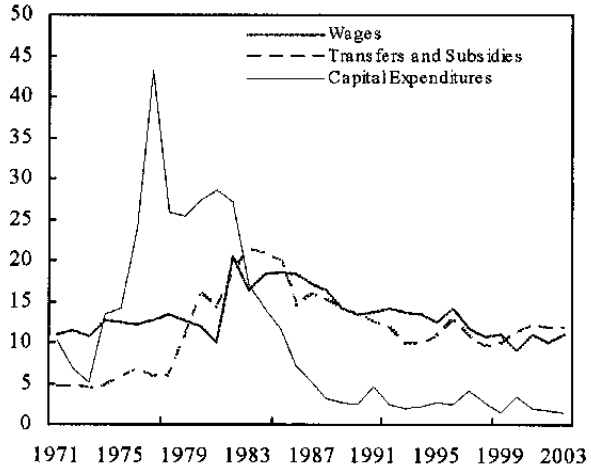
[1] Prepared by Delia Velculescu.

to current account surpluses which averaged 7 percent of GDP over 1974–78. International reserves grew from US$47 million in 1973 to US$1.8 billion in 1978. To prevent wasteful expenditure of oil revenues, several funds (51 in total) were established, that could be drawn on only when project plans were properly designed and approved by the parliament. The rest of the windfall was divided between domestic investment (12 percent) and consumption (18 percent). Of the funds used for investment, approximately half went into economic infrastructure (transportation, power, and water), a fifth into social infrastructure (education and housing), and the rest were set aside to pursue gas-based industrialization.

Figure 1. Expenditure Categories
(In percent of non-energy GDP)

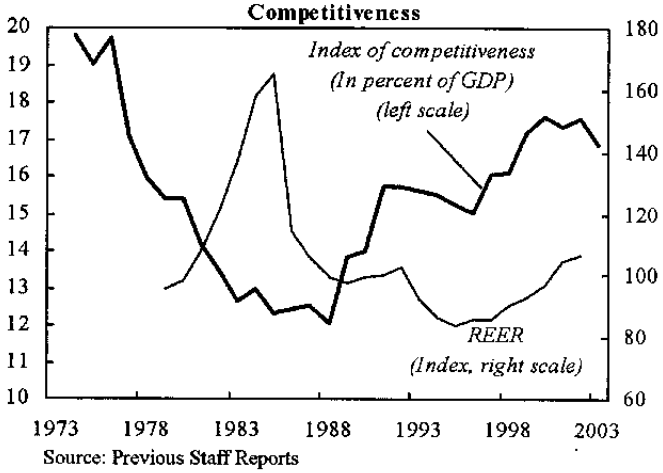


Source: Previous Staff Reports

5. **As oil prices remained high during 1974–78, the fiscal stance weakened.** During 1974–78, as a result of a mass nationalization campaign and of a strong push to reduce unemployment, the government acquired 40 companies, including the dominant sugar company (Caroni) and Royal Dutch Refinery (renamed Trintoc). Furthermore, subsidies for food, fuel, and utilities increased during this period. By 1978, subsidies accounted for around 6 percent of non-energy GDP, and recorded fiscal subsidies increased to over 18 percent of oil revenues. Labor was subsidized directly via a public works program that employed 2.5 percent of the total labor force at higher wages than in the agriculture sector.

6. **By 1978, several danger signs pointed toward unsustainability of current levels of consumption and investment given finite oil revenues.** Among the problems identified were: high recurrent expenditures; investment in declining industries, which diverted revenues into losses (i.e., the sugar industry); a loss of competitiveness in the non-energy sector (a decline in the share of non-energy tradables in non-energy output); poorly conceived programs to expand food supply were not generating planned revenues; import controls reduced competitiveness; and a steady increase of dependence on oil and oil-financed expenditures. The government had

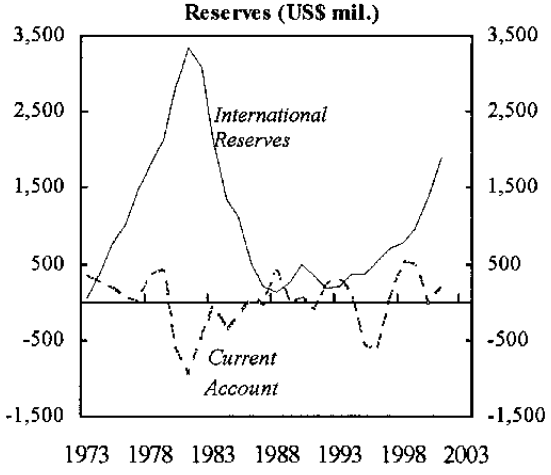
Figure 2. The Real Exchange Rate and the Index of Competitiveness



Source: Previous Staff Reports

recognized these problems and planned to meet them, but new natural gas finds in 1978 and the second oil boom removed the incentive to be cautious.

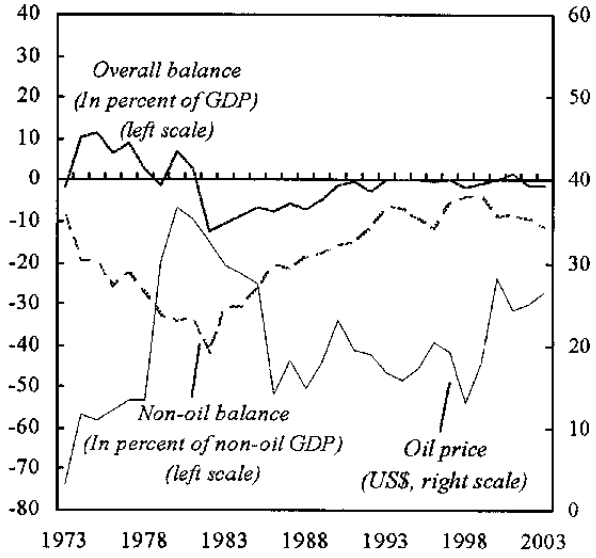
Figure 3. Current Account and International Reserves (US$ mil.)



Source: Previous Staff Reports

7. **During the second oil boom in 1979–80, fiscal policy became increasingly expansionary, as subsidized consumption and capital investments accelerated**. Around 25 percent of the windfall was used for consumption, and 25 percent for domestic investment, while the remaining 50 percent was saved abroad. During 1979–82, the use of public investment funds was mainly geared toward loans and advances to meet start-up requirements for large capital projects especially in the gas based and steel industries and to cover the cash-flow problems of state-owned enterprises. The losses of public enterprises during 1979–81 represented the equivalent of 55 percent of 1979 oil revenues. Furthermore, the new industries required greater than expected capital infusions. Subsidized consumption increased to 33 percent of oil revenues. High wages that outpaced productivity and large labor subsidies led to high domestic inflation, which together with a stronger US dollar implied an appreciation of the real effective exchange rate and a loss of competitiveness.

Figure 4. Overall and Non-Oil Balances and the Price of Oil



Source: Previous Staff Reports

8. **A lengthy recession began shortly after the second oil boom, uncovering the chronic problems with the policies adopted thus far**. After 1982, unsustainable demands to finance investment, public consumption, subsidies and transfers threatened to eliminate the large international surpluses accumulated since 1973. In 1982–83, fiscal deficits equaled 77 percent of oil revenues and the non-oil balance reached 42 percent of non-oil GDP. Per capita GDP fell by about 33 percent, and international reserves contracted from a peak of US$ 3,350 million in 1981 to US$175 million by end of 1992. The policy response was sluggish, as the authorities thought the shock was temporary. Unemployment rose from 10 percent to 19 percent.

9. **With the benefit of hindsight, several problems with the fiscal policies adopted in the 1970s and 1980s are clear**. First, the costly subsidies, credit facilities, and extensive protection to agriculture and manufacturing that were undertaken during the oil booms did not assist in restructuring these sectors, but were a continuing expense after the boom. Second, the protectionist trade policy adopted, which allowed for import restrictions, high tariffs on competing imported goods, and duty concessions on imported inputs, together with the real exchange rate appreciation resulting from the massive foreign inflows, eroded competitiveness and led to "Dutch disease" in the tradable sector. Third, the resource based industrialization strategy drained the oil revenues and added to indebtedness, and the highly capital intensive nature of these projects did not encourage employment. Furthermore, miscalculations of project costs, delays in project execution and implementation and the failure to consider future expenditure outlays for the operation and maintenance of investment projects led to the inefficient use of resources. Finally, excessive subsidization of utilities and state enterprises drained revenues, and the construction and the special public works programs drew resources away from agriculture and manufacturing.

C. Characteristics of the Current Energy Boom

10. **At present, Trinidad and Tobago is facing a new energy boom which will increase fiscal revenues considerably, but by less than the previous oil booms**. Unlike the two previous episodes of the 1970s and 1980s, the current boom is due primarily to large newly discovered reserves of oil and natural gas rather than to an increase in oil prices alone (although the latter has also been present in the second half of 2002, in the wake of the Iraq war). The expected increase in oil and gas production between now and 2006 is projected to be about 100 percent, somewhat larger than its historical counterpart of 1974–80, when energy production increased by 66 percent between 1973 and 1978.[2] However, due to the more diversified structure of the economy and to lower current and expected oil prices than those prevailing during the 1970–80 period, energy revenues are projected to register a more modest, although significant increase from about 24 percent of total revenues in 2002 to about 36 percent of revenues by 2006, as compared to an increase from 22 percent in 1973 to 67 percent of total revenues in 1974, and to about 64 percent in 1980.

11. **Currently, the energy sector constitutes about 26 percent of total GDP, with its subcomponents distributed according to Figure 5. As of January 2002, total proven oil and gas reserves were estimated at 4,220 million of barrels of oil.**[3] At current rates of

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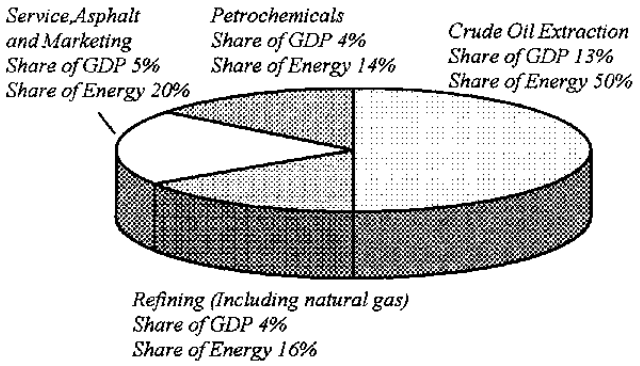
[2] The increase in the rate of extraction in the 1970–80 period was spurred by the higher oil prices rather than by new resource discoveries.

[3] Of which 820 million barrels are oil reserves, and 3,400 million are gas reserves in equivalent barrels of oil.

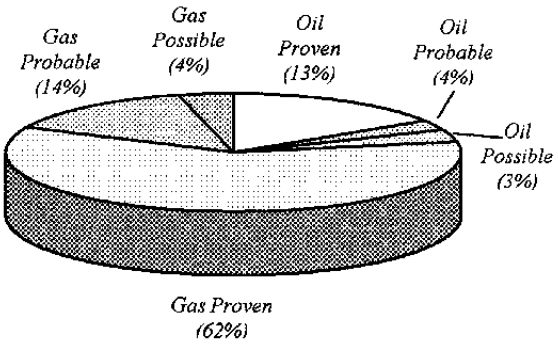
extraction,[4] proven energy reserves are expected to be exhausted in about 18 years. Figure 6 shows the breakdown of overall energy reserves according to the ministry of energy classification into proven, probable, and possible reserves.[5] Trinidad and Tobago has become one of the major natural gas development centers in the world, and is now the largest liquefied natural gas (LNG) exporter to the United States. Gas is expected to surpass oil as the main revenue earner for the country in the future. It is used for electricity and petrochemical production, as well as heavy and light industry. British Petroleum (BP) is the nation's largest oil and gas producer, followed by Petrotrin, which is a state oil company. Trinidad now has eight ammonia complexes (with a ninth under construction), five methanol units, a urea plant, and an iron and steel complex. Trinidad is the world's leading exporter of both ammonia and methanol.

Figure 5. Composition of the Energy Sector in 2002



Source: Ministry of Energy

Figure 6. Risked Oil and Gas Reserves (As a share of total reserves)



Source: Ministry of Energy

12. According to energy ministry projections, production of oil and gas will increase by 70 and 130 percent respectively, raising the share of energy in GDP to 32 percent

[4] Which are 143,567 barrels of oil per day for oil and 573,288 barrels of oil equivalent per day for gas.

[5] Oil and gas reserves have been risked according to industry standards, as reported by the Ministry of Energy. In the case of oil, proven reserves are associated with a 90 percent probability, probable reserves have a 50 percent probability, and possible reserves have a 10 percent probability. Proven gas reserves have a 100 percent probability, probable reserves a 60 percent probability, and possible reserves have a 20 percent probability.

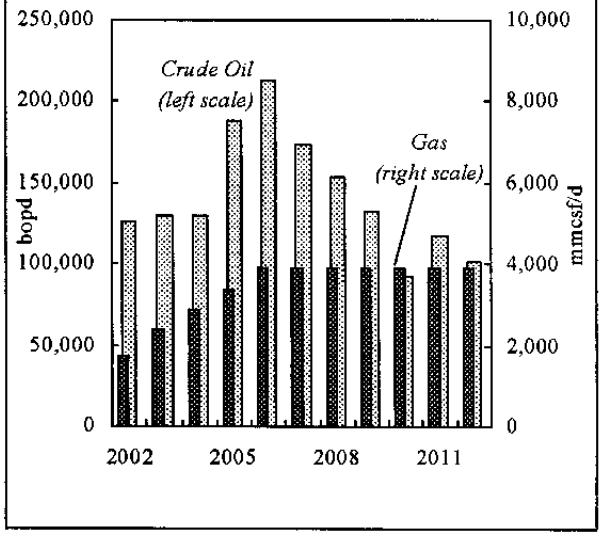
by 2006.[6] These developments are attributed to three main factors. First, BHP Billiton announced three new hydrocarbon discoveries located off the northeastern coast of Trinidad and estimates that the region contains up to 1 billion barrels of oil and 2.5 trillion cubic feet of natural gas, making it the country's largest ever offshore discovery. The company expects to start production from these new fields as early as 2004, and attain peak production by 2006. Consequently, overall oil production is expected to reverse its steadily declining trend over the past two decades and increase from about 125,000 barrels of oil per day (bopd) to about 203,000 bopd by 2006. Second, ALNG Company has recently begun operations of a third production train in April 2003, which has increased its production capacity by 50 percent. In addition, by 2006, ALNG train IV is projected to add another 56 percent to total gas production, and to raise LNG production by an additional 76 percent. Finally, one ammonia and two methanol plants are expected to become fully functional between 2004 and 2005, increasing petrochemical output by over 50 percent.

Table 1. Oil and Gas Production Forecasts

	2002	2003	2004	2005	2006
			(in bopd)		
Oil	124,879	129,100	129,900	173,330	202,970
			(in mmcf)		
Gas	1,714	2,397	2,871	3,352	3,923
of which:					
LNG	624	1,200	1,520	2,834	2,320
Ammonia	432	288	538	538	538
Methanol	266	287	369	529	609

Source: Trinidad and Tobago Ministry of Energy

Figure 7. Crude Oil and Gas Production 10 Year Projections



Source: Ministry of Energy

13. **Trinidad and Tobago applies a range of fiscal instruments to tax gas and oil production, refining and marketing**. For oil extraction, production-based payments include: royalties at a rate of 10–12.5 percent, a production levy with a maximum of 3 percent, and a small petroleum impost to cover the expenses of the ministry of energy. Income-based taxes

[6] In comparison, during the previous oil booms, energy GDP as a share of total GDP increased from about 20 percent in 1970–73 to an average of 43 percent for the period 1974–80, with a high of almost 50 percent in 1975.

consist of: supplemental petroleum taxes (which are based on the oil price[7]), profit taxes (levied at a 50 percent rate), and an unemployment tax (at 5 percent). Gas producing companies must pay royalties (at a mutually negotiated rate), corporate income taxes (at a standard rate of 35 percent), and the impost. In addition, Trinidad and Tobago engages in production sharing in both the oil and gas sectors, and offers a number of tax incentives to energy producers, such as income tax holidays for up to 10 years on new investments, and exemptions on import duties and on VAT on imports.[8]

D. Fiscal Policy Issues

14. **Despite the differences between the oil booms of the past and the present, the fiscal issues facing policymakers have remained largely the same.** These include: large foreign inflows, which, under a heavily managed exchange rate regime, could put upward pressure on the real exchange rate and threaten competitiveness in the non-energy tradable sector; the risk that the energy revenues could be inefficiently used; and the danger that fiscal policy would become unsustainable in the face of macroeconomic shocks such as a global slowdown, a sharp drop in oil prices, and the eventual depletion of energy revenues. In addition, the deterioration in the fiscal stance is likely to be masked by growth in the energy sector, which lowers the overall and primary fiscal balances relative to GDP.

15. **As past experience suggests, a responsible fiscal policy strategy during an energy boom would need to be aimed at: maintaining macroeconomic stability, spending energy resources efficiently, and strengthening the non-energy sector.** High public expenditures could lead to an overheating of the economy, fueling inflation, and real appreciation of the exchange rate. This, in turn, may negatively affect the non-energy tradable sector, which is the engine of employment for the economy and the long-run generator of growth when energy resources are exhausted. Furthermore, if a negative shock occurs, such as a sharp drop in oil prices, cutting expenditures abruptly could generate macroeconomic instability and be disruptive for economic activity, as was the case after the oil boom of 1979–80. Consequently, smoothing the non-oil balance over the medium term would be more desirable than targeting the overall balance, which depends not only on the fiscal stance, but also on the composition and growth of GDP. Finally, energy resources would need to be spent efficiently, so as to target development in the non-energy sector and to avoid implementing projects with low rates of social return, leading to a waste of resources.

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[7] The SPT rates vary from 0 to 45 percent for marine operations and from 0 to 38 percent for land operations.

[8] For a more detailed description of various fiscal instruments used to generate government revenues from natural resources, see the Selected Issues companion to the Trinidad and Tobago Staff Report No. 99/66.

16. **The current fiscal stance differs considerably from that of the 1970s and 1980s.** While in the past, the bulk of the energy revenues was concentrated toward capital expenditures, presently, recurrent expenditures are rising due to increased social outlays. According to the budget for FY 2002–03, total expenditures are projected to increase by 15 percent over the previous year's outturn, owing to an increase in current expenditure of 11 percent. Nearly all categories of current expenditures are projected to increase by double digit percentages: goods and services will increase by 30 percent, transfers to statutory bodies by 22 percent, current transfers, mainly to households, by 12 percent. In contrast, capital expenditures are projected to be reduced by 5 percent over the previous year. In the medium term, current expenditures are likely to increase even further, according to the authorities' expressed desire to use a significant portion of the projected energy revenues to pursue poverty alleviation programs and to expand health benefits and education programs countrywide.[9]

17. **To avoid the pitfalls of the past, the composition of expenditures would need to be carefully thought out, and better mechanisms would need be put in place to improve project appraisal, selection, and ex-post evaluation.** Increasing current expenditures, such as subsidies and wages, may fuel demand and have negative macroeconomic consequences, as described earlier. Capital expenditures, on the other hand, targeting infrastructure, communication, and transport improvement could stimulate development of the non-energy sector, provided that appropriate mechanisms exist to ensure competitive bidding between projects such that only those with higher expected returns would be implemented. Health and education projects could also be beneficial for long-term development, if appropriately targeted toward primary and secondary education and primary healthcare.[10] Furthermore, the long-term consequences of new projects (such as maintenance costs for infrastructure, new schools or hospitals) would need to be taken into account from the start and budgeted appropriately.

E. Conclusion

18. **Trinidad and Tobago is currently facing an energy boom which constitutes a unique opportunity for policymakers to set in motion a virtuous cycle of growth and development**. Given new large oil and gas discoveries, significant energy revenues are expected to flow during the next few years. A wise and prudent fiscal strategy could convert these temporary resources into permanent engines of development. In contrast, inefficient

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[9] According to their long-term development plan Vision 2020.

[10] The empirical evidence on the relationship between public spending on education and health care and social indicators is mixed. However, some recent studies (such as Gupta, Verhoeven, Tiongson, 1999) have shown that intrasectoral allocations matter, and that shifting expenditures toward primary care and primary and secondary education has a positive effect on reducing mortality rates and increasing school enrollment.

management of resources may lead to macroeconomic instability, to a deterioration of the non-energy sector, and to lower long run growth, as was the case after the oil booms of the 1970s and 1980s. To attain the authorities' goal of developing a knowledge-based economy by year 2020, fiscal policy would need to be conducted prudently to avoid the policy mistakes made in the past and to ensure macroeconomic stability, efficient spending of energy resources, and strengthening of the non-energy sector.

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II. A Proposal for Sustainable Fiscal Policy in Trinidad and Tobago During Energy Booms[11]

A. Introduction

19. **A key issue in conducting fiscal policy in countries rich in natural resources is how much to consume and how much to save out of current and expected resource revenues.** This decision crucially hinges on striking the right balance between current priorities, such as social and capital development programs, and long-term goals, such as ensuring that future generations' standard of living is protected. In practice, this balance can be difficult to achieve, since the likely temptation during a boom is to embark on expensive projects that permanently raise the level of government spending while relying on a revenue stream that may be only temporary. Furthermore, the negative macroeconomic consequences of a boom-bust cycle for overall demand and for the non-energy sector are often underestimated, which can hurt growth and development in the long run.

20. **Historical and cross country experience has shown that more often than not, resource wealth has been mismanaged**. For example, in the aftermath of the oil booms of the 1970s and 1980s, a long series of countries,[12] including Trinidad and Tobago, experienced the disruptive consequences of overly expansionary and non sustainable fiscal policies during the booms, which weakened their non-energy tradable sector and made their economies vulnerable to shocks, such as the sharp drop in oil prices that began in 1981–82. Two exceptions at that time, namely Norway and Indonesia are noteworthy. Norway's diversified economy, together with prudent, countercyclical policy, and Indonesia's flexible exchange rate policy and tight fiscal policy helped these two countries maintain macroeconomic stability after the oil booms of the 1970s and 1980s. It is, therefore, crucial that Trinidad and Tobago not repeat the mistakes of the past, but rather learn from them and from the more successful countries how to use the opportunity offered by the new energy boom to build a solid and sustainable macroeconomic base for the long term.[13]

21. This chapter aims at offering some practical suggestions on the long-run management of the expected resource windfall in Trinidad and Tobago. It outlines some simple theoretical

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[11] Prepared by Delia Velculescu, part of a forthcoming working paper to be published later in the year.

[12] For a detailed description of the historical experience of other resource rich countries that experienced difficulties after the oil booms of the 1970–80 period, including Nigeria, Angola, Algeria, Venezuela, Ecuador, Gabon, see Gelb and all (1988), and Azerbaijan Selected Issues, 2003.

[13] For a comparison between the current and past oil booms in Trinidad and Tobago, please see Chapter I of this Selected Issues Report.

guidelines to calculate sustainable consumption out of energy wealth and to target sustainable levels of non-energy fiscal deficits.[14] The analysis implies that if the current level of expenditures is maintained over the medium term, energy resources will be exhausted in about a decade from now. Consequently, to achieve sustainability, fiscal restraint would be needed, and incentives would have to be put in place to save at least part of the resource wealth. One useful fiscal policy tool to help with resource management is a resource fund. A properly designed fund, together with prudent fiscal policy could help to accumulate resources for the future while at the same time providing a means to prevent a loss of competitiveness in the non-energy sector.

B. Theoretical Underpinnings of Fiscal Sustainability Based on the Permanent Income Hypothesis

22. **A useful framework to start thinking about fiscal policy in an intertemporal context is provided by the permanent income hypothesis** (PIH) theory pioneered in the consumption literature by Friedman (1957).[15] According to PIH, a benevolent social planner that is forward looking and has a long-term horizon would smooth consumption out of energy wealth over time. If one does not want to take a stand on the magnitude of the government's intergenerational discount rate, a useful benchmark would be to assume that it equals the real interest rate prevailing on the international markets. Under this benchmark, and assuming that the policy objective is to keep energy wealth constant in real terms over time, PIH intuitively implies that optimal consumption is constant and equals the annuity value of wealth. In other words, all generations would optimally enjoy the same amount of consumption in perpetuity, without increasing the country's debt or reducing its total wealth.[16] As such, the policy path

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[14] The analysis presented here aims at transparency and ease of understanding, and therefore omits many interesting theoretical enhancements. A more comprehensive analysis is in progress and will be developed in a future IMF Working Paper.

[15] PIH has been applied previously to the study of several resource-rich countries, including: Kazakhstan (SM/02/11), Timor-Leste (Daniel, Krever, Ogata, Taplin and Webber, 2003), Norway (Tersman, 1991), Egypt, Indonesia, Mexico, Saudi Arabia and Venezuela (Liuksila, Garcia and Basset, 1994; Bascand and Razin,1997; Chalk 1998; SM/01/31), Kuwait (Chalk, 1998), Yemen (SM/01/56), Azerbaijan (EBS/01/91, Selected Issues 2003), and Trinidad and Tobago Selected Issues (1999).

[16] Alternative assumptions about the government's intergenerational discount rate will result in increasing or declining optimal consumption paths over time, depending on whether the discount rate is higher or lower than the real interest rate. Similarly, if the objective of the social planner would be to keep wealth in per capita terms or in efficiency units constant (that is, taking into account both the growth rate of the population and of productivity), sustainable wealth and consumption would need to be calculated using an adjusted interest rate (equal to the real rate minus the rate of population growth and productivity growth).

implied by theory is by construction fiscally sustainable. Because of its simplicity and its powerful predictions for fiscal policy, this baseline will be used in the remainder of the analysis.

23. **Sustainable consumption out of energy wealth**, under the defined baseline, can be calculated as follows:

$$Sustainable\ consumption = r \times \left[V + \sum_{t=1}^{n} \frac{R_t}{(1+r)^t} \right], \qquad (0.1)$$

where: V is the value of net energy revenues at the end of the previous fiscal year, in constant prices; $R_1 \ldots R_n$ are projected energy revenues for the current and future fiscal years, in constant prices; and r is the average real return on wealth expected to prevail in the future.

24. **The country's energy revenues can be estimated using information on the total amount of proven, probable, and possible reserves in the ground and on the rates of extraction for oil and gas (the useful life of the resource can be obtained by dividing the former by the latter).** In this chapter, we use 10-year projections on oil and natural gas production provided by the ministry of energy (as shown in section 3 of Chapter I) and assume that after the first 10 years, energy production declines gradually over the remainder of the useful life of the resource. Three scenarios are considered: a baseline scenario, which assumes that only proven reserves are available (and which, based on the current rate of extraction, imply that energy resources will be exhausted by year 2020); an upside case scenario, which takes into account proven and probable reserves (implying an average life of 29 years); and a downside case scenario, which assumes that only 2/3 of the proven reserves turn out to be available (useful life of 12 years). Figure 1 shows the profiles of energy production at constant 2002 U.S. prices and Figure 2 outlines the corresponding fiscal revenues, also in 2002 U.S. prices.

Figure 1. Energy Output (in millions of constant 2002 US$)

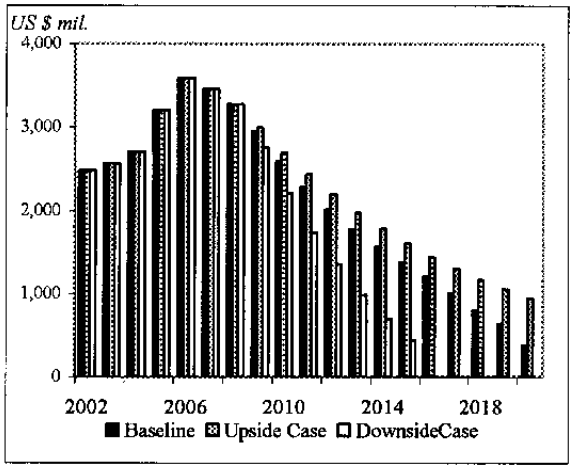
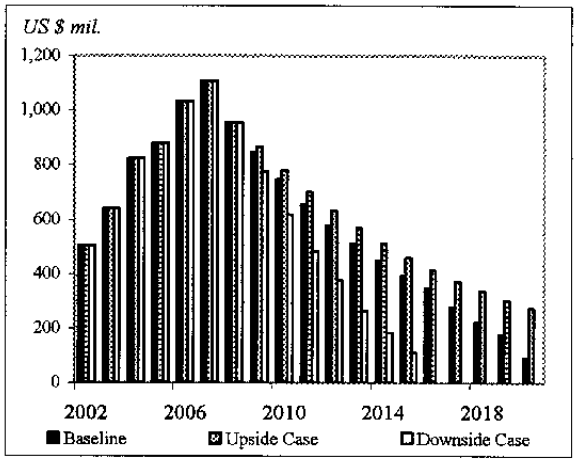


Figure 2. Energy Revenues (in millions of constant 2002 US$)



25. **Energy wealth, sustainable consumption, and the corresponding non-energy sustainable overall deficit were calculated based on the energy projections presented above and on equation (1.1) for a baseline real interest rate of 3.5 percent and two alternative values of 2.5 and 4.5 percent.** As shown in Table 1, for a real interest rate of 3.5 percent, under the baseline, energy wealth is US$8.6 billion, generating a sustainable consumption level of US$ 301 million, or US$232 in per capita terms. The sustainable non-energy overall deficit of the central government, which will ensure that energy wealth and total debt remain constant over time is 4.4 percent under the baseline, and varies between 2.7 and 6 percent across all cases considered.

Table 1. Sustainable Consumption from Energy Wealth in Trinidad and Tobago

		Base Case	Upside Case	Downside Case
	r	(Proven reserves)	(Proven + probable)	(2/3 proven reserves)
Energy Wealth	3.5%	8,623	9,873	6,943
(in millions of 2002 US$)	2.5%	9,190	10,688	7,292
	4.5%	8,109	9,156	6,619
Sustainable Consumption	3.5%	302	346	243
(in millions of 2002 US$)	2.5%	230	267	182
	4.5%	365	412	298
Non-energy Sustainable Deficit	3.5%	-4.4	-5.0	-3.5
as Percent of Non-energy GDP	2.5%	-3.3	-3.9	-2.7
	4.5%	-5.3	-6.0	-4.3

26. **The obtained levels of sustainable consumption out of energy wealth and overall non-energy deficits should be interpreted as guidelines, rather than strict targets, as they can vary when the underlying assumptions are allowed to change.** Given that non-energy GDP will be growing in the long run, the sustainable deficit levels as a share of non-energy GDP will decline over time. Furthermore, if the objective of fiscal policy is to keep real wealth per capita constant, or to allow real wealth to grow at the rate of population and technical change, instead of maintaining the level of real wealth constant over time, then the effective interest rate that will need to be used in a similar analysis would be lower, and as such, lower levels of the sustainable non-oil fiscal deficits would be optimal. Finally, if the profile of energy production changes, the sustainable consumption and non-energy deficits will change accordingly. It is, therefore, recommended that such an analysis be conducted on a regular basis to capture new developments in the energy and non-energy sector.

27. **The sustainability analysis presented here assumes that the government undertakes current rather than capital expenditure, and that all saving is done abroad.** This is justified based on three grounds: (i) the authorities' expressed medium term objectives

to use resource wealth to finance current expenditures; (ii) the poor historical performance of domestic capital investment, which led to a loss of competitiveness in the non-energy sector (see Chapter I); and (iii) the difficulty to gauge the return on social capital investments. If the government decided to save part of its revenue windfall domestically due to more favorable rates of return on its investments, a larger sustainable deficit could be possible.[17] As shown in Table 1, the higher the interest rate, the lower would be total energy wealth (since it is discounted at a higher rate), but the higher will be the sustainable rate of consumption and the sustainable deficit.

28. **According to the theoretical guidelines proposed, the current fiscal stance appears unsustainable in the long run.** For FY 2002/03, the overall non-energy fiscal deficit is estimated at around 11 percent of non-energy GDP, a figure that is almost three times as large as the optimal level under the benchmark. If government expenditure as a percentage of total GDP remains around the average level projected for the next six years (around 25 percent, implying a non-energy deficit of about 11–13 percent of non-energy GDP for the medium term), energy wealth will be exhausted in about 10 years from now under baseline assumptions.

29. **To achieve long-run sustainability, either the level of expenditure would need to be reduced or non-oil revenues increased, such that non-energy deficits fall within the limits presented in Table 1.** An immediate reduction in expenditure which would be followed by a gradual decline toward the sustainable level would help achieve long run fiscal sustainability. The sooner the expenditure level can be contained within the sustainable limits, the less would be the loss in energy wealth over time. Furthermore, a gradual rather than a more abrupt cut in spending would avoid generating macroeconomic instability, which could be detrimental to growth.

C. Resource Funds as Policy Tools to Achieve Fiscal Sustainability

30. **Resource savings funds are policy tools that have been used by a number of countries to help put aside part of their resource wealth.** Such funds, when used in conjunction with prudent fiscal measures, can be effective tools to build a store of national wealth for future generations, while at the same time being able to insulate the economy from volatility if the need arises. However, as cross country evidence suggests,[18] resource funds have had mixed success in achieving efficient resource management. This less than desired

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[17] Although general equilibrium forces may eventually pull the return down. If the government invests in domestic capital without crowding out private investment, the total capital stock of the country would increase, and thus its marginal product (or implicit interest rate) would decline.

[18] For a description of international experience with oil stabilization and savings funds, see Fasano (2000), and Davis, Ossowski, Daniel and Barnett (2001).

performance is thought to be due to two main factors: poor design of the fund rules, and inability to coordinate the fund's operations with countercyclical fiscal policy. As such, setting up a resource fund is advisable only if authorities are committed to putting in place and adhering to a set of fund rules that are coherent and consistent with its stated goals and with overall fiscal policy.

Box 1. Trinidad and Tobago: What Resource Funds Can and Cannot Do

Resource funds can:

- Crystallize public support for saving petroleum resources rather than spending them;
- Let the public see how much petroleum revenue is being saved;
- Allow political justification for budgets that build up fund resources by referring to the need to save for future generations in the fund;
- Generate substantial investment revenues for the future;
- Protect the competitiveness of the non-resource tradable sector, by investing its assets abroad and thus preventing a real appreciation of the exchange rate; and
- Better insulate the economy from resource price volatility and from macroeconomic instability generated by volatile government expenditure.

However, resource funds cannot:

- Substitute for good fiscal policy. If the government makes contributions to the fund according to its set rules, but still borrows elsewhere to finance expenditures, the assets in the savings fund, to the extent that they are matched by other debts, do not represent genuine net savings.
- Work and deliver benefits without government controls on expenditure and a countercyclical fiscal policy.

31. **In FY 1999–2000, Trinidad and Tobago set up an interim oil revenue stabilization fund (RSF) with the aims of promoting fiscal discipline during oil booms, cushioning the effects of unexpected drops in oil prices, and encouraging public saving.** During its first year of operations, funds amounting to TT$1,000 million have been transferred to it. The fund, however, has not been formally approved by parliament and has been inactive since 2002. The current administration must now decide whether to reinvigorate the fund, with some revisions to its rules, or to simply close it.

32. **If saving is an important policy goal, then reinvigorating the RSF could be useful policy tool to help mobilize political support for setting aside petroleum wealth.** As shown in the previous section, saving for the future is desirable based on intergenerational equity and fiscal sustainability grounds. An additional reason to put aside resources now is the upcoming aging of the population, which will put significant pressures on the government

budget in the next decades.[19] Reinvigorating the RSF, therefore, may be an appropriate policy to help manage resource wealth and save for the future.

33. **If the authorities decide to use the RSF as a means to improve energy wealth management, to make it more efficient, the current structure of the fund could be modified following the Norwegian State Petroleum Fund model** (described in Box 2). The intended objective of this reform would be to save part of the proceeds from the large energy revenues that are expected to materialize in the next several years in order to help crystallize a policy of building national wealth for the future and to achieve fiscal sustainability in the long run. Moreover, the fund's assets could be used to help insulate the economy from excessive volatility resulting from sharp resource price variations, and could be invested abroad which would help prevent a real exchange rate appreciation.

34. **The existing rigid rules for deposits to and withdrawals from the fund could be modified to allow for more flexibility.** Deposits to the fund would comprise all energy revenues, including oil and natural gas exploitation and refining (i.e., energy tax revenues and payments under Production Sharing contracts), not only oil revenues, as is current practice. The budget would transfer all net energy revenues to the RSF, and drawings from the fund would only be used to finance budget deficits (via a reverse transfer) arising from expenditures and revenues approved by parliament under the normal budget appropriation process. The amount of funds available to the government from the RSF in any one year would be subject to "sustainable income" guidelines, as described in the previous section. These guidelines would be revised periodically to take into account new developments in the energy sector, such as new discoveries or dry wells.

35. **The investment strategy of the RSF could be improved** by putting in place clear and conservative rules regarding the portfolio composition of the fund in terms of mix of assets (equities versus bonds), currencies, and liquidity and maturity of assets. Furthermore, it would need to be stated explicitly that the fund is not allowed to borrow or lend, and its capital will not be used as collateral for any public sector borrowing. The central bank, on instructions from the ministry of finance, may manage investment operations of the RSF, and may subcontract professional fund managers to manage part or all of RSF's assets.

36. **Transparency and accountability could be enhanced.** Efforts could be made to ensure that the parliament and the public are kept well-informed of the overall value of RSF's assets and of issues relating to its management. Comprehensive reporting requirements, including inter-year reporting and its publication on a public website would need to be

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[19] While the state of the National Insurance Scheme is currently healthy and projected to be sustainable over the next five decades, government pensions, which are unfunded and noncontributory, will place a significant burden on the budget once the current large labor force starts to retire.

explicitly incorporated in the law. There would need to be a clear assignment of accountability for the performance of the fund; its rules and operations would be free from political interference. The assets of the RSF need to be presented and assessed in the context of the government's net financial wealth.

Box. 2 Norway's State Petroleum Fund (SPF)

- ***Operational Aspects:***

- The SPF is a government account rather than a separate entity, and hence fully integrated within a unitary fiscal system.
- The budget transfers net oil revenues to the SPF, which then finances the non oil balance via a reverse transfer. No rigid and obscure rules are used. The operations of the fund are completely flexible and integrated within the budget, ensuring that the funds accumulated represent the net savings of the government.

- ***Asset Management:***

- Norges bank manages the SPF on behalf of the ministry of finance. The ministry formulates both the overall investment guidelines and the benchmark portfolio against witch performance is measured.
- Part of the SPF (the equity portfolio mainly) is managed by external managers monitored (daily) by Norges Bank.
- The portfolio is currently comprised of 40 percent equities and 60 percent bonds. The currency composition is: 50 percent Europe, 30 percent US, 20 percent Asia and Oceania.

- ***Transparency and Accountability:***

- The fund's operations are highly transparent. All transfers to and from the fund require parliamentary approval, and the fund's operations are integrated into the fiscal accounts.
- Norges Bank is required by law to make public the information concerning the fund's management.
- Extensive data of the fund's assets, its performance, etc. is widely available via internet.
- Norges Bank issues quarterly and annual reports on the fund's performance, transfers to and from the budget, administrative costs, etc.
- The SPF is regularly audited, and the audit reports are made public.

D. Conclusion

37. **The present paper aims at outlining some fiscal guidelines that could help the authorities to develop a coherent and sustainable fiscal strategy for the long term.** A methodology to calculate targets for the sustainable level of non-energy deficits is developed based on the permanent income theory of consumption. Adhering to these targets ensures that present and future generations alike optimally enjoy the same amount of consumption in perpetuity, without increasing the country's debt or reducing its total wealth. According to the guidelines, the current fiscal stance is found to be overly expansionary, warranting an increase in saving and a reduction in current expenditures or increase in non-energy revenues in order to arrive gradually at the targeted levels of non-energy deficits.

38. **One useful policy tool to help achieve fiscal sustainability is a resource fund.** Resource funds can be effective policy tools to help save for the future and to stabilize the economy in the event of negative shocks. However, this will not be the case in the absence of sufficient commitment to the Fund on transparent rules for its operation. If the authorities are

willing to adopt a policy that promotes national saving, the existing Revenue Stabilization Fund could be modified to help manage resource wealth in accordance with the principles of fiscal sustainability and intergenerational equity. In addition, by investing its assets abroad, the fund could help sterilize the large foreign inflows that will start flowing in, thus preventing a potential real exchange rate appreciation that could hurt the non-energy sector. This chapter outlines some guidelines to revamp the RSF following the Norwegian State Petroleum Fund model, enhanced such that it is integrated within a "sustainable income" framework. A sustainable medium and long term fiscal strategy can help Trinidad and Tobago to use the current energy boom as a bridge towards a new stage of development and economic prosperity.

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III. Recent Developments and Main Policy Issues in the State Owned Non-Financial Enterprise Sector [20]

A. Introduction

39. **In Trinidad and Tobago, the state-owned enterprises (SOEs) play a significant role in the national economy.** The extent of government ownership of various SOEs in different sectors is shown in Table 1. With the exception of a few, most of the SOEs incur losses requiring transfers from the central government for their operational expenditures, in some cases for debt service, and are dependent on debt guaranteed by the government. Some of the SOEs carry out large infrastructure projects on behalf of the government financed through commercial loans guaranteed by the government. Most of these capital expenditures are off-budget.

40. **The main policy issues related to SOEs are reviewed and we conclude that:** (i) the current management system for the SOEs has resulted in operational losses and a lack of fiscal transparency, thereby increasing SOE dependence on the government; and (ii) there is a need to define the reform process within a specified timeframe to enable the SOEs to become economically efficient, more accountable, transparent, and amenable to private participation.

B. Government Policies on SOEs

41. **Since the time of the country's independence (1962), as part of an import-substitution based industrialization strategy, the government legislated the formation of over 50 SOEs aiming to increase domestic production of goods and services.** Overtime, SOE operations expanded nearly into all sectors, including energy, financial, manufacturing, transport, electricity, and water services. Investment by SOEs was equivalent to 8 percent of GDP by 2002, having doubled since 1991. This mainly reflected capital expansion in the energy sector. SOE's savings on average was less than 4 percent of GDP over the same period (Figure 1).

42. **The government's intervention in the SOEs has mainly been through fixing market prices for products and services, and protecting their market share by restricting entry of other firms.** For example, the Regulated Industries Commission (RIC) determines the water and electricity tariffs, while the ministry of energy regulates fuel prices. Market access to strategic services was restricted by issuing licenses, imposing import controls, and subsidizing goods and services.

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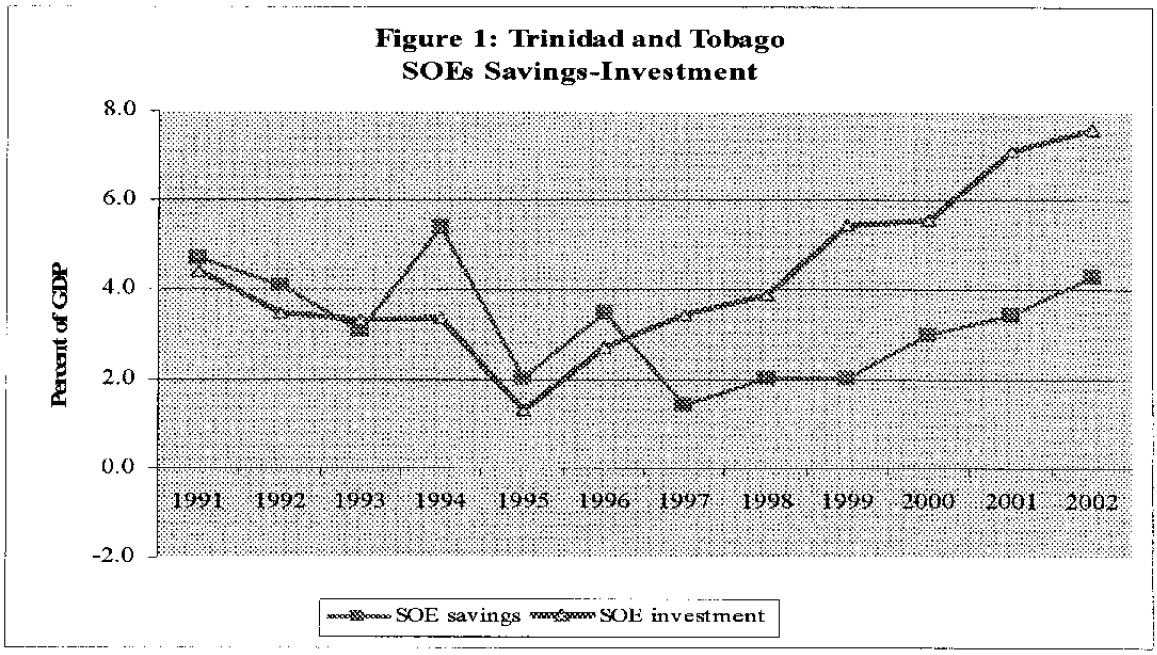
[20] Prepared by Phebby Kufa.



C. The Financial Performance of SOEs

43. **SOEs performance has been suboptimal as operational losses have risen due to a number of factors:** absence of operational frameworks, unclear and contradictory goals, bureaucratic procedures, lack of sufficient working capital, overemployment with relative higher wages, non-commercial management approach, inability to respond to market signals, and frequent government intervention.

44. **The SOE overall deficit averaged 2¼ percent per year between 1997 and 2002, partly reflecting low revenues and high current expenditures.** Preliminary estimates for FY 2003/04 indicate further deterioration in the overall deficit to 5 percent of GDP, due to user charges being below the economic breakeven level, and higher average operational costs. The main contributors to operational losses are the sugar company, CARONI and the water utility, WASA. CARONI's operational losses averaged about ¾ percent of GDP per year from 1999 to 2002 period. Financial performance was weak partly due to the workforce, whose wages are roughly double those of Brazilian sugar cane workers. WASA operating losses averaged ½ percent of GDP per year during 1999 to 2002 period, largely due to inefficiency in operations and low user charges.

45. **Over time, documented operational frameworks between government and the SOEs and among the SOEs themselves have become outdated resulting in a weak performance monitoring system, and reduced transparency.** This has been exacerbated by the government's increased reliance on SOEs for implementing a number of large infrastructure projects, while circumventing procurement rules.

D. Trinidad and Tobago Public Sector Reform

46. **Since 1990, the government's reform in the nonfinancial public enterprise sector has not realized the desired objectives.** Recently, a Junior Finance Minister was appointed to manage the reform program in order to expedite the process of decision making and limit the risk of overlapping powers. Three major divisions were established to focus on monitoring public enterprises, divestment, central audit and an appeals tribunal. A "State Enterprise Performance Monitoring manual" to document structured and systemic functions of roles and relationships of the government and the SOEs was compiled (Box 1).

47. **In 2002, the government presented to parliament a policy statement on privatization whose main objectives are to divest management and ownership of SOE with preference for local investors.** Plans indicate divesting management and retaining ownership in the Port of Spain Ltd. and Port of Spain Infrastructure Company Ltd. They plan to offer management contracts on Destination Trinidad and Tobago Ltd, Trinidad and Tobago Inter Island Company Ltd, Port of Spain Dredging and Towing Services, Port Scarborough Cargo Handling, and CARICOM Wharves.

Box 1 Trinidad and Tobago: SOEs Monitoring Manual

The State Enterprise Performance monitoring manual outlines the role of line ministries to set policy frameworks for the state enterprises, while the ministry of finance monitors on a macro level the SOEs financial performance. The main features include:

- The roles of interacting agencies, mainly central government, and SOEs.
- The monitoring mechanism, through communicating policy issues affecting SOEs and ensuring compliance, reviewing strategic plans and annual budgets, ensuring consistency between government's macro economic policies and plans of the SOEs, and reviewing proposals related to investment and joint ventures.
- The performance monitoring guidelines include that all procurements should be tendered to the public, reported to the ministry of finance with approval required for procurements exceeding TT$5 million. The SOEs are no longer required to appoint the Auditor General as the Auditor, but they should publish the audited annual accounts within three months of the financial year; all profitable state enterprises are to pay a dividend; and expenditure controls are set particularly on foreign travel, Board fees, and consultancy contracts.
- As for reporting, the following have to be submitted to the ministry of finance: on a monthly basis, the cash statements of operations; on a quarterly basis, the quarterly reports, status of loan and overdraft portfolio, and financial statements; and annually the financial statements.
- Some performance indicators to be monitored include: profitability ratios, net earnings, return on assets, return on shareholdings equity, working capital, current stock to current asset ratio, interest cover, financial gearing ratio, dividend cover and earnings per share ratio.

48. **The government is divesting its ownership in selected SOEs through management and employee purchases or through the National Enterprise Limited (NEL) listed on the stock exchange.** The arrangement involves NEL purchasing government shares in SOEs and selling NEL shares to the private sector. This enables profitable and non profitable enterprises to be sold as a package.

49. **In addition, the government is restructuring CARONI.** A Voluntary Separation Employment Package was offered to all employees (See Chapter IV). An Estate Management and Business Development Company was established to manage leasing of land belonging to CARONI, while government plans to takeover CARONI liabilities. Furthermore, the government is also considering action on National Broadcasting Network (engaged a divestment consultant), Government Information Services, Trinidad and Tobago Unit Trust Corporation (drafting the Bill), First Citizens Bank Ltd. (restructuring the balance sheet), Export-Import Bank of Trinidad and Tobago, and Agricultural Development Bank Ltd.

E. Alternative Sequencing of Public Enterprise Reforms

50. **While the government plans to expedite divestment in selected SOEs, the reform process can be more transparent and more focused to meet government objectives.** A stylized framework, based on empirical studies on public enterprise reform, is helpful to define the scope and sequence of the reform process (Box 2).

51. **The first level of reforms should enhance the role of the market in economic decisions in order for the SOEs to improve performance thereby reduce the adverse fiscal impact, and efficiently distribute resources.** This would imply that fair and open competition should be encouraged by decontrolling tariff rates for public goods and services, liberalize restricted markets particularly in fuel retailing, water, electricity and telecommunications services, and eliminate direct and indirect preferential support from the government.

52. **The second level of reform should be to rationalize the entire public enterprises sector.** The criteria and timeframe for divesting management or ownership should be explicitly defined to establish credibility and to win support of groups involved in decision making and those affected. Based on empirical studies, four categories to group SOEs have been suggested (Box 3):

- In category 1, SOEs that can be easily divested because a private activity exists, small capital investment is required, foreign investment is not crucial, and a special regulatory framework is not necessary.
- In category 2, SOEs that need legislation to be changed; new investment is required to restructure the enterprise to become viable; and foreign investment is crucial to provide new capital, technology and expertise.

Box 2: Stylized Levels of Public Enterprise Reform

Public enterprise reform takes place at four levels, as follows:

(1) Promoting fair and open competition by

- Deregulating markets
- Breaking up large monopolies
- Liberalizing imports
- Ending public enterprise preferential treatment such as direct and indirect subsidies (e.g. the "soft budget")

(2) Rationalizing the public/private sector mix by

- Divesting ownership (sale as a going concern, give away, or liquidation of assets)
- Divesting management (contracting out the delivery of public sector services, management contracts, leases, franchises, concessions)

(3) Rationalizing government and enterprise role and relationship by

- Better specification and mutual understanding of goals and performance indicators
- Intra- government coordination requisite to improved enterprise performance
- Removing constraints on managerial autonomy in pricing, purchasing, personnel recruitment and compensation, foreign travel, etc.
- Introducing performance-linked management incentives
- Reinforcing managerial accountability through central monitoring and evaluation systems and possible use of sanctions
- Separating non-commercial and regulatory functions from commercial functions, providing transparent compensation for agreed non commercial functions, and transferring regulatory functions back to the government
- Improved procedure for management selection
- Abolition of special public enterprise personnel regime and re-employment of personnel according to private enterprise law

(4) Enterprise level restructuring by

- Reconstituting the enterprise in the same legal form as a corporate level enterprise
- Changes in products and markets
- Financial restructuring (debt-equity swaps, clearing of interlocking debts, debt rescheduling)
- Management and organizational changes
- Retrenching surplus staff and spinning off operations that can be under-taken on contracts
- Rehabilitating/modernizing assets and introducing new technology
- Relocating production and other facilities
- Introducing management systems such as corporate planning and monitoring.

Source: Extract from United Nations, 1995 "Performance contracting for public enterprises".

- In category 3, SOEs for partial or gradual divesture because substantial restructuring is required; foreign direct investment is necessary; and a special regulatory regime should be established.
- In category 4, strategic SOEs where ownership would remain with the government. The government involvement is kept particularly where there is poor regulatory capacity, weak restructuring capacity due to thin capital markets, concentrated ownership, large capital requirement for physical restructuring, unattractive to private investors, enterprises which are major employers in countries with high unemployment or fragile political/social structures, and where there is a cash flow constraint to liquidate government equity or debt of the SOEs.

Box 3: Prototypical Pattern of SOE Characteristics Affecting Scope And Sequence of Divestment.

Sector	Characteristics					
	Partly private	Small capital investment required	Substantial restructuring needed	Foreign Direct investment crucial	Possibly deemed strategic	Special regulatory framework essential
Retail Trade	X	X				
Consumer services	X	X				
Housing	X	X				
Agriculture	X	X	X			
Light industry			X	X		
Heavy industry			X	X	X	
Banking			X	X	X	X
Electricity			X	X	X	X
Telecommunications			X	X	X	X

Source: Based on Morris Bornstein, 1999 "Framework Issues in the Privatization Strategies of the Czech Republic, Hungary and Poland"

53. **The third level of reform should be to rationalize the distribution of decision making of the government and the enterprise.** This would include separating commercial, noncommercial and regulatory functions, and restructuring capital, management and the labor force as necessary.

54. **The fourth level of reform would be to restructure the enterprises.** The governments ownership functions over majority owned public enterprises include the same rights and responsibilities as the functions in the private sector. In its ownership role, the government should – select and appoint competent and qualified persons to enterprise boards

according to a widely publicized and transparent process; provide enterprise managements with clear, non conflicting objectives; agree with managements on the strategies and corporate instruments reflecting it; leave management as free as needed to achieve the objectives; oblige management to full and transparent accountability; and perform ex-post evaluations of management performance.

F. Conclusion

55. **The authorities could strengthen the public sector reform by explicitly defining the scope, timeframe and sequence of the reform process.** The immediate approach should be to establish an enabling environment through enhancing the role of the market in economic decisions. This would facilitate the development of a divestment program for the entire SOE sector based on groups with similar features for action. Fiscal transparency could be improved by separating noncommercial and regulatory functions from the SOEs, while restructuring the SOEs to become viable enterprises.

Table 1. Trinidad and Tobago: Public Enterprises and Statutory Bodies

STATE ENTERPRISE	Government Shares (percent)
Energy sector	
National Quarries Company Limited	100
Petroleum Company of Trinidad and Tobago (PETROTRIN)	...
Lake Asphalt of Trinidad and Tobago	...
Palo Seco Agric. Enterprises	...
TRINMAR	50 percent PETROTRIN
TRINTOC Services	...
National Gas Company (NGC)	100
La Brea Industrial Development Corp.	...
Phoenix Park Gas Processors Ltd.	49 percent of NGC
National Petroleum Marketing Company	100
NATPET Investments Co	...
NATSTAR Manufacturing Co.	...
National Agro Chemical Ltd	...
Financial Services	
First Citizen Holdings Ltd.	100
First Citizen Bank Ltd.	...
TAURUS Services Ltd.	100
Agricultural Development Bank of Trinidad and Tobago	96.9
National Enterprises Ltd.	90
Small Business Dev. Co. Ltd.	64.5
Development Finance Ltd.	32.8
Maritime Life (Caribbean) Ltd.	21.7
Trinidad and Tobago Mortgage Finance Co. Ltd.	49
Trinidad and Tobago Free Zones Co. Ltd.	100
Trinidad and Tobago Export Credit Insurance Co. Ltd.	100
Manufacturing and Agro-based	
CARONI Ltd.	100
Rum Distillers	...
Rice	...
Citrus	...
Livestock	...
Sugar processing	...
Sugar cultivation	...
Beef	...
Dairy	...
National Agricultural Marketing & Dev. Corp	100
Trinidad and Tobago Forest Products Co. Ltd.	100
Caribbean Food Corporation Ltd.	28.1
Metal Industries Company Ltd.	46.7
Trinidad Cement Ltd.	9

Table 1. Trinidad and Tobago: Public Enterprises and Statutory Bodies continued

Services	
Export Centers Company Ltd.	100
National Commission for Self-help Ltd.	100
National Maintenance Training and Security Co. Ltd.	100
Vehicle Maintenance Corporation of Trinidad and Tobago Ltd.	100
Tourism and Industrial Development Company of Trinidad and Tobago	100
Trinidad and Tobago Free Trade Zones Co. Ltd.	100
Trinidad and Tobago Solid Waste Management Co. Ltd.	100
Urban Dev. Corp. of Trinidad and Tobago	100
Youth Training and Employment Partnership Prog. Co. Ltd.	100
Trinidad and Tobago Export Trading Co. Ltd.	74.8
Point Lisas Industrial Port Development Corp.	51
Transport and Communication	...
International Communications Network Ltd.	100
National Broadcasting Network Ltd.	100
Trinidad and Tobago Television Co. Ltd.	...
National Helicopter Services Ltd.	82
Telecommunications Services of Trinidad and Tobago	51
BWIA International Airways Ltd.	33.5
Allied Caterers Ltd.	...
LIAT Ltd.	2.9
Caribbean Air Cargo Company	...
West Indies Shipping Corporation.	...
Statutory Authority	
Airport Authority of Trinidad and Tobago	100
Port Authority of Trinidad and Tobago	100
Public Transport Service Corporation	100
Trinidad and Tobago Electricity Commission	100
Water & Sewerage Authority	100

Source: Ministry of Finance

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IV. The Proposed Restructuring Plan for the State Sugar Company[21]

56. In Trinidad and Tobago sugar production constitutes nearly 50 percent of total agricultural output and about 1 percent of total exports in 2000. The latter also benefits from the U.S. and European quotas. The main producer of sugar in the country is the state-owned sugar company, Caroni, which owns 77,000 acres of land and employs more than 9,000 workers. While sugar cane production and refining is the largest part of Caroni's business, the company also operates non-sugar business units dealing with rum, citrus, dairy farming, and rice production.

57. **The sugar cane production and refining operations of Caroni have been unprofitable for some time.** This has required substantial government transfers, including for servicing some of the debts of the company, which as of end 2000 was about TT$978.3 million, equivalent to nearly 1.9 percent of GDP.

58. **The authorities in Trinidad and Tobago have recognized for some time** that given Caroni's current poor economic performance and the expected phasing out of trade preferences by the U.S. and Europe, the company's future as a viable sugar producer is bleak. Consequently, in 2002 the authorities introduced a restructuring plan for the company. The main objective of the plan, which the government aims to phase in over the next year and a half, is to downsize sugar production by half, to produce approximately 75,000–80,000 tonnes of sugar per year by end-2004.

The key elements of the restructuring plan are:

- All sugar lands owned by the state and currently leased to Caroni will be transferred back to the state.

- A new company, The Estate Management and Business Development Company Limited (EMBD), will be created which will act as custodian of the above mentioned lands.

- The lands required for sugar production and refining operations will be leased through EMDB to a new government-owned company, Sugar Manufacturing Company of Trinidad and Tobago (SMCOTT).

- SMCOTT will be responsible for producing the projected 75,000 – 80,000 tonnes of sugar utilizing one of the existing two sugar refining plants (the other plant will be shut down). The company will not inherit any of the debts and liabilities of Caroni nor any of its non-sugar assets.

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[21] Prepared by Saqib Rizavi

- SMCOTT will purchase all the required sugar cane from farmers at market prices reflecting quality of the sugar cane. Currently, Caroni purchases nearly 60 percent of its total sugar cane needs from farmers at a fixed price irrespective of the quality of the sugar cane, and this price is below the cost at which Caroni is itself able to produce the sugar cane.

Voluntary separation of employment package (VSEP)

59. **By the end of the restructuring exercise, that is end-2004, the new company SMCOTT will employ nearly 1,200 workers compared with more than 9,000 currently employed by Caroni in its sugar production operations.** To facilitate the transition, the government has offered a Voluntary Separation of Employment Package (VSEP) to all the workers of Caroni. The cost of the VSEP is estimated to be nearly TT$1 billion, of which about TT$650 million is for severance payments, and around TT$300 million for payment of pension benefits. Additional features of the VSEP plan include:

- The basic severance payments will be supplemented by additional amounts based on the age and the length of service of the employees.

- Relevant legislation will be amended to increase the tax exempt limit for severance payments from TT$100,000 to TT$300,000.

- Caroni workers will be given priority to lease the state lands for agricultural purposes and to build their own houses.

- Retraining courses will be provided for new career opportunities, along with counseling and financial advisory services.

- For the monthly-paid workers, membership in the group health plan will be maintained, and they will have the option to purchase company owned houses at a 20 percent discount.

Settlement of Caroni's financial liabilities

60. **In the restructured sugar industry the government plans to retain Caroni as a non-trading company** with the main responsibility of managing its current and long term debt and other liabilities, and managing the non-sugar business units for eventual divestment. According to official estimates, Caroni will need an additional TT$1 billion to meet its operational (TT$ 455 million, including interest payments of loans which are being serviced directly by Caroni) and capital expenses (TT$55 million) for the rest of FY 2003, as well as the statutory, staff-related, trade and sundry liabilities (TT$540 million). A number of loans from commercial banks which were being serviced by the government, will be refinanced by a government bond issue. This bond issue will have a five-year moratorium on the principal and an eighteen-month moratorium on the interest.

61. **The restructuring plan envisages that the non-sugar business units**—rice cultivation, rum distillation, citrus production, and dairy production—will be gradually divested by seeking new private sector investors, including the major stakeholders.

Labor's view

62. **There is a general recognition in the Trinidad and Tobago society, including the various labor unions, that the sugar industry is unviable and needs to be restructured.** However, there is disagreement on the pace of restructuring. The labor unions are of the view that to mitigate the adverse effects of downsizing on labor, the government needs to implement the restructuring on a more phased basis. They have proposed a plan which would take, depending on the type of activity involved, between one to eight years to implement. They also suggest that instead of the new company EMBD, a restructured Caroni should continue to be responsible for sugar production and refining. The labor unions in pursuit of their objectives have approached the industrial court and obtained a temporary injunction against implementation of the restructuring plan. The court plans to begin hearing the case in June 2003.

Table 1. Trinidad and Tobago: GDP by Sectors of Origin at Constant 1985 Prices

	1998	1999	2000	2001	Prel. 2002
	(In millions of Trinidad and Tobago dollars)				
Real GDP (1985 prices)	**19,890**	**20,763**	**22,037**	**22,760**	**23,375**
Petroleum sector	**4,583**	**5,113**	**5,450**	**5,582**	**5,835**
Crude oil	2,851	2,910	2,780	2,808	3,050
Refining	258	548	786	784	806
Service, marketing, and asphalt	778	775	906	980	955
Petrochemicals	696	880	979	1,010	1,025
Non-petroleum sector	**15,308**	**15,651**	**16,587**	**17,178**	**17,540**
Agriculture	589	688	731	712	791
Export	23	26	23	20	20
Domestic	319	339	343	351	357
Sugar	248	323	365	342	414
Manufacturing	1,878	2,002	2,189	2,268	2,293
Construction	1,909	2,033	2,093	2,207	2,248
Distribution	2,575	2,783	3,095	3,263	3,299
Hotel	32	37	30	24	23
Government	2,466	2,354	2,465	2,542	2,615
Financial services	1,835	1,877	1,971	2,082	2,204
Other	4,443	4,371	4,544	4,671	5,024
Less: imputed service charge	-420	-495	-532	-590	-959
	(Percentage changes)				
Real GDP	**7.8**	**4.4**	**6.1**	**3.3**	**2.7**
Petroleum sector	**4.4**	**11.6**	**6.6**	**2.4**	**4.5**
Crude oil	0.0	2.1	-4.4	1.0	8.6
Refining	16.8	112.6	43.4	-0.2	2.8
Service, marketing, and asphalt	12.3	-0.4	16.9	8.2	-2.6
Petrochemicals	11.2	26.5	11.2	3.2	1.5
Non-petroleum sector	**8.8**	**2.2**	**6.0**	**3.6**	**2.1**
Agriculture	-9.3	16.7	6.3	-2.7	11.1
Export	-40.4	14.8	-11.7	-15.0	2.5
Domestic	-0.7	6.2	1.4	2.1	1.8
Sugar	-14.7	30.3	13.0	-6.3	21.1
Manufacturing	16.9	6.6	9.4	3.6	1.1
Construction	13.2	6.5	2.9	5.4	1.9
Distribution	6.9	8.1	11.2	5.4	1.1
Hotel	17.9	15.2	-18.8	-21.9	-1.3
Government	-2.1	-4.5	4.7	3.1	2.9
Financial services	2.0	2.3	5.0	5.6	5.9
Other (transport etc.)	15.5	-1.6	4.0	2.8	7.6
Less: imputed service charges	-11.7	17.7	7.6	10.8	62.6

Source: Central Statistical Office.

Table 2. Trinidad and Tobago: GDP by Sectors of Origin, Current Market Prices

	1998	1999	2000	2001	Prel. 2002
	(In millions of Trinidad and Tobago dollars)				
Nominal GDP	**62,386**	**67,135**	**75,498**	**82,504**	**85,503**
Petroleum sector	**17,069**	**18,513**	**23,388**	**26,382**	**25,021**
Crude oil	8,076	8,308	11,779	13,494	11,693
Refining	3,392	4,085	4,806	5,662	5,823
Service, marketing, and asphalt	3,144	3,284	3,522	3,673	3,815
Petrochemicals	2,457	2,835	3,281	3,554	3,690
Non-petroleum sector	**45,317**	**48,622**	**52,109**	**56,122**	**60,482**
Agriculture	792	782	783	790	800
Export	22	22	21	20	20
Domestic	444	459	473	487	501
Sugar	325	302	289	283	279
Manufacturing	4,472	4,831	5,225	5,726	6,299
Construction	4,422	4,742	5,104	5,514	5,952
Distribution	11,367	12,188	13,094	14,080	15,197
Hotel	195	204	215	225	236
Government	6,148	6,402	6,660	6,922	7,187
Financial services	10,199	11,115	12,124	13,224	14,437
Other	9,359	10,015	10,743	11,517	12,377
Less: imputed service charge	-3,961	-4,247	-4,550	-4,869	-5,205
Plus: VAT	2,324	2,589	2,712	2,993	3,203
	(In percent of GDP)				
Petroleum sector	**27**	**28**	**31**	**32**	**29**
Crude oil	12.9	12.4	15.6	16.4	13.7
Refining	5.4	6.1	6.4	6.9	6.8
Service, marketing, and asphalt	5.0	4.9	4.7	4.5	4.5
Petrochemicals	3.9	4.2	4.3	4.3	4.3
Non-petroleum sector	**72.6**	**72.4**	**69.0**	**68.0**	**70.7**
Agriculture	1.3	1.2	1.0	1.0	0.9
Export	0.0	0.0	0.0	0.0	0.0
Domestic	0.7	0.7	0.6	0.6	0.6
Sugar	0.5	0.4	0.4	0.3	0.3
Manufacturing	7.2	7.2	6.9	6.9	7.4
Construction	7.1	7.1	6.8	6.7	7.0
Distribution	18.2	18.2	17.3	17.1	17.8
Hotel	0.3	0.3	0.3	0.3	0.3
Government	9.9	9.5	8.8	8.4	8.4
Financial services	16.3	16.6	16.1	16.0	16.9
Other	15.0	14.9	14.2	14.0	14.5
Less: imputed service charges	-6.3	-6.3	-6.0	-5.9	-6.1
Plus: VAT	3.7	3.9	3.6	3.6	3.7

Source: Central Statistical Office.

Table 3. Trinidad and Tobago: GDP by Expenditure at Constant 1985 Prices

	1998	1999	2000	2001	Prel. 2002
	(In millions of Trinidad and Tobago dollars)				
Domestic expenditure	**21,055**	**20,404**	**21,790**	**23,596**	**24,534**
Consumption	16,260	15,211	16,141	17,572	18,375
Private sector	13,488	12,485	13,420	14,853	15,643
Government	2,772	2,726	2,721	2,718	2,733
Gross capital formation	4,795	5,194	5,648	6,024	6,159
Private sector	3,154	3,532	3,852	4,080	4,112
Public Sector	1,641	1,662	1,797	1,944	2,047
Net exports	**3,207**	**4,824**	**5,725**	**5,545**	**4,836**
Exports of goods and nonfactor services	9,924	12,227	14,109	14,679	14,079
Imports of goods and nonfactor services	-6,717	-7,403	-8,384	-9,133	-9,242
GDP at market prices	**24,262**	**25,228**	**27,514**	**29,141**	**29,371**
	(Percentage changes)				
Domestic expenditure	**0.7**	**-3.1**	**6.8**	**8.3**	**4.0**
Consumption	-4.3	-6.5	6.1	8.9	4.6
Private sector	-6.8	-7.4	7.5	10.7	5.3
Government	10.4	-1.7	-0.2	-0.1	0.5
Gross capital formation	22.4	8.3	8.8	6.7	2.2
Private sector	9.7	12.0	9.1	5.9	0.8
Public Sector	57.4	1.3	8.1	8.2	5.3
Net exports	**29.6**	**50.4**	**18.7**	**-3.1**	**-12.8**
Exports of goods and nonfactor services	8.0	23.2	15.4	4.0	-4.1
Imports of goods and nonfactor services	0.0	10.2	13.3	8.9	1.2
GDP at market prices	**3.8**	**4.0**	**9.1**	**5.9**	**0.8**

Sources: Central Statistical Office; and Fund staff estimates.

Table 4. Trinidad and Tobago: GDP by Final Expenditure at Current Market Prices

	1998	1999	2000	2001	Prel. 2002
	(In millions of Trinidad and Tobago dollars)				
Domestic expenditure	**40,103**	**40,393**	**44,449**	**50,772**	**55,850**
Consumption	27,396	31,382	34,170	38,131	46,096
Private sector	22,914	26,717	29,374	32,100	39,845
Government	4,482	4,665	4,796	6,031	6,251
Gross capital formation	12,707	9,011	10,278	12,641	9,754
Private sector	10,191	6,292	7,332	9,373	7,159
Government	2,516	2,719	2,947	3,268	2,596
Net exports	**-2,038**	**2,497**	**7,036**	**5,928**	**2,350**
Exports of goods and nonfactor services	18,448	21,446	30,382	30,049	27,898
Imports of goods and nonfactor services	-20,486	-18,949	-23,346	-24,121	-25,548
GDP at market prices	**38,065**	**42,889**	**51,485**	**56,700**	**58,200**
Net factor payments	-2,150	-2,509	-3,944	-2,949	-2,754
Net transfers	-140	-236	-237	-207	-290
GNP at market prices	**35,775**	**40,144**	**47,304**	**53,544**	**55,156**
	(In percent of GDP)				
Domestic expenditure	**105.4**	**94.2**	**86.3**	**89.5**	**96.0**
Consumption	72.0	73.2	66.4	67.2	79.2
Private sector	60.2	62.3	57.1	56.6	68.5
Government	11.8	10.9	9.3	10.6	10.7
Gross capital formation	33.4	21.0	20.0	22.3	16.8
Private sector	26.8	14.7	14.2	16.5	12.3
Government	6.6	6.3	5.7	5.8	4.5
Net exports	**-5.4**	**5.8**	**13.7**	**10.5**	**4.0**
Exports of goods and nonfactor services	48.5	50.0	59.0	53.0	47.9
Imports of goods and nonfactor services	-53.8	-44.2	-45.3	-42.5	-43.9
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Net factor payments	-5.6	-5.9	-7.7	-5.2	-4.7
Net transfers	-0.4	-0.6	-0.5	-0.4	-0.5
GNP at market prices	**94.0**	**93.6**	**91.9**	**94.4**	**94.8**

Sources: Central Statistical Office; and Fund staff estimates.

Table 5. Trinidad and Tobago: Savings and Investment at Current Market Prices

	1998	1999	2000	2001	Prel. 2002
	(In millions of Trinidad and Tobago dollars)				
GDP at market prices	**39,093**	**42,866**	**52,013**	**57,442**	**57,919**
Gross domestic savings	10,669	11,507	17,315	18,569	12,104
Private sector	9,743	10,271	14,325	16,101	11,237
Public sector	926	1,236	2,989	2,468	868
Net factor payments	-2,150	-2,509	-3,944	-2,949	-2,754
Net transfers	-140	-236	-237	-207	-290
Gross national savings	**8,379**	**8,762**	**13,134**	**15,413**	**9,060**
Private sector	7,453	7,525	10,144	12,945	8,193
Public sector	926	1,236	2,989	2,468	868
Government	133	311	1,346	1,137	-167
Public enterprises	793	926	1,643	1,331	1,035
Gross domestic investment	**12,707**	**9,011**	**10,278**	**12,641**	**9,754**
Private sector	10,191	6,292	7,332	9,373	7,159
Public sector	2,516	2,719	2,947	3,268	2,596
Government	1,078	548	674	772	722
Public enterprises	1,525	2,245	2,382	2,568	1,925
Investment-savings gap	**4,328**	**249**	**-2,855**	**-2,772**	**694**
Private sector	2,737	-1,234	-2,813	-3,572	-1,034
Public sector	1,590	1,483	-43	800	1,728
Government	945	237	-673	-365	889
Public enterprises	732	1,320	739	1,237	890
	(In percent of GDP)				
Gross domestic savings	**27.3**	**26.8**	**33.3**	**32.3**	**20.9**
Private sector	24.9	24.0	27.5	28.0	19.4
Public sector	2.4	2.9	5.7	4.3	1.5
Net factor payments	-5.5	-5.9	-7.6	-5.1	-4.8
Net transfers	-0.4	-0.6	-0.5	-0.4	-0.5
Gross national savings	**21.4**	**20.4**	**25.3**	**26.8**	**15.6**
Private sector	19.1	17.6	19.5	22.5	14.1
Public sector	2.4	2.9	5.7	4.3	1.5
Government	0.3	0.7	2.6	2.0	-0.3
Public enterprises	2.0	2.2	3.2	2.3	1.8
Gross domestic investment	**32.5**	**21.0**	**19.8**	**22.0**	**16.8**
Private sector	26.1	14.7	14.1	16.3	12.4
Public sector	6.4	6.3	5.7	5.7	4.5
Government	2.8	1.3	1.3	1.3	1.2
Public enterprises	3.9	5.2	4.6	4.5	3.3
Investment-savings gap	**11.1**	**0.6**	**-5.5**	**-4.8**	**1.2**
Private sector	7.0	-2.9	-5.4	-6.2	-1.8
Public sector	4.1	3.5	-0.1	1.4	3.0
Government	2.4	0.6	-1.3	-0.6	1.5
Public enterprises	1.9	3.1	1.4	2.2	1.5

Sources: Central Statistical Office; and Fund staff estimates

Table 6. Trinidad and Tobago: Retail Price Index

	Weights (1985=100)	1998	1999	2000	2001	Prel. 2002
		A. Period average				
Overall index	1,000	203.3	210.2	217.7	229.7	239.3
Food, drink and tobacco	255	279.6	302.0	325.1	367.0	403.1
Housing and household supplies	359	177.0	179.2	180.7	180.8	181.2
Clothing and footwear	104	154.8	150.8	148.2	146.2	142.8
Transportation	152	183.7	185.5	188.4	192.1	195.5
Other services	130	187.1	192.0	199.1	206.1	206.8
		B. End of period				
Overall index		207.7	214.8	226.9	234.2	244.2
Food, drink and tobacco		292.7	318.0	357.3	384.2	423.1
Housing and household supplies		178.7	180.2	180.5	181.2	181.4
Clothing and footwear		154.8	148.7	147.7	145.0	142.2
Transportation		185.2	185.4	191.2	192.1	193.9
Other services		188.7	195.4	204.1	206.9	207.1
		(Annual percentage changes)				
		A. Period average				
Overall index		5.6	3.4	3.5	5.5	4.2
Food, drink and tobacco		13.7	8.0	7.7	12.9	9.8
Housing and household supplies		2.1	1.3	0.8	0.1	0.2
Clothing and footwear		-0.6	-2.6	-1.7	-1.3	-2.4
Transportation		1.7	1.0	1.6	2.0	1.7
Other services		3.7	2.6	3.7	3.5	0.4
		B. End of period				
Overall index		5.6	3.4	5.6	3.2	4.3
Food, drink and tobacco		12.6	8.7	12.3	7.5	10.1
Housing and household supplies		2.2	0.8	0.2	0.4	0.1
Clothing and footwear		0.0	-4.0	-0.7	-1.9	-1.9
Transportation		1.7	0.1	3.1	0.5	0.9
Other services		3.1	3.5	4.5	1.4	0.1

Source: Central Statistical Office.

Table 7. Trinidad and Tobago: Index of Producer Prices by Industry

	Weights	1998	1999	2000	2001	Prel. 2002
	(Period averages: October 1978=100)					
Producer prices	**1,000**	**350.1**	**356.1**	**360.8**	**363.9**	**366.1**
Food processing	191	423.8	423.9	419.3	420.6	425.2
Drink and tobacco	121	436.2	470.8	479.8	479.5	505.8
Chemical and non-metallic products	148	386.2	398.4	415.5	415.7	417.1
Assembly type industry	257	296.5	293.4	294.0	295.8	295.5
Other	283	293.3	296.1	302.3	303.3	303.7
	(Annual percentage changes)					
Producer prices		**1.4**	**1.7**	**1.3**	**0.9**	**0.6**
Food processing		0.9	0.0	-1.1	0.3	1.1
Drink and tobacco		4.7	7.9	1.9	-0.1	5.5
Chemical and non-metallic products		2.2	3.2	4.3	0.0	0.3
Assembly type industry		-0.2	-1.0	0.2	0.6	-0.1
Other		1.0	1.0	2.1	0.3	0.1

Source: Central Statistical Office.

Table 8. Trinidad and Tobago: Labor Force and Employment

	1998	1999	2000	2001	Prel. 2002
	(In thousands)				
Population	**1,282**	**1,286**	**1,262**	**1,267**	**1,276**
Of which					
15 years and over	913.4	926.0	936.2	949.9	961.5
Labor force	**558.7**	**563.4**	**572.9**	**576.5**	**586.1**
Male	344.6	348.0	353.1	356.7	356.0
Female	214.1	215.4	219.8	219.8	230.1
Employed	**479.3**	**489.4**	**503.4**	**514.1**	**524.9**
Male	305.5	310.1	317.0	326.0	328.5
Female	173.8	179.3	186.4	188.1	196.4
	(As a percentage of the labor force)				
Unemployed	**14.2**	**13.1**	**12.1**	**10.8**	**10.4**
Seeking work	10.0	9.4	8.4	7.5	7.2
Other unemployed	4.3	3.7	4.0	3.4	3.2

Source: Central Statistical Office.

Table 9. Trinidad and Tobago: Growth of Production, Earnings, Employment and Costs in Manufacturing 1/

	1998	1999	2000	2001	Prel. 2002
	(Period average: 1977 = 100)				
All industry					
Production	11.4	10.9	5.3	7.7	24.0
Weekly earnings	5.0	-5.0	9.1	9.3	12.1
Productivity per man/hour	15.2	6.4	5.1	8.3	20.7
Employment	-0.9	4.3	0.8	3.6	-1.2
Hours worked	-3.9	4.2	-0.5	0.0	2.7
Earnings per man/hour	8.9	-8.9	11.7	7.2	9.0
Unit labor cost	-6.3	-14.6	4.6	1.4	-9.8
Manufacturing					
	(Excluding oil and sugar)				
Production	25.2	13.8	12.3	10.8	10.6
Weekly earnings	7.0	0.9	9.1	9.3	7.7
Productivity per man/hour	29.7	4.2	14.1	11.7	7.8
Employment	-2.1	2.6	2.6	-2.1	5.0
Hours worked	-4.5	9.0	-0.5	-1.7	2.4
Earnings per man/hour	11.4	-7.7	8.1	11.8	5.1
Unit labor cost	-18.3	-11.7	-2.7	-1.8	-2.4
Oil refining					
Production	33.8	25.0	14.9	4.5	5.1
Weekly earnings	0.0	-21.0	16.3	11.4	12.7
Productivity per man/hour	39.2	37.4	15.6	-2.4	4.6
Employment	7.4	3.1	-4.2	10.6	-10.1
Hours worked	-5.4	-9.3	1.6	5.3	-0.4
Earnings per man/hour	5.4	-12.8	27.0	-5.1	13.4
Unit labor cost	-33.8	-36.8	1.2	6.6	7.3
Sugar refining					
Production	130	-37	237	37	-27
Weekly earnings	-9	17	11	1	2
Productivity per man/hour	135	-34	175	67	-32
Employment	1	-3	-2	-1	-1
Hours worked	-5	3	3	-7	2
Earnings per man/hour	-3	13	11	5	-1
Unit labor cost	-138	69	-66	-29	84

Sources: Central Statistical Office; and Fund staff estimates.

1/ All employees.

Table 10. Trinidad and Tobago: Central Government Operations

	1998	1998/99	1999/00	2000/01	Prel. 2001/02
	(In millions of Trinidad and Tobago dollars)				
Revenue and grants	**9,702**	**10,264**	**12,144**	**12,580**	**14,672**
Current	9,673	9,999	12,133	12,540	14,647
Petroleum	661	1,092	3,206	2,693	4,261
Nonpetroleum	9,012	8,907	8,926	9,847	10,386
Capital and grants 1/	29	265	11	41	26
Expenditure and net lending	**10,400**	**10,526**	**12,068**	**13,204**	**13,861**
Current expenditure	9,540	10,008	10,860	12,422	13,079
Wages and salaries	3,522	3,665	3,141	3,807	4,284
Other goods and services	960	1,095	1,236	1,727	1,768
Interest payments	1,916	1,986	2,520	2,344	2,330
Transfer and subsidies	3,143	3,262	3,962	4,544	4,697
Capital expenditure and net lending	860	518	1,208	782	782
Current account balance	**133**	**-10**	**1,273**	**118**	**1,568**
Overall balance	**-698**	**-263**	**76**	**-624**	**812**
Financing	**698**	**263**	**-76**	**624**	**-812**
Foreign financing	-458	750	1,608	1,092	-2
Domestic financing	1,156	-488	-1,684	-468	-810
Financial system	-1,028	-354	-2,084	-300	-313
Other	2,184	-134	400	-168	-497
	(In percent of GDP)				
Revenue and grants	**25.2**	**24.9**	**25.9**	**22.7**	**26.5**
Petroleum	1.7	2.6	6.8	4.9	7.7
Nonpetroleum 1/	23.4	21.6	19.0	17.8	18.7
Expenditure and net lending	**27.0**	**25.5**	**25.7**	**23.8**	**25.0**
Current	24.8	24.3	23.1	22.4	23.6
Capital expenditure and net lending	2.2	1.3	2.6	1.4	1.4
Current balance	**0.3**	**0.0**	**2.7**	**0.2**	**2.8**
Overall balance	**-1.8**	**-0.6**	**0.2**	**-1.1**	**1.5**
Financing	**1.8**	**0.6**	**-0.2**	**1.1**	**-1.5**
External financing	-1.2	1.8	3.4	2.0	0.0
Domestic financing	3.0	-1.2	-3.6	-0.8	-1.5

Sources: Ministry of Finance; and Fund staff estimates.

1/ From 1998/99 on, privatization is treated as financing.

Table 11. Trinidad and Tobago: Central Government Revenue and Grants

(In millions of Trinidad and Tobago dollars)

	1998	1999	2000	2001	Prel. 2002
Total revenue and grants	**9,702**	**10,264**	**12,144**	**12,580**	**14,672**
Petroleum revenue	661	1,092	3,206	2,693	4,261
Corporation tax	173	480	2,441	1,834	2,792
Withholding tax	450	520	575	708	751
Oil royalties	14	51	151	109	186
Unemployment levy	0	20	20	23	23
National recovery impost	24	22	20	20	15
Nonpetroleum revenue	**9,012**	**8,907**	**8,926**	**9,847**	**10,386**
Tax revenue	7,753	7,579	7,706	8,582	9,141
Taxes on income	3,389	3,442	3,610	4,103	4,622
Companies	1,082	1,055	1,055		
Individuals	1,894	2,013	2,013	2,013	2,013
National health surcharge	120	123	123	123	123
Business levy	88	80	80	80	80
Withholding tax	191	163	163	163	163
Insurance surrender tax	7	7	7	7	7
Social security contributions	10	12	12	12	12
Taxes on property	60	62	64	70	65
Taxes on goods and services	3,426	3,207	3,128	3,478	3,477
Excise duties	794	892	892	892	892
Petrol	484	580	580	580	580
Other	310	312	312	312	312
Betting and entertainment	15	0	0	0	0
Liquor and miscellaneous licenses	9	9	9	9	9
Motor vehicle taxes	302	297	297	297	297
VAT	2,154	1,850	1,890	2,222	2,265
Road improvement tax		57	57	57	57
Other 1/	152	101	101	101	101
Taxes on international trade	781	776	782	798	843
Import duties	740	728	748	751	778
Import surcharge/ consolidated special levy	4	43	43	43	43
Airport departure tax	40	4	4	4	4
Stamp duties	88	81	81	81	81
Nontax revenue	**1,259**	**1,327**	**1,221**	**1,265**	**1,245**
Fees service charges and rentals 2/	737	760	665	643	603
Property income	529	550	550	550	550
Profits from nonfinancial enterprises	256	328	294	323	358
Interest	189	178	182	214	197
Profits from public financial institutions	79	62	63	64	65
Central bank profits	77	59	76	80	81
Profits from other financial institutions	2	2	3	4	5
Capital revenue and grants	**29**	**265**	**11**	**41**	**26**

Source: Ministry of Finance.

1/ Includes all other taxes on goods and services except for the port and airport departure taxes.

2/ Excludes oil impost but includes post office profits and other nontax revenue.

Table 12. Trinidad and Tobago: Ratios of Central Government Revenue and Grants

	1998	1999	2000	20001	Prel. 2002
	(As a percentage of GDP)				
Revenue and grants	**25.2**	**24.9**	**25.9**	**22.7**	**26.5**
Petroleum revenue 1/	0.5	1.2	5.2	3.3	5.0
Corporation tax	1.2	1.3	1.2	1.3	1.4
Royalties	0.0	0.1	0.3	0.2	0.3
Nonpetroleum revenue	**23.4**	**21.6**	**19.0**	**17.8**	**18.7**
Tax revenue	20.2	18.4	16.4	15.5	16.5
Income	8.8	8.3	7.7	7.4	8.3
Goods and services	8.9	7.8	6.7	6.3	6.3
VAT	5.6	4.5	4.0	4.0	4.1
Other	3.3	3.3	2.6	2.3	2.2
International trade	2.0	1.9	1.7	1.4	1.5
Import duties 2/	1.9	1.8	1.6	1.4	1.4
Other 3/	0.1	0.1	0.1	0.1	0.1
Property	0.2	0.1	0.1	0.1	0.1
Other 4/	0.3	0.2	0.3	0.2	0.2
Nontax revenue	3.3	3.2	2.6	2.3	2.2
Fees, charges and rentals	1.9	1.8	1.4	1.2	1.1
Public enterprise profits	0.7	0.8	0.6	0.6	0.7
Central bank profits	0.2	0.1	0.2	0.1	0.1
Interest receipts	0.5	0.4	0.4	0.4	0.4
Capital revenue and grants	**0.1**	**0.6**	**0.0**	**0.1**	**0.0**
	(In percent of total revenue and grants)				
Revenue and grants	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Petroleum revenue	**6.8**	**10.6**	**26.4**	**21.4**	**29.0**
Corporation tax	1.8	4.7	20.1	14.6	19.0
Royalties	4.6	5.1	4.7	5.6	5.1
Nonpetroleum revenue	**92.9**	**86.8**	**73.5**	**78.3**	**70.8**
Taxes	79.9	73.8	63.5	68.2	62.3
Income	34.9	33.5	29.7	32.6	31.5
Goods and services	35.3	31.2	25.8	27.6	23.7
VAT	22.2	18.0	15.6	17.7	15.4
Other	13.1	13.2	10.2	10.0	8.3
International trade	8.0	7.6	6.4	6.3	5.7
Import duties 2/	7.6	7.1	6.2	6.0	5.3
Other 3/	0.4	0.5	0.3	0.4	0.4
Property	0.6	0.6	0.5	0.6	0.4
Other 4/	1.0	0.9	1.0	1.1	0.9
Capital revenue and grants	**0.3**	**2.6**	**0.1**	**0.3**	**0.2**

Source: Ministry of Finance.

1/ Petroleum includes oil and gas.
2/ Includes stamp tax on bills of entry and consolidated special levy/import surcharge.
3/ Airport and port departure taxes, export tax, and miscellaneous trade taxes.
4/ Stamp duties and social security contributions.

Table 13. Trinidad and Tobago: Central Government Expenditure

(In millions of Trinidad and Tobago dollars)

	1998	1999	2000	20001	Prel. 2002
Total expenditure	**10,400**	**10,526**	**12,068**	**13,204**	**13,861**
Current expenditure	**9,540**	**10,008**	**10,860**	**12,422**	**13,079**
Wages and salaries 1/	3,522	3,665	3,141	3,807	4,284
Other goods and services	960	1,095	1,236	1,727	1,768
Interest payments	1,916	1,986	2,520	2,344	2,330
Domestic	1,207	1,272	1,681	1,448	1,440
External	710	714	839	895	890
Transfers and subsidies	3,143	3,262	3,962	4,544	4,697
Households	1,122	1,193	1,344	1,693	1,666
Public sector bodies	1,151	1,129	1,334	1,380	1,538
Local governments	707	724	724	724	724
Statutory authorities	80	71	71	71	71
State enterprises	222	186	186	186	186
Public utilities	143	148	148	148	148
Nonprofit organizations	434	471	471	471	471
Abroad	67	69	69	69	69
Other	368	368	368	368	368
Capital expenditure and net lending	**1,078**	**742**	**1,448**	**1,027**	**1,027**
Capital formation	1,078	742	1,448	782	782
Net lending	-219	-224	-241	-245	-245

Source: Ministry of Finance.

1/ Includes contributions to the National Insurance Board.

Table 14. Trinidad and Tobago: Central Government Expenditure Ratios

	1998	1999	2000	2001	Prel. 2002
	(In percent of GDP)				
Total expenditure	**27.0**	**25.5**	**25.7**	**23.8**	**25.0**
Current expenditure	**24.8**	**24.3**	**23.1**	**22.4**	**23.6**
Wages and salaries 1/	9.2	8.9	6.7	6.9	7.7
Other goods and services	2.5	2.7	2.6	3.1	3.2
Interest payments	5.0	4.8	5.4	4.2	4.2
Domestic	3.1	3.1	3.6	2.6	2.6
External	1.8	1.7	1.8	1.6	1.6
Transfers and subsidies	8.2	7.9	8.4	8.2	8.5
Public sector 2/	3.0	2.7	2.8	2.5	2.8
Households	2.9	2.9	2.9	3.1	3.0
Other 3/	2.3	2.3	2.7	2.7	2.7
Capital expenditure	**2.8**	**1.8**	**3.1**	**1.9**	**1.9**
Capital formation	2.8	1.8	3.1	1.4	1.4
Net lending	**-0.6**	**-0.5**	**-0.5**	**-0.4**	**0.0**
	(In percent of total expenditure)				
Total expenditure	**100**	**100**	**100**	**100**	**100**
Current expenditure	**91.7**	**95.1**	**90.0**	**94.1**	**94.4**
Wages and salaries 1/	33.9	34.8	26.0	28.8	30.9
Other goods and services	9.2	10.4	10.2	13.1	12.8
Interest payments	18.4	18.9	20.9	17.7	16.8
Domestic	11.6	12.1	13.9	11.0	10.4
External	6.8	6.8	7.0	6.8	6.4
Transfers and subsidies	30.2	31.0	32.8	34.4	33.9
Public sector 2/	11.1	10.7	11.1	10.5	11.1
Households	10.8	11.3	11.1	12.8	12.0
Other 3/	8.4	8.9	10.6	11.1	10.8
Capital expenditure	**10.4**	**7.0**	**12.0**	**7.8**	**7.4**
Capital formation	10.4	7.0	12.0	5.9	5.6
Net lending	**-2.1**	**-2.1**	**-2.0**	**-1.9**	**-1.8**

Source: Ministry of Finance.

1/ Includes contributions to the National Insurance Board.
2/ Includes statutory bodies, state enterprises (including public utilities), and local governments.
3/ Includes nonprofit organizations.

Table 15. Trinidad and Tobago: Central Government Investment Program and Financing

	2000			2001			Prel. 2002		
	Budget	Actual	Rate 1/	Budget	Actual	Rate 1/	Budget	Actual	Rate 1/
	(In million of Trinidad and Tobago dollars, unless otherwise indicated)								
Total Investment	1567.5	1107.7	70.7	981.9	903.5	92.0	1339.9	922.8	68.9
Productive sectors	...	16.8	...	8.0	6.7	83.8	1.7	0.5	28.8
Economic infrastructure	531.0	16.8	3.2	329.2	329.9	100.2	507.9	371.0	73.0
Agriculture and fisheries	76.4	96.1	125.8	48.2	38.2	79.1	77.2	34.8	45.0
Manufacturing	17.5	10.5	59.9	6.1	6.0	99.9	7.7	7.1	91.8
Drainage	26.7	61.1	229.4	20.8	18.0	86.7	18.7	18.8	100.6
Electricity	2.4	0.7	30.1	2.8	1.3	46.4	1.9	1.2	63.8
Environment	8.3	16.9	204.0	13.5	9.0	66.6	6.0	0.3	4.7
Land acquisition	11.0	8.2	74.5	4.4	4.6	104.3	5.0	5.0	99.4
Roads and bridges	260.2	177.1	68.1	151.4	189.4	125.1	223.6	198.1	88.6
Tourism	15.1	14.8	97.7	12.3	11.4	92.1	21.3	15.9	74.6
Transport and communication	2.1	0.0	0.0	6.0	1.1	18.1	22.7	7.2	31.6
Water and sewerage	13.8	2.0	14.7	21.1	18.6	88.1	22.6	3.7	16.5
Other economic services	93.6	100.4	107.2	39.5	30.9	78.1	99.2	77.3	77.9
Urban and regional development	5.0	3.1	61.0	3.2	1.6	48.4	2.1	1.6	78.0
Social infrastructure	716.8	413.5	57.7	464.9	417.0	89.7	575.6	433.3	75.3
Education	235.2	177.3	75.4	169.6	160.1	94.4	204.7	188.6	92.1
Health	157.2	94.3	60.0	140.6	127.6	90.8	179.8	107.4	59.7
Housing and settlements	75.9	55.8	73.4	51.6	59.2	114.7	53.2	31.7	59.6
Social and community services	229.4	73.3	32.0	95.3	65.1	68.3	95.9	68.2	71.1
Human resources development	16.7	11.9	71.7	7.2	4.5	61.8	41.5	36.8	88.7
Training and support for employment	2.0	0.9	43.0	0.6	0.6	99.7	0.5	0.6	120.0
Public administration	268.4	177.8	66.2	170.6	149.4	87.6	230.1	111.5	48.4
Administration	174.8	78.0	44.6	101.1	78.1	77.2	163.3	80.9	49.5
Public order and safety	93.6	99.8	106.6	69.5	71.4	102.7	66.8	30.6	45.8
Planning and project development	28.2	8.8	31.2	9.3	0.5	5.2	24.6	6.6	26.9
Total financing	1567.5	1107.7	70.7	981.9	903.5	92.0	1339.9	922.8	68.9
External	479.4	2559.0	533.8	1442.0	1278.0	88.6	1329.0	261.0	28.8
Grants	44.4	11.0	24.8	41.0	26.0	63.4	42.0	31.0	73.0
Loans	435.0	2548.0	585.7	1401.0	1252.0	89.4	1287.0	230.0	45.0
Local (Residual)	1088.1	-1451.3	-133.4	-460.1	-374.5	81.4	10.9	661.8	91.8

Sources: Ministry of Finance and Planning

1/ Rate of implementation (in percent).

Table 16. Trinidad and Tobago: Summary of Major Non-Financial Public Enterprise Operations 1/

	2000	2001	Prel. 2002
	(In millions of Trinidad and Tobago dollars)		
Operating balance 1/2/3/	**986.4**	**845.6**	**347.4**
Public Utilities	52.1	-43.4	50.3
AATT	7.8	-144.2	-130.0
PATT	25.8	5.2	-42.1
PTSC	-45.7	-48.7	-57.7
TSTT	288.0	538.3	526.0
TTEC	-29.0	-259.9	166.0
WASA	-194.8	-134.2	-412.0
Energy sector state enterprises	1,523.6	1,487.9	-188.5
PETROTRIN	1,007.3	738.2	209.2
NGC	521.3	873.2	-387.7
NPMC	-41.8	30.4	-20.2
TRINGEN	36.8	-153.9	10.2
Non energy state enterprises	-565.8	-795.2	-786.8
CARONI	-298.4	-451.3	-345.9
MTS	8.4	-19.4	0.0
NFM	21.8	13.0	8.4
NHSL	0.0	0.0	10.4
NQCL	0.0	0.0	5.1
PLIPDECO	25.8	11.1	0.5
SWMCOL	-141.0	-13.0	-84.6
TIDCO	-42.7	-181.6	-191.9
TANTEAK	-8.3	-23.4	-4.6
TTMF	-130.9	-128.2	-179.9
UDECOTT	-0.5	-2.3	-4.2
Capital expenditure 2/	**2,630.1**	**3,455.6**	**2,867.7**
Overall balance 1/4/	**-517.4**	**-1,777.5**	**-1,804.7**
Public Utilities	-1,062.1	-980.3	-583.8
AATT	33.9	-356.8	-93.1
PATT	-31.4	11.4	-25.7
PTSC	-62.6	-3.9	-6.3
TSTT	-193.8	11.8	-52.3
TTEC	-123.4	-319.7	135.5
WASA	-684.9	-323.2	-541.9
Energy sector state enterprises	620.0	-333.0	-831.5
PETROTRIN	211.6	-1,022.9	-339.3
NGC	438.8	831.5	-444.7
NPMC	-58.8	26.8	-25.1
TRINGEN	28.4	-168.4	-22.4
Non energy state enterprises	-232.9	-556.0	-508.1
CARONI	-108.4	-266.2	-227.2
MTS	8.4	-19.4	0.0
NFM	23.3	13.1	8.4
NHSL	0.0	0.0	8.8
NQCL	0.0	0.0	4.0
PLIPDECO	11.6	-35.7	-37.9
SWMCOL	-192.0	-5.1	-67.3
TIDCO	47.3	-176.7	-139.1
TANTEAK	-3.5	-2.4	1.1
TTMF	-20.0	-62.4	-57.1
UDECOTT	0.5	-1.3	-1.8
	(In percent of GDP)		
Operating balance 1/ 2/ 3/	**2.0**	**1.5**	**0.6**
Of which			
Public Utilities	0.1	-0.1	0.1
AATT	0.0	-0.3	-0.2
PATT	0.1	0.0	-0.1
PTSC	-0.1	-0.1	-0.1
TSTT	0.6	1.0	0.9
TTEC	-0.1	-0.5	0.3
WASA	-0.4	-0.2	-0.7

Table 16. Trinidad and Tobago: Summary of Major Non-Financial Public Enterprise Operations 1/
Continued

	2000	2001	Prel. 2002
Energy sector state enterprises	3.1	2.7	-0.3
PETROTRIN	2.0	1.3	0.4
NGC	1.1	1.6	-0.7
NPMC	-0.1	0.1	0.0
TRINGEN	0.1	-0.3	0.0
Non energy state enterprises	-1.1	-1.4	-1.4
CARONI	-0.6	-0.8	-0.6
MTS	0.0	0.0	0.0
NFM	0.0	0.0	0.0
NHSL	0.0	0.0	0.0
NQCL	0.0	0.0	0.0
PLIPDECO	0.1	0.0	0.0
SWMCOL	-0.3	0.0	-0.1
TIDCO	-0.1	-0.3	-0.3
TANTEAK	0.0	0.0	0.0
TTMF	-0.3	-0.2	-0.3
UDECOTT	0.0	0.0	0.0
Capital expenditure 2/	**5.3**	**6.2**	**5.0**
Overall balance 1/ 4/	**-1.0**	**-3.2**	**-3.1**
Of which			
Public Utilities	-2.2	-1.8	-1.0
AATT	0.1	-0.6	-0.2
PATT	-0.1	0.0	0.0
PTSC	-0.1	0.0	0.0
TSTT	-0.4	0.0	-0.1
TTEC	-0.3	-0.6	0.2
WASA	-1.4	-0.6	-0.9
Energy sector state enterprises	1.3	-0.6	-1.4
PETROTRIN	0.4	-1.8	-0.6
NGC	0.9	1.5	-0.8
NPMC	-0.1	0.0	0.0
TRINGEN	0.1	-0.3	0.0
Non energy state enterprises	-0.5	-1.0	-0.9
CARONI	-0.2	-0.5	-0.4
MTS	0.0	0.0	0.0
NFM	0.0	0.0	0.0
NHSL	0.0	0.0	0.0
NQCL	0.0	0.0	0.0
PLIPDECO	0.0	-0.1	-0.1
SWMCOL	-0.4	0.0	-0.1
TIDCO	0.1	-0.3	-0.2
TANTEAK	0.0	0.0	0.0
TTMF	0.0	-0.1	-0.1
UDECOTT	0.0	0.0	0.0

Sources: Data provided by the Trinidad and Tobago authorities; and Fund staff projections.

1/ Comprises the major enterprises and public utilities. This composition includes CARONI, MTS, NFM, NFM, NHSL, NPMC, NQCL, NGC, PETROTRIN, PLIPDECO, SWMCOL, TIDCO, TANTEAK, TRINGEN, TTMF, UDECOTT, AATT, PATT, PTSC, TSTT, TTEC, and WASA.

2/ Government capital expenditures were removed from "goods and services" to "capital", in the large set.

3/ This excludes current transfers.

4/ Includes current and capital transfers but excludes capital transfer for debt repayments.

Table 17. Trinidad and Tobago: Summary Accounts of the Consolidated Financial System 1/

	1998	1999	2000	2001	Prel. 2002
	(In millions of Trinidad and Tobago dollars)				
Net foreign assets	**6,867**	**7,422**	**10,847**	**12,682**	**13,408**
Net international reserves	6,155	6,709	10,051	11,696	12,211
Other foreign assets (net)	712	713	796	987	1,197
Net domestic assets	**18,324**	**20,578**	**22,276**	**23,699**	**24,232**
Credit to public sector	2,649	2,238	-393	-2,137	-1,530
Central government	2,090	1,664	-1,246	-2,709	-3,091
Rest of the public sector	559	575	853	572	1,561
Credit to private sector	15,365	18,476	21,108	23,090	23,356
Other items (net)	310	-136	1,561	2,746	2,406
Liabilities to the private sector	**25,190**	**28,000**	**33,122**	**36,381**	**37,640**
Private capital and reserves	3,946	4,688	6,040	6,869	8,104
Currency outside banks	1,020	1,292	1,271	1,373	1,505
Deposit liabilities	17,111	18,283	19,792	22,437	22,149
Of which					
Foreign currency	4,606	5,867	6,855	4,995	5,115
Fund-raising instruments 2/	1,389	1,232	5,014	4,920	4,828
Other liabilities	1,725	2,504	1,006	781	1,055
	(Annual percentage change in relation to previous year's liabilities to the private sector)				
Net international reserves	**3.4**	**2.2**	**11.9**	**5.0**	**1.4**
Net domestic assets	**-7.7**	**8.9**	**6.1**	**4.3**	**1.5**
Of which					
Credit to the public sector	-4.7	-1.6	-9.4	-5.3	1.7
Credit to the private sector	2.9	12.3	9.4	6.0	0.7
Broad money	**-4.9**	**3.6**	**3.7**	**6.9**	**1.5**
Money and quasi-money	5.6	4.0	4.1	5.7	1.5
Liabilities of the private sector	-4.4	11.2	18.3	9.8	3.5
	(Annual percentage changes)				
Net domestic assets	-10.0	12.3	8.3	6.4	2.2
Credit to the private sector	5.3	20.2	14.2	9.4	1.2
Liabilities of the private sector	-4.4	11.2	18.3	9.8	3.5
Private capital and reserves	15.6	18.8	28.8	13.7	18.0
Deposits	12.4	6.9	8.3	13.4	-1.3

Source: Central Bank of Trinidad and Tobago.

1/ This consolidates the central bank, commercial banks, trust and mortgage companies, and finance houses and merchant banks.

2/ These are guaranteed investments backed by government securities or mortagages, e.g., investment note certificates, secured commercial paper, floating rate tax-free debentures and mortgage pass-through securities.

Table 18. Trinidad and Tobago: Monetary Survey

(In millions of Trinidad and Tobago dollars)

	1998	1999	2000	2001	Prel. 2002
Net foreign assets	**6,601**	**7,105**	**10,477**	**12,148**	**12,664**
Net international reserves	6,155	6,709	10,051	11,696	12,211
Monetary authorities	4,779	5,796	8,595	11,494	11,870
Commercial banks	1,376	913	1,455	201	342
Other foreign assets/liabilities	447	396	427	453	453
Monetary authorities	446	397	427	453	453
Commercial banks	0	0	0	0	0
Net domestic assets	**12,628**	**13,513**	**12,148**	**13,179**	**13,849**
Domestic credit	13,075	14,560	13,417	13,335	14,528
Net credit to public sector	1,590	1,091	-1,945	-3,262	-2,825
Net credit to government	1,304	642	-2,069	-3,427	-3,797
Credit to government	2,071	2,255	2,060	2,796	2,782
Loans	2,071	2,255	2,060	2,796	2,782
Advances	5	2	7	4	3
T-bill holdings	631	853	965	1,241	1,406
Other securities	1,434	1,400	1,088	1,551	1,373
Other	0	0	0	0	0
Liabilities	767	1,613	4,129	6,223	6,579
Deposits of government	767	1,613	4,129	6,223	6,579
Of which					
Oil revenue stabilization fund	0	0	415	1,000	1,000
Net credit to other public sector (nonfinancial)	286	450	125	166	972
Credit to other public sector (nonfinancial)	1,463	1,400	1,029	1,794	2,263
Loans	1,463	1,400	1,029	1,794	2,263
Advances	1,237	883	704	1,086	1,225
Securities	226	517	325	708	1,038
Other	0	0	0	0	0
Liabilities	1,177	950	904	1,628	1,291
Deposits of other public sector	1,177	950	904	1,628	1,291
Other	0	0	0	0	0
Credit to the economy	11,485	13,469	15,361	16,596	17,353
Nonbank financial institutions	841	1,440	1,987	2,551	2,666
Credit to the private sector	10,645	12,029	13,375	14,045	14,686
Enterprises	5,493	6,094	7,377	7,783	8,245
Households	5,152	5,934	5,998	6,262	6,441
Other items (net)	-448	-1,048	-1,268	-156	-678
Liabilities to the private sector	**19,229**	**20,618**	**22,625**	**25,327**	**26,513**
Private capital and reserves	2,888	3,364	4,349	4,749	5,381
Broad money	**16,341**	**17,253**	**18,276**	**20,578**	**21,132**
Money and quasi-money	15,186	16,191	17,343	19,239	19,799
Currency outside banks	1,020	1,292	1,271	1,373	1,505
Deposits	14,166	14,899	16,072	17,865	18,294
Of which					
Foreign currency	3,885	4,158	5,254	4,995	5,115
Fund-raising instruments	1,155	1,062	933	1,340	1,333

Source: Central Bank of Trinidad and Tobago.

Table 19. Trinidad and Tobago: Summary Accounts of the Central Bank

(In millions of Trinidad and Tobago dollars)

	1998	1999	2000	2001	Prel. 2002
Net foreign assets	**5,225**	**6,192**	**9,022**	**11,947**	**12,322**
Net international reserves	4,779	5,796	8,595	11,494	11,870
Assets	4,889	5,907	8,705	11,604	11,971
Liabilities	110	112	110	110	102
Other foreign assets/liabilities	446	397	427	453	453
Net domestic assets	**-731**	**-1,404**	**-3,855**	**-6,133**	**-6,748**
Domestic credit	-454	-1,145	-3,468	-5,495	-5,967
Net credit to public sector	-831	-1,524	-3,848	-5,874	-6,346
Net credit to government	-694	-1,475	-4,046	-6,113	-6,513
Claims on central government	-328	-603	-980	-2,333	-2,677
Loans	0	15	0	0	0
Government securities	0	15	0	0	0
Less: Sterilization (Blocked Account)	-328	-618	-980	-2,334	-2,677
Deposits of central government	366	871	3,066	3,780	3,836
Of which					
Oil revenue stabilization fund	0	0	415	1,000	1,000
Net credit to rest of public sector	-138	-49	198	239	167
Claims on the rest of public sector	334	333	328	309	299
Deposits of rest of public sector	472	382	129	70	133
Net claims on financial institutions	377	380	380	380	380
Other items (net)	-277	-260	-387	-639	-781
Reserve money	**4,494**	**4,788**	**5,167**	**5,814**	**5,585**
Currency issue	1,335	1,756	1,698	1,843	2,005
Deposits of commercial banks	2,770	2,558	2,943	3,466	3,072
Deposits of nonbank financial institutions	389	474	526	505	509

Source: Central Bank of Trinidad and Tobago.

Table 20. Trinidad and Tobago: Consolidated Accounts of the Commercial Banks

(In millions of Trinidad and Tobago dollars)

	1998	1999	2000	2001	Prel. 2002
Net foreign assets	1,376	913	1,455	201	342
Net international reserves	1,376	913	1,455	201	342
Other foreign assets/liabilities	0	0	0	0	0
Monetary reserves and currency holdings	3,105	3,022	3,214	3,936	3,536
Deposits with central bank	2,790	2,558	2,788	3,466	3,037
Local currency holdings	315	464	427	470	500
Net domestic assets	12,960	14,713	16,135	18,859	20,177
Domestic credit	13,907	16,084	17,264	19,209	20,863
Net credit to public sector	2,421	2,615	1,903	2,612	3,510
Net credit to government	1,998	2,116	1,977	2,686	2,706
Credit to government	2,071	2,240	2,060	2,796	2,772
Loans	2,071	2,240	971	1,245	1,398
Advances	5	2	7	4	3
Treasury bill holdings	631	838	964	1,241	1,395
Other securities	1,434	1,400	1,088	1,551	1,373
Liabilities	73	124	0	0	0
Deposits of government	73	124	83	109	66
Net credit to other public sector (nonfinancial)	424	499	-74	-74	805
Credit to other public sector (nonfinancial)	1,129	1,067	701	1,484	1,964
Loans	1,129	1,067	701	1,484	1,964
Advances	903	550	376	777	925
Securities	226	517	325	708	1,038
Liabilities	705	568	0	0	0
Deposits of other public sector	705	568	775	1,558	1,159
Claims on rest of the economy	11,485	13,469	15,361	16,596	17,353
Nonbank financial institutions	841	1,440	1,987	2,551	2,666
Private sector	10,645	12,029	13,375	14,045	14,686
Households	5,152	5,934	5,998	6,262	6,441
Other items (net)	-947	-1,371	-1,129	-350	-686
Liabilities to the central bank	387	385	383	382	380
Liabilities to the private sector	17,054	18,263	20,421	22,614	23,675
Private capital and reserves	2,888	3,364	4,349	4,749	5,381
Deposits	14,166	14,899	16,072	17,865	18,294
Of which					
Foreign currency	3,885	4,158	5,254	4,995	5,115
Demand deposits	2,598	3,118	3,768	4,238	5,388
Time deposits	4,905	4,884	4,876	5,318	4,223
Savings deposits	6,662	6,896	7,428	8,309	8,683
Fund raising instruments	1,155	1,062	933	1,340	1,333

Source: Central Bank of Trinidad and Tobago.

Table 21. Trinidad and Tobago: Commercial Bank Loans and Advances

	1998	1999	2000	2001	Prel. 2002
	(In millions of Trinidad and Tobago dollars)				
Total loans and advances	11,455	12,325	13,207	14,748	15284
Public sector	925	567	479	1,234	1132
Central government	15	10	45	33	3
Local governments	2	16	83	66	19.2
Public financial institutions	8	7	58	419	203
Statutory boards	36	164	138	102	35.4
Public enterprises	864	370	155	615	871
Private sector	10,530	11,758	12,729	13,514	14152
Businesses	5,372	5,740	6,712	7,233	3657
Of which:					
Agriculture	117	289	98	124	274
Petroleum	157	148	333	263	1102
Manufacturing	1,424	1,352	1,619	1,470	1565
Construction	383	634	579	551	716
Real estate	85	96	122	97	...
Services	3,206	3,221	3,961	4,729	4277
Of which					
Distribution	879	544	951	1,086	1125
Financial services	1,172	1,322	1,622	1,774	2033
Financial institutions	264	275	311	198	838
Consumers	5,158	6,018	6,017	6,281	5672
	(In percent of loans and advances)				
Public sector	8.1	4.6	3.6	8.4	7.4
Private sector	91.9	95.4	96.4	91.6	92.6
Businesses	46.9	46.6	50.8	49.0	23.9
Of which:					
Agriculture	1.0	2.3	0.7	0.8	1.8
Petroleum	1.4	1.2	2.5	1.8	7.2
Manufacturing	12.4	11.0	12.3	10.0	10.2
Construction	3.3	5.1	4.4	3.7	4.7
Real estate	0.7	0.8	0.9	0.7	
Services	28.0	26.1	30.0	32.1	28.0
Of which					
Distribution	7.7	4.4	7.2	7.4	7.4
Financial services	10.2	10.7	12.3	12.0	13.3
Financial institutions	2.3	2.2	2.4	1.3	5.5
Consumers	45.0	48.8	45.6	42.6	37.1

Source: Central Bank of Trinidad and Tobago.

Table 22. Trinidad and Tobago: Summary Accounts of the Nonbank Financial Institutions (NBFIs)

(In millions of Trinidad and Tobago dollars)

	1998	1999	2000	2001	Prel. 2002
I. Trust and Mortgage Companies					
Monetary reserves and currency	**250**	**304**	**387**	**350**	**351**
Net domestic assets	**3,960**	**4,845**	**7,781**	**7,615**	**7,849**
Credit to public sector	735	741	1,283	894	916
Central government	690	706	687	555	548
Rest of public sector	45	34	595	339	368
Local government	4	5	0	0	0
Statutory bodies	-19	-17	-66	0	-1
Public utilities	51	61	168	304	302
Non-financial state enterprises	9	-14	494	35	67
Credit to private sector	3,428	4,300	5,875	6,217	6,157
Credit to other financial instns (net)	-408	-495	74	-83	48
Credit to commercial banks (net)	164	841	896	746	943
Credit to nonbank financial institutions	-513	-1,025	-753	-561	-780
Credit to public financial institutions	-58	-310	-69	-268	-115
Other items (net)	205	298	550	587	727
Liabilities to the central bank	**8**	**7**	**6**	**5**	**4**
Liabilities to the private sector	**4,203**	**5,142**	**8,162**	**7,960**	**8,197**
Private capital and reserves	451	603	982	1,324	1,802
Time deposits	1,793	1,865	2,093	2,274	1,845
Of which					
Foreign currency	469	752	618	0	0
Other liabilities 1/	1,959	2,675	5,087	4,362	4,549
Of which					
Fund-raising instruments 1/	234	170	4,081	3,581	3,495
II. Finance Houses and Merchant Banks					
Net foreign assets	**266**	**317**	**370**	**534**	**745**
Assets	508	523	691	1,243	2,073
Liabilities	242	206	321	709	1,328
Monetary reserves and currency	**154**	**175**	**215**	**162**	**155**
Net domestic assets	**1,385**	**1,791**	**1,787**	**2,428**	**2,051**
Credit to public sector	325	406	269	231	379
Central government	96	315	136	163	157
Rest of the public sector	229	91	133	68	222
Local government	0	0	0	0	0
Statutory bodies	-9	-11	163	2	155
Public utilities	5	9	19	113	27
Nonfinancial state enterprises	232	93	-49	-47	39
Credit to private sector	1,292	2,147	1,859	2,828	2,513
Credit to other financial institutions (net)	-158	-560	276	-14	-53
Credit to private financial institutions (net)	263	-249	453	187	195
Credit to public financial institutions (net)	-421	-311	-176	-201	-248
Other items (net)	-74	-202	-617	-617	-788
Liabilities to the central bank	**45**	**43**	**37**	**30**	**20**
Liabilities to the private sector	**1,759**	**2,241**	**2,335**	**3,094**	**2,931**
Private capital and reserves	608	721	708	797	921
Total deposits	1,151	1,520	1,627	2,298	2,010
Of which					
Foreign currency	252	957	983	0	0
Time deposits	1,151	1,520	1,627	2,298	2,010

Source: Central Bank of Trinidad and Tobago.

1/ From June 2000, some instruments were reclassified as fund raising instruments.

Table 23. Trinidad and Tobago: Commercial Bank Performance Indicators

(In percent)

	1998	1999	2000	2001	Prel. 2002
Profitability Ratios					
Ratios to average total assets					
Operating income	11.3	12.2	12.3	...	...
Interest income	9.2	9.6	9.8	...	...
Noninterest income	2.1	2.6	2.5	...	...
Profits before tax	1.7	2.3	2.5	...	...
Profits after tax	1.4	1.7	1.9	...	...
Net interest margin	4.2	4.5	4.7	...	...
Noninterest expenses	7.5	7.8	8	...	...
Ratios to equity capital					
Profits before tax	18.8	23.6	21.9	...	...
Profits after tax	14.9	17.7	17.9	...	...
Asset Quality Ratios					
Ratios to average total loans					
Nonperforming loans	6.2	5	4.7	3.4	3.6
Accumulated loan loss provisions	3.4	3.1	3	2.7	3.2
Liquidity Ratios					
Ratios to average total deposits					
Total loans	65.4	70.8	73.1	71.6	75.1
Total liquid assets	27.0	26.5	24.1	28.5	30
Capital Adequacy Ratio					
Ratio of qualifying capital to total risk-adjusted assets	18.2	17.44	20.18	19.8	21.3

Source: Central Bank of Trinidad and Tobago.

Table 24. Trinidad and Tobago: Interest Rates 1/

(In percent per annum)

	1998	1999	2000	2001	Prel. 2002
Commercial banks					
Savings deposits					
Ordinary	2.8	2.8	2.8	3.0	2.3
Special	5.4	5.3	5.3	5.3	3.1
Time deposits					
0-3 months	6.8	6.5	6.5	6.6	3.5
3-6 months	8.0	7.7	7.6	6.8	3.6
6 months-1 year	8.5	8.2	7.9	7.8	4.4
Deposits in U.S. dollars 2/	6.7	6.4	6.7	7.0	3.9
Basic prime rate	17.5	17.3	16.5	15.0	12.0
Term	18.5	18.0	17.5	16.0	11.8
Demand	16.6	16.9	16.5	15.0	13.0
Overdraft	17.5	17.0	16.5	15.5	13.6
Real estate mortgage	18.5	18.0	17.5	16.0	11.8
Spread, 1-year time deposit to U.S. dollar rate	1.8	1.7	1.2	0.8	0.5
Weighted average deposit rate	5.8	6.9	6.03	5.7	3.7
Weighted average lending rate	15.2	15.92	15.31	14.5	12.8
Spread, lending rate to deposit rate	9.4	9.02	9.28	8.8	9.1
Thrift institutions					
Savings deposits	5.0	5	5	5	5
Time deposits (1-3 years)	7.5	8	8	8	8
Mortgage loans, residential	13.5	13.5	13.5	13.25	12.5
Trust and mortgage finance companies					
Time deposits					
1-3 years	9.7	9.7	9.7	9.7	7.75
Mortgage loans					
Residential	10.8	11	12.5	13.3	12.75
Commercial	14.8	15	14.5	14.3	13.1
Finance houses and merchant banks					
Time deposits	9.6	9.4	9.7	9.8	9.6
Installment loans	10.0	9.5	9.5	11.3	11.25
Nonbank financial institutions					
Weighted average deposit rate	10.5	10.6	10.2	10.1	7.7
Weighted average lending rate	12.4	12.1	12	11.64	10.95
Spread lending rate to deposit rate	1.9	1.5	1.8	1.54	
Central bank rate	13.0	13	13	13	13
Treasury bills 3/	11.9	10.5	10.54	8.33	4.83

Sources: Central Bank of Trinidad and Tobago; and International Financial Statistics (IMF)

1/ Median rates, unless otherwise specified.
2/ Weighted average deposit rate.
3/ Weighted average discount rate for the year.

Table 25. Trinidad and Tobago: Summary Balance of Payments
(In millions of U.S. dollars; unless otherwise indicated)

	1998	1999	2000	2001	Prel. 2002
Current account balance	**-645**	**36**	**531**	**514**	**-18**
Trade balance	-747	69	955	729	193
Exports, f.o.b.	2,264	2,816	4,288	4,273	3,894
Of which					
Fuels	1,008	1,524	2,799	2,623	2,321
Petrochemicals	496	529	732	816	658
Other	761	763	757	834	915
Imports, c.i.f.	3,012	2,747	3,333	3,544	3,701
Consumer goods	460	502	476	535	549
Raw materials and intermediate goods	1,306	1,360	1,886	1,775	1,885
Capital goods	1,246	885	971	1,234	1,267
Services (net)	81	-71	-462	-249	-258
Nonfactor services	423	329	166	227	185
Factor services	-342	-400	-629	-476	-443
Current transfers (net)	22	38	38	33	47
Capital account (net) 1/	**695**	**218**	**325**	**559**	**339**
Investment assets and liabilities	582	575	682	908	564
Official, medium- and long-term	-100	122	114	-34	-51
Disbursements	59	295	384	26	18
Amortization	170	176	270	61	68
Other	11	3	0	0	0
Direct Investment (net)	732	379	654	685	695
Commercial banks (net)	-50	74	-86	257	-80
Short term (net)	113	-357	-357	-349	-225
Net errors and omissions	**33**	**-98**	**-410**	**-587**	**44**
Overall balance	**83**	**156**	**445**	**486**	**44**
Financing	**-83**	**-156**	**-445**	**-486**	**-44**
Change in net official reserves (increase -)	-83	-156	-445	-486	-44
Memorandum items:					
Exports/GDP ratio	37.4	41.2	52.3	46.7	41.5
Imports/GDP ratio	49.7	40.2	40.6	38.7	39.5
Current account/GDP ratio	-10.6	0.5	6.5	5.6	-0.2
Capital account balance/GDP ratio	11.5	3.2	4.0	6.1	3.6
Overall balance/GDP ratio	1.4	2.3	5.4	5.3	0.5
Gross international reserves (millions US$, end of period)	783.0	945.4	1386.2	1875.9	1923.5
(In months of imports of goods and services) 2/	2.6	3.3	3.8	5.0	4.9

Sources: Central Bank of Trinidad and Tobago; Central Statistical Office; and Fund staff estimates and projections.

1/ Includes short-term capital flows.
2/ Imports are for the following year.

Table 26. Trinidad and Tobago: Summary of Exports, f.o.b.

(In millions of U.S. dollars; unless otherwise indicated)

	1998	1999	2000	2001	Prel. 2002
Total exports	**2264.2**	**2815.7**	**4288.0**	**4273.0**	**3894.0**
Re-exports	**89.0**	**124.0**	**75.0**	**114.0**	**173.0**
Domestic exports	**2175.2**	**2693.0**	**4208.3**	**4165.6**	**3735.1**
Fuels	1008.0	1524.0	2798.7	2623.0	2321.0
Crude petroleum					
Volume (million barrels)	17.6	20.4	24.0	18.1	22.0
Value	253.0	367.0	573.7	453.0	586.0
Unit value	14.4	18.0	23.9	25.0	26.6
Natural gas liquids					
Volume (million barrels)	88.0	1266.0	2007.0	1895.0	2502.0
Value	63.0	237.0	366.0	310.0	385.0
Unit value	0.7	0.2	0.2	0.2	0.2
Refined petroleum products					
Volume (million barrels)	6155.0	7769.0	7789.0	8458.0	7003.0
Value	692.0	920.0	1859.0	1860.0	1350.0
Unit value	0.1	0.1	0.2	0.2	0.2
Chemicals	495.6	529.0	731.9	815.6	658.2
Anhydrous ammonia					
Volume (thousand metric tons)	1963.0	2849.0	2767.0	3217.0	3264.0
Value	248.0	293.0	360.6	435.0	338.0
Unit value	126.3	102.8	130.3	135.2	103.6
Urea					
Volume (thousand metric tons)	473.0	596.0	722.0	515.0	627.0
Value	49.6	48.0	61.0	65.0	63.0
Unit value	104.9	80.5	84.5	126.2	100.5
Methanol					
Volume (thousand metric tons)	1558.0	1818.0	1991.0	1495.0	1205.0
Value	148.0	144.0	268.0	257.0	192.0
Unit value	95.0	79.2	134.6	171.9	159.3
Other chemicals	50.0	44.0	42.3	58.6	65.2
Other products	671.6	640.0	677.8	727.0	755.8
Steel products					
Volume (thousand metric tons)	723.0	1168.0	1330.0	1939.0	2066.0
Value	204.0	164.0	243.0	286.0	332.0
Unit value	282.2	140.4	182.7	147.5	160.7
Sugar					
Volume (thousand metric tons)	58.5	65.0	62.0	61.0	37.0
Value	31.9	34.0	36.8	26.0	24.8
Unit value	0.5	0.5	0.6	0.4	0.7
Other	435.7	442.0	398.0	415.0	399.0
Food and live animals (excluding sugar)	113.0	110.0	112.0	114.0	113.0
Beverages and tobacco	88.5	78.0	78.0	79.0	86.0
Crude materials	6.0	6.0	5.0	7.0	8.0
Animal and vegetable fats	9.2	6.0	3.0	5.0	6.0
Manufactures (excluding steel)	148.0	164.0	118.0	128.0	114.0
Machinery	21.0	23.0	25.0	31.0	20.0
Miscellaneous manufactured articles	48.0	53.0	56.0	50.0	51.0
Other exports and errors	2.0	2.0	1.0	1.0	1.0
Memorandum items:					
Fuels and chemicals exports	1503.6	2053.0	3530.6	3438.6	2979.2
(percent of total domestic production)	69.1	76.2	83.9	82.5	79.8
Nonfuels	1167.2	1169.0	1409.7	1542.6	1414.1
Crude oil exports/production (in percent)	14.3	16.5	20.2	14.5	17.1
Nonfuel export prices (percentage change)	-8.1	4.0	20.9	5.3	-9.3

Sources: Central Bank of Trinidad and Tobago; Central Statistical Office; and Fund staff estimates.

Table 27. Trinidad and Tobago: Summary of Imports

	1998	1999	2000	2001	Prel. 2002
	(In millions of U.S. dollars)				
Total imports	**3011.7**	**2747.1**	**3332.9**	**3543.9**	**3700.7**
Imports for processing	108.0	33.0	23.0	10.0	8.0
Consumer goods	**460.0**	**502.0**	**476.0**	**535.0**	**549.0**
Nondurables	308.0	302.0	297.0	338.0	339.0
Food	189.0	192.0	187.0	213.0	200.0
Other	119.0	110.0	110.0	125.0	139.0
Semidurables	61.0	59.0	60.0	67.0	67.0
Durables	91.0	141.0	119.0	130.0	143.0
Raw materials and intermediate goods	1198.0	1332.0	1863.0	1773.0	1878.0
Fuels	300.0	554.0	1061.0	935.0	983.0
Construction materials	123.0	123.0	127.0	122.0	117.0
Othe	775.0	655.0	675.0	716.0	778.0
Capital goods	1246.0	885.2	971.0	1234.0	1267.0
Transport equipment	191.0	154.0	150.0	166.0	169.0
Oil and mining machinery	88.0	43.0	33.0	51.0	87.0
Other	967.0	688.2	788.0	1017.0	1011.0
Memorandum items:					
Nonfuels	2711.7	2193.1	2271.9	2608.9	2717.7
Raw materials (excluding fuels)	799.1	888.4	1242.6	1182.6	1252.6
	(Percentage change)				
Total imports	**-0.8**	**-8.8**	**21.3**	**6.3**	**4.4**
Consumer goods	15.9	9.1	-5.2	12.4	2.6
Raw materials and intermediate goods	4.4	11.2	39.9	-4.8	5.9
Capital goods	-11.1	-29.0	9.7	27.1	2.7
	(In percent of GDP)				
Total imports	**49.7**	**40.2**	**40.6**	**38.7**	**39.5**
Consumer goods	7.6	7.3	5.8	5.8	5.9
Raw materials and intermediate goods	19.8	19.5	22.7	19.4	20.0
Capital goods	20.6	12.9	11.8	13.5	13.5

Sources: Central Bank of Trinidad and Tobago; Central Statistical Office; and Fund staff estimates.

Table 28. Trinidad and Tobago: Imports by Country of Origin

	1998	1999	2000	2001	Prel. 2002
	(In millions of U.S. dollars)				
Imports, ci.f.	3012.0	2751.0	3333.0	3552.0	3701.0
CARICOM countries	106.5	131.9	125.7	120.0	93.0
Barbados	24.0	38.0	36.0	23.0	31.0
Guyana	10.7	11.9	14.8	16.3	16.3
Jamaica	17.8	18.2	19.5	20.1	17.0
Other CARICOM countries	54.0	63.8	55.4	60.6	28.7
Latin America Free Trade	572.8	605.0	1051.0	843.0	743.0
Venezuela	214.8	328.7	610.7	438.1	401.2
Brazil	82.2	39.1	97.8	200.2	211.3
Other	275.8	237.2	342.5	204.7	130.5
Central American Common Market	15.3	21.6	25.9	27.3	...
United States	1344.2	1096.6	1172.0	1305.0	1243.0
Canada	105.0	134.2	87.0	91.7	105.0
European Economic Community	412.0	339.1	350.6	642.2	621.6
European Free Trade Association	51.0	22.7	30.3	25.6	30.0
Other	405.2	399.9	490.5	497.2	865.4
	(In percent of total)				
CARICOM countries	3.5	4.8	3.8	3.4	2.5
Barbados	0.8	1.4	1.1	0.6	0.8
Guyana	0.4	0.4	0.4	0.5	0.4
Jamaica	0.6	0.7	0.6	0.6	0.5
Other CARICOM countries	1.8	2.3	1.7	1.7	0.8
Latin America Free Trade	19.0	22.0	31.5	23.7	20.1
Venezuela	7.1	11.9	18.3	12.3	10.8
Brazil	2.7	1.4	2.9	5.6	5.7
Other	9.2	8.6	10.3	5.8	3.5
Central American Common Market	0.5	0.8	0.8	0.8	...
United States	44.6	39.9	35.2	36.7	33.6
Canada	3.5	4.9	2.6	2.6	2.8
European Economic Community	13.7	12.3	10.5	18.1	16.8
European Free Trade Association	1.7	0.8	0.9	0.7	0.8
Other	13.5	14.5	14.7	14.0	23.4

Sources: Central Statistical Office and Central Bank of Trinidad and Tobago

Table 29. Trinidad and Tobago: Exports by Country of Destination

	1998	1999	2000	2001	Prel. 2002
	(In millions of U.S. dollars)				
Exports, f.o.b.	2264.2	2815.7	4288.0	4273.0	3894.0
CARICOM countries	656.8	726.7	1001.0	1026.0	927.0
	122.1	147.1	207.0	273.0	296.0
Guyana	78.5	72.2	98.0	92.0	83.0
Jamaica	234.8	242.9	336.0	355.0	295.0
Other CARICOM countries	221.4	264.5	360.0	306.0	253.0
Latin America Free Trade	217.4	124.4	179.0	134.4	164.0
Venezuela	54.4	32.1	35.1	51.1	24.2
Brazil	7.0	15.9	39.6	13.7	18.6
Other	156.0	76.4	104.3	69.6	121.2
Central American Common Market	63.0	106.4	181.3	161.9	161.9
United States	826.4	1097.1	1849.2	1765.0	1716.0
Canada	18.4	42.5	56.4	98.6	93.0
European Economic Community	140.4	210.2	389.1	230.3	495.7
European Free Trade Association	9.2	6.1	0.2	8.1	...
Other	332.6	502.3	631.8	848.7	336.4
	(In percent of total)				
CARICOM countries	29.0	25.8	23.3	24.0	23.8
Barbados	5.4	5.2	4.8	6.4	7.6
Guyana	3.5	2.6	2.3	2.2	2.1
Jamaica	10.4	8.6	7.8	8.3	7.6
Other CARICOM countries	9.8	9.4	8.4	7.2	6.5
Latin America Free Trade	9.6	4.4	4.2	3.1	4.2
Venezuela	2.4	1.1	0.8	1.2	0.6
Brazil	0.3	0.6	0.9	0.3	0.5
Other	6.9	2.7	2.4	1.6	3.1
Central American Common Market	2.8	3.8	4.2	3.8	4.2
United States	36.5	39.0	43.1	41.3	44.1
Canada	0.8	1.5	1.3	2.3	2.4
European Economic Community	6.2	7.5	9.1	5.4	12.7
European Free Trade Association	0.4	0.2	0.0	0.2	...
Other	14.7	17.8	14.7	19.9	8.6

Sources: Central Statistical Office and Central Bank of Trinidad and Tobago

Table 30. Trinidad and Tobago: Public Sector External Debt 1/

	1998	1999	2000	2001	Prel. 2002
	(In millions of U.S. dollars)				
Total government and government guaranteed debt					
Debt outstanding (end of period)	1,496	1,610	1,705	1,663	1,613
Debt service	295	275	378	183	198
Drawings	59	295	384	26	18
Amortization due	176	176	270	61	68
Rescheduling	0	0	0	0	0
Valuation adjustment	22	-5	-18	-7	0
Interest payments	118	99	108	121	129
Central government					
Debt outstanding (end of period)	1,077	1,199	1,352	1,368	1,353
Debt service	279	267	330	139	153
Drawings	59	295	384	26	18
Amortization due	165	171	236	28	33
Rescheduling	0	0	0	0	0
Valuation adjustment	21	-3	6	18	0
Interest payments	115	96	95	110	120
Public enterprises					
Debt outstanding end of period	398	365	344	323	287
Drawings	0	0	0	0	0
Amortization	5.7	4.9	33.9	32.2	35.7
Rescheduling	0	0	0	0	0
Valuation adjustment	4	-28	13	11	0
Financial public sector including the Central Bank					
Debt outstanding end of period	21	21	21	21	21
Drawings	0	0	0	0	0
Amortization	6	1	1	1	0
Valuation adjustment	-4	1	1	1	0
of which:					
Central Bank					
Debt outstanding end of period	1	0.8	0.8	0.8	0.8
Drawings	0	0	0	0	0
Amortization	5	0.2	0	0	0
Valuation adjustment	0.0	0.0	0.0	0.0	0.0
	(In percent of total outstanding debt, unless otherwise stated)				
By Creditor					
Bilateral agencies	4.9	4.8	2.6	2.2	1.8
Multilateral agencies	42.3	39.7	35.3	34.8	33.5
Financial institutions	31.7	19.4	15.5	17.7	17.7
Bonds	21.1	36.0	46.5	45.4	47.1
By maturity					
Short term	0.0	1.6	0.8	0.0	0.0
Medium-term	33.3	28.0	31.4	32.1	33.2
Long-term	66.7	70.4	67.8	67.9	66.8
Debt in percent of GDP	24.7	23.6	20.8	18.2	17.2
Debt service in percent of exports of goods and services	10.0	8.0	7.8	3.8	4.4
Interest payment in percent of exports of goods and services	4.0	2.9	2.2	2.5	2.9

Sources: Ministry of Finance; Central Bank of Trinidad and Tobago; and Fund staff estimates.

1/ Indicate coverage of government and government guaranteed debt.