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## **Trinidad and Tobago: Selected Issues and Statistical Appendix**

This Selected Issues and Statistical Appendix report on Trinidad and Tobago was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with this member country. As such, the views expressed in this document are those of the staff team and do not necessarily reflect the views of the Government of Trinidad and Tobago or the Executive Board of the IMF.

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INTERNATIONAL MONETARY FUND

TRINIDAD AND TOBAGO

**Selected Issues and Statistical Appendix**

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Approved by the Western Hemisphere Department

May 27, 1999

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## Trinidad and Tobago: Basic Data

### I. Social and Demographic Indicators

Area (thousand sq. km)	5,130	Nutrition	
Population (1997)		Calorie intake	
Total (million)	1.3	(per capita/day)	2,853
Rate of growth (percent per year)	0.9	Protein intake	
Density (per sq. km.)	250	(per capita grams/day)	65
GNP per capita (US\$)	4,250	Health (1997)	
Population characteristics (1997)		Population (per physician)	700
Life expectancy at birth (years)	71	Hospital beds (per thousand)	3.2
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 (1995)	
Income distribution, percent of total (1992)		Population (percent)	96
By highest 10 percent of households	34.7	Education (1996)	
By lowest 20 percent of households	5.0	Enrollment rates, percent	
Distribution of labor force, percent (1998)		Primary education	98
Agriculture	8.1	Secondary education	74
Industry	14.6		

### II. Economic Indicators, 1994-99

	1994	1995	1996	1997	Prel. 1998	Proj. 1999
(Annual percentage change)						
National accounts and prices						
GDP at constant market prices	3.6	3.8	3.5	3.5	3.2	4.5
Agriculture	7.7	-5.3	7.1	3.8	-21.0	3.4
Oil/gas	9.1	0.4	2.0	-1.3	1.9	14.4
Manufacturing	-1.7	5.5	-3.4	11.5	9.1	4.0
Construction	13.9	7.8	5.5	14.8	10.2	-7.0
Services	0.3	4.6	4.6	3.1	3.8	3.2
Consumer price index (end period)	5.5	3.8	4.3	3.5	5.6	4.2
(As a percentage of GDP)						
Gross investment	20.2	15.9	16.4	27.1	25.9	22.0
Private consumption	55.0	58.4	60.0	64.8	66.0	64.4
Government consumption	12.0	11.9	12.0	11.5	12.3	13.0
Gross domestic savings	24.5	20.6	18.8	17.1	15.8	15.6
(In millions of Trinidad and Tobago dollars)						
Central government finances						
Total revenue 1/	7,565	8,511	9,542	9,954	9,823	10,699
Of which:						
Tax revenue	6,625	7,755	8,761	8,204	8,419	8,587
Nontax revenue	880	700	776	922	1,259	1,332
Total expenditure	7,571	8,458	9,371	9,913	10,400	10,871
Overall balance	-6	53	171	41	-577	-171
Net external financing	-285	-906	96	-1,599	-668	1,093
Net domestic financing	291	853	-267	1,559	1,244	-922
Bank financing	-479	157	-324	702	-990	325
Nonbank financing	770	695	57	857	2,234	-1,247
Memorandum items:						
Overall fiscal balance (percent of GDP)	0.0	0.2	0.5	0.1	-1.6	-0.4

Trinidad and Tobago: Basic Data

	1994	1995	1996	1997	Prel. 1998	Proj. 1999
(Annual percentage change)						
<b>Money and credit 2/</b>						
Money and quasi money	14.1	10.3	9.8	11.2	5.4	6.6
Net domestic assets	-1.4	21.3	10.2	28.6	-10.6	1.6
Public sector (net) 3/	-9.3	6.9	-1.8	12.6	-8.3	-1.9
Private sector	-3.9	3.7	3.6	16.2	2.4	1.8
(In millions of U.S. dollars)						
<b>Balance of payments</b>						
Trade balance	598	592	415	-494	-677	-334
Exports, f.o.b	1,972	2,477	2,506	2,542	2,335	2,455
Imports, c.i.f.	1,374	1,885	2,090	3,036	3,012	2,790
Services (net)	-370	-306	-271	-89	88	-60
Current account (excluding official transfers)	226	283	141	-579	-586	-385
Official transfers	-4	-13	-3	0	3	5
Capital account	-34	-36	36	830	460	581
Errors and omissions	-7	-202	40	-76	199	...
Overall balance	181	33	214	175	77	191
(In percent)						
<b>Memorandum items:</b>						
Debt service ratio 4/	26.3	17.6	13.2	15.3	9.6	10.2
Current account/GDP	4.5	5.1	2.4	-10.0	-10.0	-6.4
External debt outstanding/GDP	41.7	36.2	34.2	26.8	24.6	25.3
<b>IMF data (as of April 30, 1999)</b>						
Article VIII status						
Intervention currency and rate					U.S. dollar at TT\$6.3 = US\$1.00	
Quota					SDR 335.6 million	
Fund holdings of local currency					SDR 335.6 million	
As percent of quota					100 percent	
Special Drawing Rights Department						
Cumulative SDR allocation					SDR 46.23 million	
Holdings of SDRs					SDR 0.16 million	

Sources: Trinidad and Tobago authorities; Social Indicators of Development, 1991-92, the World Bank; and Fund staff estimates.

- 1/ Total revenue consists of tax revenue, nontax revenue, and capital revenue and grants.  
 2/ Financial system, in percent of liabilities to the private sector at the beginning of the period.  
 3/ Exclusive of changes in government blocked accounts for open market operations.  
 4/ As percent of exports of goods and nonfactor services.

## I. RECENT DEVELOPMENTS IN THE ENERGY SECTOR<sup>1</sup>

1. This section reviews recent developments in the energy sector of the Republic of Trinidad and Tobago, and assesses the outlook for energy-related industries.

### Crude oil

2. Trinidad and Tobago is a small oil producer in the Caribbean and South American region, accounting for less than 1½ percent of the region's total oil production and less than 1 percent of the region's total reserves.<sup>2</sup> As of January 1, 1999, the country's total oil reserves are 2,550 million barrels of oil, of which 550 million barrels are proven reserves, 400 million barrels are discounted probable reserves, and 1,600 million barrels are discounted possible reserves<sup>3</sup>. The reserve life is 57 years at the current extraction rate.

3. The importance of crude oil in the economy has decreased over the past two decades as a consequence of economic diversification and declining oil production. In the 1970s crude oil production was equal to 30 percent of GDP, whereas in 1998 it represented only 12 percent of GDP. Crude oil production in Trinidad and Tobago has been declining at an average annual rate of 2.7 percent in recent years, partly owing to the decline of mature fields and insignificant new oil findings. Average production in 1998 was 122,622 barrels of oil per day, about half the peak production of 240,000 barrels of oil per day achieved in 1978. For 2003, the Ministry of Energy forecasts production of only 108,900 barrels of oil per day, 11 percent below the 1998 level, as shown in Figure 1.

4. In 1998, the decline of mature fields was exacerbated by the low price of oil experienced during the year, which made exploitation of some fields uneconomic. In particular, Amoco Energy Company of Trinidad and Tobago, the main oil producer in the operating rigs in 1998. Absent the discovery of new fields, it is expected that the declining

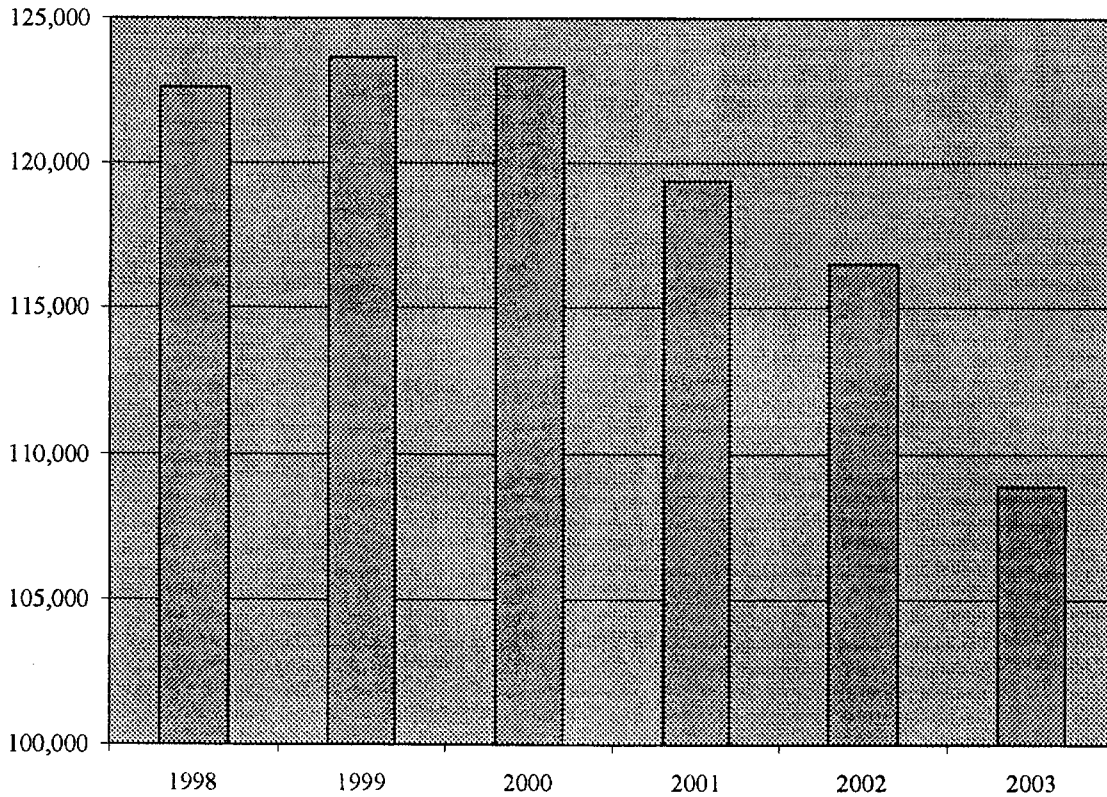
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<sup>1</sup>Prepared by Jorge A. Chan-Lau.

<sup>2</sup>*World Energy Yearbook 1998, The Petroleum Economist, and Ernst & Young.*

<sup>3</sup>Ministry of Energy of the Republic of Trinidad and Tobago. Proved reserves consist of volumes of oil in known reservoirs that can be economically extracted with reasonable certainty. Potential or probable reserves consist of estimates of likely volumes of oil in a reservoir in addition to proved reserves, but based on additional information. Possible reserves consist of oil not yet discovered but expected to be present based on likely favorable geological conditions or trends.

Figure 1. Trinidad and Tobago: Crude Oil and Condensate Production (BOPD)



Source: Ministry of Energy of Trinidad and Tobago.

country, is planning to reduce its production in mature oil fields, after closing one of its three trend will continue in the future, despite improvements in recovery and exploitation techniques currently being applied in Trinidad and Tobago's oil fields.<sup>4</sup>

5. In order to stimulate exploration and partly offset the decline in production described above, offshore exploration areas were divided into blocks and offered to petroleum companies through an aggressive competitive offshore bidding program launched in 1995. During 1995-98, 19 blocks were put up for competitive bidding and 13 production sharing contracts (PSC) were signed. In 1999, three additional blocks will be offered to interested international companies.

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<sup>4</sup>*Oil and Gas Journal*, June 30, 1997 and September 7, 1997.



## Natural gas

6. Trinidad and Tobago currently accounts for 8 percent of total natural gas production and 6 percent of the total reserves in the Caribbean and Latin American region.<sup>5</sup> The reserves are estimated at 30 trillion cubic feet, of which 21.3 trillion cubic feet are proven reserves, 6.3 trillion cubic feet are discounted probable reserves, and 3.1 trillion cubic feet are discounted possible reserves, with an expected life of 92 years at the current extraction rate. However, it is expected that reserves will increase in the future, as new explorations concentrate exclusively on gas. As an illustration, in 1998, significant discoveries made by British Gas and Enron added 1.5 trillion cubic feet in proven reserves.<sup>6</sup>

7. The relative importance of natural gas in the energy sector will increase in the future as oil production declines. The economic value of the gas reserves depends on whether they can be delivered to end-user markets, where the gas is used as an input for a number of petrochemical processes or to generate energy for other industrial uses. The only two economical ways to move gas itself to markets are through pipelines, in its natural state, or by liquefying it and then shipping it. Therefore, given Trinidad and Tobago's geographical position, the rational utilization of the natural gas reserves required a two-pronged strategy: the development of a strong industrial base in the country and the construction of a liquefied natural gas (LNG) processing plant.

8. Considerable progress is being made in achieving both objectives. The government has attracted foreign investments to establish petrochemical and industrial plants for the last 30 years, among them four world-scale methanol plants and eight world-scale ammonia plants. Most of these plants are located in the Point Lisas Industrial Estate, where gas is supplied through a pipeline transmission system. In April 1999, the largest LNG processing plant in the Western Hemisphere came onstream and started shipping LNG to Spain and the United States.

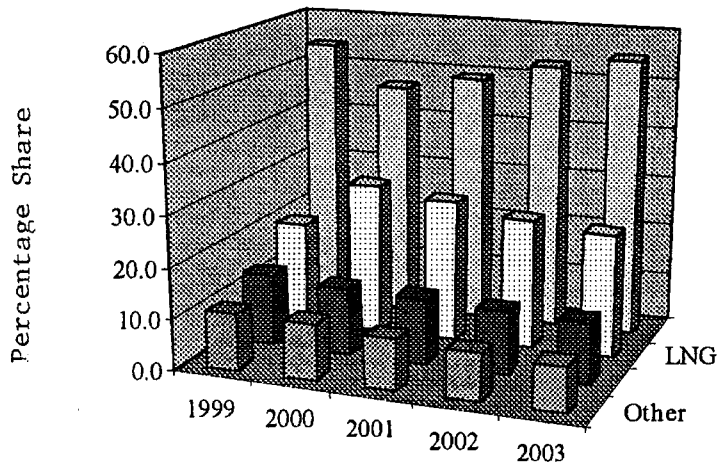
9. The current domestic demand for natural gas is over 1 billion cubic feet per day (Figure 2). It can be broken down as follows: 70 percent is used by the petrochemical industries such as methanol, urea and ammonia; 20 percent is used in power generation; and the remaining 10 percent is used by the metals, cement, light manufacturing, oil refining and gas processing industries, according to estimates by the Ministry of Energy. By the year 2003, it is expected that total gas demand would have increased by almost 80 percent, with the petrochemical industries accounting for 50 percent of total demand, LNG processing for 24 percent, power generation for 12 percent, the metals industries for 10 percent and the remaining 6 percent divided among cement, light manufacturing, oil refining and gas processing industries.

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<sup>5</sup>*World Energy Book 1998, The Petroleum Economist*, and Ernst & Young.

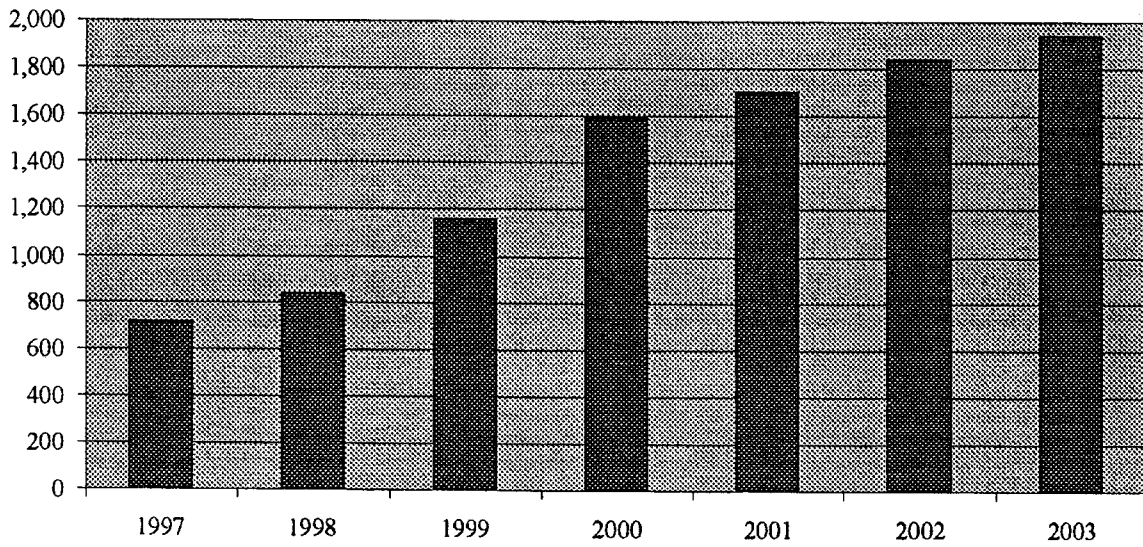
<sup>6</sup>*Oil and Gas Journal*, February 3, 1997, and July 27, 1998.

Figure 2. Trinidad and Tobago: Natural Gas Demand - End Users



Source: Ministry of Energy of Trinidad and Tobago.

Figure 3. Trinidad and Tobago: Natural Gas Demand (MMSCF/D)



Source: Ministry of Energy of Trinidad and Tobago.

### **Liquefied natural gas (LNG)**

10. In the second quarter of 1999, the Atlantic LNG Company of Trinidad and Tobago (ALNG), a joint venture by Amoco Trinidad, British Gas, Repsol, Cabot, and the National Gas Company (NGC) of Trinidad and Tobago, started operations of a one-train LNG facility, with a total capacity of 3 million tons per year. The production of the first LNG train has been sold for the next 20 years, with Cabot, a U.S. firm, buying 60 percent of the production to supply the northeastern market of the United States, and Enagas (Spain), purchasing the remaining production to supply the Spanish market. This agreement was reached partly as a result of the participation of Cabot and Enagas, which partially owns Repsol, both as producers and consumers.<sup>7</sup> The first LNG shipment to Boston took place in April 1999.

11. The potential importance of LNG production in the economy is large. If ALNG operates one train at its planned capacity, LNG will account for 2½ percent of GDP in 1999, and for roughly 4½ percent of GDP from 2000 onwards, according to Fund staff estimates. The current site, however, can accommodate up to three trains, so the contribution of LNG to real GDP could reach 10 percent in the next few years, provided that the investments are made and the additional production can be sold entirely.

12. Currently, the construction of the second train seems plausible. Cabot and Enagas, which have rights of first refusal, appear to be interested in purchasing the second train production. Even if they exercise their refusal rights, ALNG should not find difficulties finding other purchasers in Brazil, other European countries, and especially Puerto Rico. In fact, EcoElectrica of Puerto Rico, a 50–50 joint venture of the Enron Corporation and Kenetech Corporation, has signed a 20-year contract with Cabot to purchase part of Cabot's share of the first train of gas. EcoElectrica's output is close to 2 percent of the total power generation in Puerto Rico, but if the company's market share increases as expected, its demand for LNG will also likely increase.<sup>8</sup>

### **Petrochemicals**

13. The petrochemicals industry in Trinidad and Tobago is concentrated in three products: ammonia, urea and methanol. Currently, there are eight ammonia plants in operation with a total production capacity of 3.54 million tons per annum, one urea plant with a capacity of 0.58 tons per annum and four methanol plants, with a total capacity of 2.1 tons per annum. By the end of 1999, methanol capacity will increase to 2.96 million tons per annum by the expected coming onstream of a new plant owned by Titan Methanol Company a joint venture of Amoco Trinidad, Saturn Methanol, KingWood/Texas Investment Fund and Beacon Group.

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<sup>7</sup>See *The Petroleum Economist*, Ltd., 1998, *Fundamentals of the LNG Industry*, for an overview of the complex nature of LNG contracts.

<sup>8</sup>*Oil and Gas Journal*, December 22, 1997.

In 1998, Trinidad and Tobago's world share of ammonia and methanol production capacity was less than 3 percent and 5 percent, respectively.

14. There are other plans to increase the capacity in the petrochemicals sector. The government is close to completing negotiations with Caribbean Nitrogen Company for the construction of an additional 0.62 million tons per annum methanol facility. Methanex, a Canadian methanol producer, has proposed the construction of a "methanol hub," consisting of three 1 million tons per annum facilities that will be built over the years 2002, 2004, and 2007. Titan Methanol Company has proposed the construction of another methanol plant, named "Atlas," with a total capacity of 1.5 million tons per annum.

15. Weighing against these decisions to expand production are the concerns about the short- and medium-run outlook for the petrochemicals sector owing to the depressed conditions in world markets. In the case of methanol, it appears that the drive to monetize natural gas reserves has created a supply glut as new plants come onstream during 1998–2001 in Trinidad and Tobago, Chile, Saudi Arabia, Qatar, Equatorial Guinea, and construction of new plants start in Kuwait and Argentina. Methanol prices dropped during 1998, as a result of low demand and oversupply, and the situation is expected to continue during 1999.<sup>9</sup> This would be reflected in production cutbacks worldwide, that doubtlessly will affect production in Trinidad and Tobago as well. Operating rates of methanol plants are forecasted to be in the range of 72–77 percent and the industry will likely experience an annual growth rate of only 2¾ percent during 1997–2003.<sup>10</sup> Similarly, ammonia prices have been sliding since the third quarter of 1998, as a result of increasing global supply. Finally, demand for urea is expected to weaken as one of the major importers, China, moves towards self-sufficiency.

### **Metal industry**

16. Trinidad and Tobago's metal industry is concentrated in steel production, which accounts for less than 10 percent of total gas usage.<sup>11</sup> With a share of less than ⅛ of 1 percent in world production, the country is a minor player in the world market. However, the government is placing special emphasis on the development of the steel and aluminum industries in order to diversify the country's natural gas industrial customer base and reduce its exposure to the price volatility of a handful of petrochemical projects.

17. Currently, there is only one steel plant operating in Trinidad and Tobago, Caribbean Ispat Limited, with a total capacity of 0.9 million tons per annum of direct reduced iron (DRI)

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<sup>9</sup>*Chemical Market Reporter*, February 8, 1999.

<sup>10</sup>*Oil and Gas Journal*, October 12, 1998; *Chemical Market Reporter*, November 9, 1998 and February 8, 1999.

<sup>11</sup>*Petroleum Economist*, November 1998. Natural gas is used as fuel for the steel industry.

pellets, 0.7 million tons per annum of billets and 0.6 million tons per annum of wire rods. In January 1999, the Nucor Iron Carbide Company shut down its iron carbide plant after five years of operation. The plant was designed to produce 0.3 million tons per annum of iron carbide but it never achieved its capacity rating, and with the low prices for scrap and direct-reduced iron, operation became economically unfeasible.<sup>12</sup> An offset will be provided by the expected completion of the Circored DRI plant, a joint venture of Cleveland Cliffs, Incorporated (U.S.A.), LTV Corporation (U.S.A.), Lurgi AG (Germany), and Companhia Vale do Rio Doce (CVRD) (Brazil), with a production capacity of 500,000 tons per annum of reduced iron briquettes.

18. Two major projects are underway that will increase the production capacity in the steel and aluminum industry in the near future. Caribbean Ispat Limited (CIL) is currently working on a substantial plant upgrade and constructing a new DRI megamodule that will double the production capacity of DRI pellets from 900,000 to 2.4 million tons per annum. The second project, currently under discussion, is a two-train aluminum smelter, to be built by Norsk Hydro. Each projected train has a capacity of 235,000 tons per annum and if the project is approved, the first train would be completed in 2002 and the second in 2007. The project would include the construction of two dedicated electricity generating plants.

19. The long-run prospects for the steel and aluminum industries are strong and there is no shortage of new projects on the horizon. NASCO Limited is considering the construction of a hot briquetted iron plant, with a planned capacity of 1.5 million tons per annum. A more ambitious project currently being discussed by the government and the CVRD of Brazil is to develop a "Steel District" that will process iron ore from Brazil. If approved, construction will start in 2002 and last until 2008.

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<sup>12</sup>*Iron Age New Steel*, March 1999.

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## II. THE FISCAL SUSTAINABILITY OF ENERGY RESOURCES <sup>1</sup>

### A. Introduction

20. Trinidad and Tobago's economy relies heavily on energy production. Oil production has long been a mainstay of the economy, though natural gas and petrochemicals have assumed greater importance in recent years. Petroleum reserves are therefore an important component of the wealth of the economy. In many countries with natural resource endowments, revenues from natural resources production have been used to support current budgetary expenditures. This raises the concern that some countries may rely too heavily on revenues from an exhaustible natural resource, and thereby reduce the net wealth of the country, leading to a lower standard of living in the future.

21. This section sets up a framework that can be used to evaluate the degree of dependence of Trinidad and Tobago's budget on energy revenues and its long-term sustainability. Section 2 provides some background on energy production; Section 3 surveys the nature of the fiscal regime; Section 4 presents some simple simulations assessing the sustainability of Trinidad and Tobago's fiscal position in the context of its reliance on revenues from petroleum, using a simple framework in which it is hypothesized that a country could sell all of its stock of natural resources and convert the proceeds into a financial asset from which it derives an income. Section 5 concludes.

### B. Background

22. In 1998, petroleum and petrochemicals production accounted for 21 percent of GDP, 7 percent of total central government revenue and grants, and 46 percent of exports of goods and services. Oil production has declined over the past few decades and averaged about 122,000 barrels per day in 1998 compared to 240,000 in 1978. Total reserves are about 2.6 billion barrels of oil, about 57 years of supply at current production rates (see Section 1). Amoco Trinidad Oil Company, the wholly state-owned Petroleum Company of Trinidad and Tobago (Petrotrin), and the majority state-owned Trinmar are the major producers of oil. Petrotrin also owns the country's only operating refinery, which manufactures petroleum products for local consumption and for export.

23. Natural gas production is currently over 1 billion cubic feet per day and is expected to grow to about 1.5 billion cubic feet per day in the next few years. Total reserves are about 30 trillion cubic feet (see Section 1), about 92 years of supply at current production rates, though industry estimates suggest that there may be several times as much in potential reserves. Natural gas is mainly used for power generation and petrochemicals (ammonia, methanol, and urea), and in the production of iron, steel, and cement. LNG is expected to

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<sup>1</sup>Prepared by Janet Stotsky. This study draws upon some initial work done on this topic by Vincent Hogan.

become a major export with the coming on line of the ALNG plant in 1999. Although most gas is produced by private companies, the state-owned NGC is a monopolist in the purchase, transmission, and sale of gas. It also assists in the development of downstream gas-based industries (World Bank, 1997).

24. As in many countries, natural resources have at times been a mixed blessing to Trinidad and Tobago (Auty and Gelb, 1986). From 1973 to 1982, Trinidad and Tobago benefited from the sharp rise in oil prices, though much of these revenues were spent inefficiently on consumer subsidies, poor public investments, and transfers to inefficient state enterprises. As a consequence, the economy did not sufficiently diversify and the manufacturing and agricultural bases eroded as a result of an overvalued exchange rate. From 1982 to 1993, the decline in oil prices dragged Trinidad and Tobago into a decade long recession, which resulted in fiscal and current account imbalances, successive exchange rate devaluations, and substantial emigration of skilled labor from the country.

25. In recent years, the economy has sustained moderate economic growth, low inflation, and relative fiscal and external balance. In the 1990s, the discovery of large natural gas deposits induced foreign investments in the oil, gas, and petrochemical sectors in 1997 and 1998. These investments involved the purchase of imports of capital equipment and construction materials, resulting in a dramatic shift of the current account from surplus into a large deficit in the past two years. This shift is expected to reverse in the next few years as the projects are completed and production comes on line.

26. Tax revenues and royalties from the energy sector make an important contribution to the public finances. In recent years, however, there has been a significant erosion of these revenues, owing primarily to stagnant production of oil, to a decline in the prices of oil, natural gas, and petrochemicals, and to tax concessions related to new investments, which producers have used to offset tax liabilities on existing production. In 1998, the central government's collections of 2 percent of GDP in tax revenues and royalties from oil and gas production were down from about 8 percent of GDP in 1996.<sup>2</sup> This decline in oil and gas revenues has been difficult for the budget to absorb, and has resulted in a significant weakening of the fiscal position in the past few years. While oil remains a dominant contributor to public revenues from energy resources, it is expected that in the next few years, revenues from natural gas and petrochemicals will begin to contribute a larger share.

### **C. Fiscal Instruments**

27. The key difference between taxation of natural resource exploitation and other income-producing activities in an economy is that producers should compensate the government for the depletion of its publicly owned natural resource. The revenue instruments

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<sup>2</sup>This figure excludes payments of dividends from state-owned natural resource companies to the budget.



that apply to natural resources thus typically include both standard fiscal instruments, such as taxes and fees, and also royalties, which compensate the government for the loss of the natural resource (Nellor and Sunley, 1994). Production sharing agreements and payments of dividends or transfers from state-owned corporations may also serve in place of traditional tax and royalty instruments. Since Trinidad and Tobago's energy resources are largely developed by the private sector, the government derives income from the sale of the rights to produce the natural resource plus any recurring levies on production. The choice of fiscal instruments and balance among them depends on the government's desired revenue from natural resource production, timing of tax receipts, and degree of risk it wishes to bear.<sup>3</sup>

28. Lease or signature bonuses are typically upfront payments, which producers pay for the right to determine whether a particular area contains reserves and then to develop those reserves. These payments are typically determined by an auction, in which private producers participate, or they are awarded at the government's discretion. Such schemes are generally easy to administer and they shift some of the risk of the project to the investor, since the investor must make an upfront payment even before development commences. This shifting of the risk may, however, reduce the amount producers are willing to pay for the rights to explore and develop natural resources.

29. Royalties are payments levied on volume or on the value of resources extracted. Royalties typically are viewed as compensating the government for the depletion of the resource. Royalties have several advantages as a fiscal tool. They are relatively easy to administer and ensure a minimum payment to the government. When levied on the basis of volume, the revenues are sensitive to price only in that they vary with production volume. When they are levied on the basis of value, they vary with respect to both production volume and the price per unit volume. Royalties have the disadvantage that they add cost to the production of a natural resource and therefore may influence production decisions, possibly resulting in reduced production of marginal deposits. If, however, they are seen as the price for depletion of the resource, then they are a useful signal determining the value of an investment. Royalties should be deductible against income taxes because they are a cost of production. For oil, the average worldwide royalty rate is approximately 10 percent of the wellhead price (Gray, 1997).

30. A corporate income tax typically applies to profits from natural resource production. The main advantage of a corporate income tax that if it provides economically appropriate allowances for capital investments and is thus truly a tax on profit, then it does not distort production decisions. However, corporate income tax revenues are more sensitive to price changes, investment decisions, and other economic variables than royalties. Hence, corporate income tax revenues fluctuate more than royalties with changes in profitability.

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<sup>3</sup>Fiscal instruments differ in the degree to which revenues vary as a result of changes in the price of the resource and other market perturbations.

31. The main disadvantage of reliance on corporate income taxes is that they are difficult to administer. There are many ways in which multinationals engaged in natural resource production may attempt to reduce their corporate income tax liabilities. Examples include transfer pricing and thin capitalization. Transfer pricing refers to the internal prices that businesses set for resources shifted from one jurisdiction to another where the business has operations. By using artificially high prices when buying inputs and artificially low prices when selling products in jurisdictions where taxes are high, businesses shift profits into lower tax jurisdictions. It is usually difficult to establish the proper transfer price. Thin capitalization describes situations where businesses attempt to reduce their tax liabilities by financing operations with an excessive amount of debt (often parent companies lend to subsidiaries) to gain the advantages of high interest deductions, which reduce corporate income tax payments, and to shift interest income earned on these loans to lower tax jurisdictions (often the parent companies' headquarters). These loans are not always undertaken in arms' length relationships, particularly when the loans are between related companies. It is possible to limit thin capitalization abuses by various means, including limiting the amount of interest a business can deduct on an investment, and by requiring all loans to be set at genuine market rates and on market terms. But, as with transfer pricing, it is often difficult to enforce these limits.

32. Countries sometimes take an equity share in natural resource investments, via a state company or a partnership with a multinational. An equity share allows the government to share in the risks and returns of an enterprise. But unlike when resources are privately owned, a government that is an equity owner runs the possibility of losing its equity investment. Equity participation can take several forms. Under a working interest, the government puts up money so that it shares in the risk of an investment. It may earn no return if the project yields no profits. A less risky alternative is for the government to take a carried interest, under which funds are deemed to be loaned to the government by the project investors. Interest is charged on the government's carried interest and the loan is repayable out of the government's share of profits from the investment. The government gains an equity share only when the loan is paid off. One advantage of an equity share is that it gives the government more influence over the day-to-day operations of the enterprise, though often a government takes an equity share for political rather than economic reasons.

33. Countries may also engage in production-sharing agreements, under which the government and the private investors are partners (Sunley, 1998). The government contributes capital in the form of the natural resource and the private investors are responsible for exploration and developing costs and operating the project. The government and the private investors share production from the investment.

34. The government's share of the natural resource may be paid in cash or in kind. It generally is broken down into three pieces: payments for the right to use natural resources, the government's share of the production, and the profits tax on the investors' share of production. Usually after a share of the production is used to compensate the government for the right to use resources, the remaining production is broken down into cost recovery and

profit components of production. The cost-recovery share goes to producers and ensures that they are able to recover exploration, development, and operating costs. Sometimes, this component is limited by a ceiling amount. The profit component is split between the government and the investors in the project, with the exact split negotiated as part of the production sharing agreement.

35. In some respects, production sharing has features of a carried equity interest by allowing the government to share in the risks and returns of projects. Production sharing may be advantageous if it gives the government greater ability to monitor day-to-day operations of the natural resource production process because it is a part owner of the product. Increasingly, countries are making use of production-sharing arrangements for developing natural resources and moving away from the traditional royalty arrangements.

36. Countries typically offer incentives for foreign investment. These incentives are often provided as full or partial tax holidays for some period of years, generous allowances under the profits tax, and exemptions from royalties, import duties, excise, and value-added tax on imports of capital goods and other inputs. However, tax incentives are not an effective way to encourage investment. For businesses, they distort investment decisions so that these decisions are not based on economic fundamentals. For the government, they require lost revenues to be offset by higher revenues from other taxes. They are difficult to administer, and they create inequities between businesses otherwise engaged in the same activities. A better means to attract investment is to establish a well-structured corporate income tax, with generous depreciation allowances for capital investments, a moderate overall corporate tax rate, and appropriate loss carryforward provisions. In addition, investors are often more interested in a stable tax system and economic environment with transparent laws and regulations, and royalties and taxes that are internationally comparable rather than special privileges.

37. Trinidad and Tobago applies a complex tax regime to petroleum production that makes use of standard instruments. The tax regimes that apply to oil and gas are different, though both are based on production and income taxes. Under these regimes, oil and gas activities are categorized as either exploration and production, refining, or marketing operations. The profits of each type of business are taxed separately under the tax law.

38. For oil extraction, production-based payments consist of: (i) royalties of 10 percent on onshore oil sales and 12.5 percent of offshore sales; (ii) a petroleum production levy, which is levied on sales on a complex formulaic basis related to production levels and retail prices, or at a rate of 3 percent rate (whichever is less); and (iii) a small petroleum impost, which is used to cover administrative expenses of the Ministry of Energy. Income-based taxes consist of: (i) a petroleum profits tax levied at a 50 percent rate on profits from oil production; (ii) an unemployment tax levied at a 5 percent rate on profits from oil production (this tax is not deductible against the profits tax); and (iii) a supplemental petroleum tax levied on crude oil sales less certain allowances, at a sliding rate that varies with the price of oil, when the development license was granted, and when production began. The rates range from a low of 0 percent when the price is US\$13.00 per barrel or less, to a maximum of 38 percent for

onshore activities and 45 percent for offshore activities (if these activities were licensed and development began prior to 1988) when the price is US\$49.51 per barrel or above. This tax is deductible in arriving at profits subject to petroleum profits tax.

39. For gas production, companies are liable to pay royalties at a rate negotiated with the government. Companies also pay the corporate income tax at the standard rate of 35 percent on profits and the petroleum impost. The supplemental petroleum tax and the petroleum production levy do not apply.

40. Trinidad and Tobago engages in production sharing in both oil and natural gas. Most new contracts for oil and gas development are being written as production-sharing contracts, following world trends in this area. Under these arrangements, the government accepts cash payments for the production share rather than actually taking possession of the natural resource. The production share is determined at the beginning of the contract and is negotiated with the government on the basis that it should cover amounts owed to the government on production. As set out in the contract, the production share may vary from year to year, depending on the costs of production, prices of the output, and other factors. If the production share in any period is in excess of the tax liability, then this excess accumulates in a fund, to be drawn down when the production share is insufficient to cover the tax liability, and if the production share is insufficient in any period, the government must wait to collect full payment. Over the life of the project, there is no reconciliation of the actual production share with the actual tax liability, even if they do not match. No royalties apply to these production-sharing contracts. Companies also pay in cash any signature bonuses and an annual fee per hectare of land covered under the agreement.

41. Trinidad and Tobago's fiscal regime also offers many tax incentives to energy producers. The main incentive is an income tax holiday for up to 10 years on new investments, with eligibility determined according to criteria in the law. Tax incentives also often include among others exemption from import duties and value-added tax on imports, and exemption from withholding on payments of dividends to foreign shareholders.

42. Although it is difficult to make precise cross-country comparisons of natural resource tax regimes, Table 1 contrasts central government tax revenues from petroleum as a share of output in the petroleum industry in Trinidad and Tobago, and in Gabon, Indonesia, and Venezuela, three other major oil-producing countries, averaged over the years 1994-97.<sup>4 5</sup>

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<sup>4</sup>An average is used to remove the influence of year-to-year fluctuations in these ratios owing to changes in the price of oil, changes in the tax law, and other factors.

<sup>5</sup>A comparison to other oil producers was limited by the availability of comparable data.

Trinidad and Tobago consistently took the lowest share of revenue relative to output of the petroleum industry compared to these other countries.<sup>6</sup>

43. From a somewhat different perspective, Van Meurs et al (1997a,b) compare the fiscal regimes applied to oil and gas production of a number of countries, rating the fiscal regimes on the basis of the return on an investment in a standardized oil and gas field in each jurisdiction. This study rated Trinidad and Tobago's general fiscal regime applied to onshore oil as "average," and the offshore regime as "tough." It rated Trinidad and Tobago's fiscal regime applied to natural gas as "average." It also rated oil and gas production-sharing arrangements as "average." Since these calculations are based on stylized investments, the judgments may not fully reflect all features of the fiscal regime, such as tax holidays and other tax incentives, which reduce the tax burden. In addition, this comparison ignores other considerations such as proximity to markets and features of the political and economic environment, which would influence the attractiveness of an investment.

#### **D. Fiscal Sustainability of Revenues from Oil and Gas**

44. Section 3 examined the tax regime in isolation from budgetary considerations. Revenues from oil and gas are, however, an important component of the budget and therefore it is important to determine whether the reliance on these revenues is appropriate. Given the nonrenewable nature of oil and gas reserves, it is essential to take an intertemporal approach that explicitly accounts for the diminishing stock of natural resources and other economic factors that affect the budget, such as the growth in income and population.

45. Several studies have developed models to examine the choice of a fiscally sustainable level of production of natural resources (Alier and Kaufman, 1999; Chalk, 1998; Liuksila et al, 1994; Tersman, 1991). In these models, the government is bound by the availability and value of natural resources, and by its intertemporal budget constraint.

46. This section takes a relatively simple approach, used in Tersman (1991), to assess fiscal sustainability. Petroleum resources are seen as generating a real return. This return arises in the hypothetical case in which the government sells its net petroleum wealth and invests the sum in financial assets earning this real return. In this analysis, the production decision is assumed to be outside the control of government, which is reasonable in Trinidad and Tobago as private producers are responsible for the bulk of production.<sup>7</sup>

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<sup>6</sup>In all these countries, for comparability, tax revenues do not include payments of dividends from state-owned enterprises operating in the energy area.

<sup>7</sup>The government controls the pace of development indirectly through granting rights to private producers to explore and develop resources and through the tax and regulatory system it establishes.

47. A sustainable fiscal policy is somewhat arbitrarily defined as one which leaves the government's net wealth unchanged. From a budgetary perspective, the criterion of leaving the government's net wealth unchanged implies that the government can run a deficit on the nonpetroleum portion of the budget, which is offset by the real income generated from energy assets.<sup>8 9</sup>

48. An alternative but perhaps more intuitive criterion than the one above is that with a growing population, the government may wish to keep wealth constant in per capita terms. This criterion implies that the revenues from energy resources can provide a subsidy to the budget on income generated by the real rate of return minus the rate of population growth. The total value of the subsidy and the net wealth of the government are both rising at the same rate as the population so the subsidy and net wealth per capita are constant.

49. Another intuitive criterion is one in which with a rising real income, the government may wish to keep wealth constant as a share of nonpetroleum GDP. This criterion implies that the revenues from energy resources can provide a subsidy to the budget on income generated by the real return minus the rate of real nonpetroleum GDP growth. To the extent that real nonpetroleum GDP is rising in per capita terms as well, this implies a lower subsidy than the criterion where per capita wealth is held constant. The total value of the subsidy and the net wealth of the government rise at the rate of real nonpetroleum GDP growth.

50. These three criteria for fiscal sustainability are evaluated in the simulation in Table 2, using parameters for Trinidad and Tobago in 1998 and assumptions discussed below. As a starting point, it is necessary to place a value on the nation's oil and gas reserves. The government's share is assumed to be 21 percent.<sup>10</sup> Total reserves of oil are worth US\$30.6 billion, when valued at about US\$12 per barrel, from which the government is assumed to take US\$6.4 billion in public revenues. Total reserves of natural gas are

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<sup>8</sup>This formulation ignores the government's existing nonpetroleum assets. These assets would mainly comprise the government's equity share in state enterprises, some buildings, and some financial assets. Existing debts are netted out of the measure of petroleum wealth.

<sup>9</sup>In reality, the government is limited in its ability to generate revenue from energy resources by the production levels chosen by the private sector. However, if it is assumed that the government could borrow against future revenues, then the production constraint should not unduly constrain fiscal decisions.

<sup>10</sup>This share reflects the fiscal regimes that apply to oil and gas production. In principle, it would be desirable to use a "representative" share, but given frequent changes in the price of petroleum and in the fiscal regimes, it would be difficult to denote any year as necessarily representative. The ratio used in these simulations is derived from an examination of total revenues from petroleum as a share of output in the industry over the period 1994-97, which yields the average ratio of 21 percent.

US\$58.6 billion, when valued at US\$69 per 1,000 cubic meters of gas, from which the government is assumed to take US\$12.3 billion in public revenues.<sup>11</sup> The government's share of petroleum wealth is therefore estimated at US\$18.7 billion.<sup>12</sup> The public sector's overall net wealth, after subtracting public debt, is US\$16.0 billion. The stock of net petroleum wealth represented 350 percent of nonpetroleum GDP or US\$12,300 per capita in 1998.

51. The simulations in Table 2 assume that the real interest rate on petroleum wealth is 4 percent (Tersman, 1991) and that petroleum prices stay constant in real terms.<sup>13</sup> The population is assumed to grow at 0.9 percent rate per year and real nonpetroleum GDP at a 3 percent rate per year.<sup>14</sup> The overall central government deficit without petroleum revenues in 1998 was about 4 percent of nonpetroleum GDP or -US\$153 per capita. The corresponding current deficit without petroleum revenues was about 2 percent of GDP or -US\$83 per capita.<sup>15</sup> The current balance may be more meaningful in that it nets out the effect of sales of capital assets, which merely represent a change in the composition of the government's asset holdings, and capital expenditures which, if made for productive purposes, add to the stock of national wealth.

52. In simulation (A), which maintains a constant level of petroleum wealth of US\$16.0 billion, the government could afford to allow petroleum revenues to provide a subsidy to the budget of US\$638 million, representing 14 percent of nonpetroleum GDP and US\$491 per capita in 1998. This figure is more than the present overall or current deficit, and hence suggests that Trinidad and Tobago could rely more heavily on petroleum revenues in its budget. Over time, however, steady economic growth would lead to a reduction in the subsidy to 3 percent of nonpetroleum GDP by 2050. Consequently, over time the nonpetroleum deficit would also have to narrow in order to maintain the country's net wealth in absolute terms.

53. In simulation (B), the criterion of holding petroleum wealth constant in per capita terms at US\$12,300 would reduce the subsidy to US\$495 million or 11 percent of nonpetroleum GDP and US\$381 per capita. While lower than the figure in (A), this criterion

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<sup>11</sup>The price assumptions are based on WEO estimates.

<sup>12</sup>Since prices for petroleum are currently relatively low and they are assumed to remain constant in real terms, this assumption places a relatively low value on petroleum assets.

<sup>13</sup>This figure is between the historical returns on stocks and bonds in the U.S. during this century.

<sup>14</sup>These rates are approximate for 1998 and are projected to continue through the period of the simulation.

<sup>15</sup>The current balance includes only current expenditures and current revenues. It does not include capital expenditures or privatization revenues in the measure of the deficit.

still suggests that the budget could increase its reliance on petroleum revenues without causing the wealth per capita of future generations to fall. Again, this subsidy would shrink over time, though at a slower rate than in (A), reaching 4 percent of nonpetroleum GDP by 2050. As in simulation (A), these results suggest that the deficit would have to be steadily narrowed.

54. In simulation (C), the criterion of holding petroleum wealth constant as a share of nonpetroleum GDP at 350 percent would further reduce the subsidy to US\$160 million, or 4 percent of nonpetroleum GDP and US\$123 per capita. In contrast to (A) and (B), this criterion for sustainability suggests that Trinidad and Tobago, with a deficit of about 4 percent of nonpetroleum GDP in 1998, was just poised at the edge of a sustainable position with respect to use of petroleum revenues to subsidize the budget, implying that the budget should not rely more heavily than at present on these revenues without leading to a reduction in net wealth as a ratio to nonpetroleum GDP. From the point of view of the current deficit, Trinidad and Tobago still has some room for a larger nonpetroleum deficit. The results of all three simulations are consistent in suggesting that Trinidad and Tobago should continue improving its nonpetroleum revenue base or make adjustments elsewhere in the budget to ensure a sustainable fiscal outcome over the medium term.

55. As with any simulation analysis, the outcome is sensitive to certain key assumptions. A higher real interest rate on petroleum wealth would, in this simulation, raise the allowable subsidy to the budget by providing higher income to the government on its wealth holdings. A price for petroleum that is rising in real terms would also raise the allowable subsidy. A higher level of petroleum reserves would likewise ease the budget constraint. Slower population growth or growth of the nonpetroleum economy would have no effect on the first criterion, in which wealth is held constant, but would raise the allowable subsidy where per capita wealth or wealth as a share of GDP, respectively, are held constant. If the government took a lower share of total revenues for public purposes then the allowable subsidy would also fall.

### **E. Conclusion**

56. This section examines the fiscal regimes for oil and gas and the sustainability of the reliance on revenues from oil and gas in Trinidad and Tobago. The overall tax burden on oil and gas production does not appear to be high, compared to several other oil-producing nations. Nevertheless, any country that relies heavily on a nonrenewable resource faces the concern that its economic well being is not sustainable. By the criteria used in the simulation exercise, Trinidad and Tobago's reliance on petroleum revenues to support the budget is not excessive. But by themselves, these criteria are not an argument for increasing the nonpetroleum deficit. Indeed, by strengthening its nonpetroleum fiscal position, Trinidad and Tobago may accumulate and invest its petroleum revenues, as have several major oil producers, such as Norway and Kuwait, and thereby increase its net wealth for future generations.



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Table 1. Comparison of Public Revenues from Oil in Selected Countries

(Average value over the 1994–97 period)

	Gabon	Indonesia	Venezuela	Trinidad and Tobago
	(In percent of GDP)			
Petroleum production	42	8	21	29
Petroleum revenue	16	4	9	6
	(In percent of petroleum production value) 1/			
Petroleum revenue	39	46	45	21

1/ These figures do not equal the ratio of the above two numbers for each country because of rounding.

Table 2. Trinidad and Tobago: Fiscal Sustainability of Oil and Gas Revenues in Trinidad and Tobago

Parameters	1998	1999	2000	2005	2010	2020	2030	2040	2050
Population (millions)	1.3	1.3	1.3	1.4	1.4	1.6	1.7	1.9	2.1
Real nonpetroleum GDP (US\$millions)	4,554	4,691	4,832	5,601	6,493	8,726	11,728	15,761	21,181
Real nonpetroleum GDP per capita (US\$)	3,503	3,576	3,651	4,047	4,486	5,512	6,773	8,322	10,225
Overall nonpetroleum balance (US\$millions)	-1,180	-1,215	-1,252	-1,451	-1,682	-2,261	-3,039	-4,084	-5,488
percent of nonpetroleum GDP	-4	-4	-4	-4	-4	-4	-4	-4	-4
per capita (US\$)	-144	-147	-150	-166	-184	-227	-279	-342	-421
Current nonpetroleum balance (US\$millions)	-680	-700	-721	-836	-970	-1,303	-1,751	-2,353	-3,163
percent of nonpetroleum GDP	-2	-2	-2	-2	-2	-2	-2	-2	-2
per capita (US\$)	-83	-85	-87	-96	-106	-131	-161	-197	-242
<b>(A) Permanent income held constant</b>									
Net assets (US\$millions)	15,962	15,962	15,962	15,962	15,962	15,962	15,962	15,962	15,962
percent of nonpetroleum GDP	350	340	330	285	246	183	136	101	75
per capita (US\$)	12,279	12,169	12,061	11,532	11,027	10,082	9,218	8,428	7,706
Subsidy (US\$millions)	638	638	638	638	638	638	638	638	638
percent of nonpetroleum GDP	14	14	13	11	10	7	5	4	3
per capita (US\$)	491	487	482	461	441	403	369	337	308
<b>(B) Permanent income per capita held constant</b>									
Net assets (US\$millions)	15,962	16,106	16,251	16,996	17,774	19,440	21,263	23,256	25,435
percent of nonpetroleum GDP	350	343	336	303	274	223	181	148	120
per capita (US\$)	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279
Subsidy (US\$millions)	495	499	504	527	551	603	659	721	789
percent of nonpetroleum GDP	11	11	10	9	8	7	6	5	4
per capita (US\$)	381	381	381	381	381	381	381	381	381
<b>(C) Permanent income in GDP held constant</b>									
Net assets (US\$millions)	15,962	16,441	16,935	19,632	22,759	30,586	41,105	55,241	74,240
percent of nonpetroleum GDP	350	350	350	350	350	350	350	350	350
per capita (US\$)	12,279	12,534	12,795	14,183	15,722	19,318	23,737	29,167	35,839
Subsidy (US\$millions)	160	164	169	196	228	306	411	552	742
percent of nonpetroleum GDP	4	4	4	4	4	4	4	4	4
per capita (US\$)	123	125	128	142	157	193	237	292	358

### III. TRADE REGIME: OPENNESS, STRUCTURE AND EFFECTS OF TRADE LIBERALIZATION <sup>1</sup>

#### A. Introduction

57. Trade liberalization has been an integral part of Trinidad and Tobago's efforts to restructure its economy for sustained growth. In the 1980s, trade policy was used to promote industrialization through protectionism and to contain external imbalances. As part of an overall strategy of macroeconomic stabilization and structural reform began in the late-1980s, substantial progress was made in liberalizing the trade and exchange rate regime, with the objectives of enhancing competitiveness, promoting efficiency and diversifying the economy to reduce its vulnerability to external shocks.<sup>2</sup> In recent years additional wide-ranging reforms have taken place, both unilaterally, as well as within the context of regional trading arrangements such as the Caribbean Community and Common Market (CARICOM).<sup>3</sup>

58. The transformation of trade policy has had a visible impact on trade flows, which have undergone a significant change over the last decade. This paper outlines the measures taken to liberalize the trade regime during 1988-98 and analyzes the impact on the volume and structure of trade flows. Section 2 describes the trade policy regime in the pre-reform period. Section 3 outlines the main features of trade reform, including regional integration. Section 4 examines the effect of trade liberalization on the volume and structure of trade flows. Section 5 concludes with a discussion of the unfinished agenda.

#### B. Background

59. Until the late 1980s, the trade regime in Trinidad and Tobago was very restrictive and nontransparent, characterized by high tariff protection, widespread use of quantitative restrictions, and heavily regulated foreign exchange markets. As was the case in many countries in the region, the trade regime reflected not only a reliance on an import-substitution based industrialization strategy, but also a recourse to protectionism in the face of external shocks. The use of quantitative restrictions on foreign exchange and foreign trade operations increased in the early 1980s in response to balance of payments crises that resulted from a

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<sup>1</sup>Prepared by Era Dabla-Norris.

<sup>2</sup>See Krueger (1995) for the economic rationale behind trade policy reform.

<sup>3</sup>Trinidad and Tobago is a founding member of CARICOM, which was established in 1973 with the objective of trade creation, the provision of a harmonized system to achieve economies in investment and resource allocation among member countries, and regional economic integration. Other members include Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Suriname.

decline in the terms of trade, in particular declining petroleum prices, and the sharp contraction of oil revenues.

60. Trade restrictions took the form of high import tariffs as well as many nontariff barriers, including quantitative restrictions, price controls and state trading. In 1989, the average (unweighted) nominal import tariff, inclusive of stamp duties, was estimated at 40 percent with intermediate inputs facing rates of 15–20 percent and competing final goods facing rates up to 50 percent.<sup>4</sup> Quantitative restrictions were enforced through a negative list system which categorized imports between those which were subject to stringent licensing requirements, and those whose importation was prohibited.<sup>5</sup> Import prohibitions and licensing requirements applied to all competing imports, with the most stringent conditions applying to agricultural goods.

61. The tariff schedule was characterized by numerous exemptions for imports of raw materials and capital equipment used in manufacturing production, many of which were granted in an ad hoc manner. The extensive duty exemptions and escalating tariff rates by stages of production resulted in high rates of effective protection, with two-thirds of domestic production having effective rates of protection (ERP) between 50 percent and 110 percent, and one-third exceeding 110 percent.<sup>6</sup> Supplementing these restrictions were extensive foreign exchange controls, including surrender requirements for foreign exchange, restrictions on import payments through a system of trade allocation certificates, and mandatory licensing of exports and imports. Restrictions were also imposed on, inter alia, the repatriation of profits and capital, and holdings of foreign currency accounts.

62. This highly protected trade regime distorted relative prices and created a bias towards import substitution and against nontraditional exports. The anti-export bias was exacerbated by an overvalued exchange rate, with the real effective exchange rate appreciating by over

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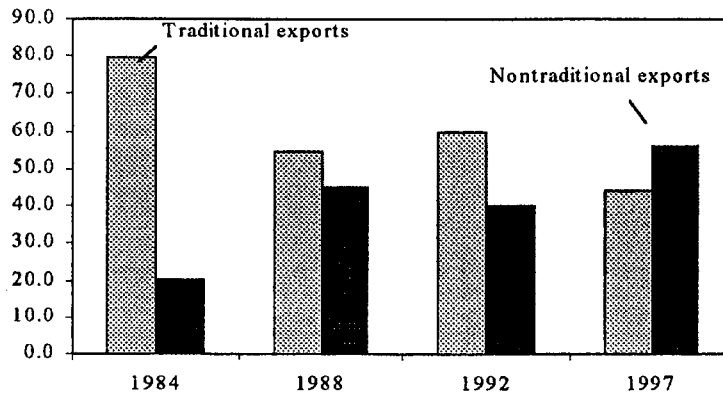
<sup>4</sup>The estimated rates for other CARICOM countries were 43 percent for Barbados, 50 percent for Jamaica, 35 percent for Belize, and around 15 percent for most OECS countries, which comprise Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines (World Bank, 1994).

<sup>5</sup>This negative list was extended in the face of balance of payments crises and by 1988, contained some 280 item groups, including food products, cement, clothing, corrugated iron sheeting, cosmetics, and completely assembled motor vehicles.

<sup>6</sup>This is based on a 1990 World Bank study. It found that the industrial sector faced prices that, on average, exceeded world prices by 50 percent, while domestic prices of all importable goods exceeded world prices by about 40 percent. This compared unfavorably with the lower rates that characterized the East Asian economies. In 1992, the effective rate of protection in manufacturing was 32 percent for the Philippines, 52 percent for Indonesia, and 61 percent for Thailand (World Bank, 1993).

70 percent from 1980 to 1985. Traditional exports, mainly crude oil and petroleum products, dominated merchandise exports, accounting for 80 percent of all exports in 1984 (Figure 4). Petrochemicals constituted over 54 percent of nontraditional exports and 11 percent of total domestic exports. The largest category of imports—intermediate and capital goods—accounted for over 70 percent of total imports in 1984, consistent with the composition of imports in a regime where raw materials received priority over consumer goods in foreign exchange allocation (Tables 3 and 4).

Figure 4. Trinidad and Tobago: Composition of Exports,  
1984-97  
(In percent of total exports)



Sources: CSO; CBTT; and Fund staff estimates.

63. The geographical concentration of trade paralleled the commodity concentration of trade, with the United States alone accounting for 58 percent of all exports and 44 percent of all imports in 1984. Although Trinidad and Tobago dominated intra-CARICOM trade, accounting for around 50 percent of all intra-CARICOM exports, exports to CARICOM countries accounted for only 10 percent of its total exports (Table 5). Despite the adoption of a CARICOM common external tariff (CET) in 1976, in the mid-1980s intraregional trade plummeted as member countries imposed additional quantitative restrictions and exchange controls on regional imports. From 1984 to 1988, Trinidad and Tobago's exports to CARICOM markets registered an average annual decline of 2.5 percent, while imports from the region contracted sharply by an average of 25 percent.

64. Trinidad and Tobago's trade to GDP ratio increased from 52 percent in 1984 to 59 percent in 1988, comparing favorably with that of other countries in the region (Table 6).<sup>7</sup> While the higher trade ratio may suggest that the Trinidadian economy became more open during this period despite the adoption of more protectionist policies, economic activity actually contracted sharply as a result of the downturn in oil production and prices. Export values declined at an average annual rate of 19 percent during this period, as compared to export volumes which declined at an average annual rate of 8 percent, reflecting the deterioration in the terms of trade. The much higher contraction in the volume of imports, by an annual average of over 20 percent, reflected to a large extent the imposition of exchange and trade controls aimed at restraining import demand in the economy.

### C. Trade Reform

#### Beginnings of trade reform (1988-92)

65. Following the balance of payments crisis in the late 1980s and as a part of the structural adjustment program, the authorities undertook a comprehensive trade reform that involved the gradual relaxation of import prohibitions and licenses on many intraregional and extraregional imports, the relaxation of exchange control barriers, and a major rationalization of the tariff structure. The changes in the trade regime reflected not only unilateral measures adopted by the government but also the effects of regional commitments arising out of membership in CARICOM.

66. By 1990, the imports of 12 product groups, accounting for 37 percent of total imports, were freed from exchange controls, raising the share of imports free of exchange controls to more than 60 percent. The system of allocating foreign exchange for consumer capital goods was relaxed and exchange restrictions on import payments, covering about 40 percent of total imports, were removed. Export licensing requirements for a number of agricultural products, petroleum and petroleum products, and manufactures were also removed. The scope of the negative list was reduced, with quantitative restrictions replaced by temporary import surcharges which were levied to protect locally manufactured goods in the transition period leading to a trade regime based on tariffs only.<sup>8</sup>

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<sup>7</sup>The trade to GDP ratio depends, among other things, on the size of the economy, with larger economies, in general, having lower trade ratios.

<sup>8</sup>The items removed included pesticides, fertilizers, other chemicals, building materials, powdered milk, gold, and some manufactures. Rates for import surcharges were initially set at six levels: 10, 15, 25, 35, 50, and 60 percent; and combined with customs duties and stamp duties (fixed at a rate of 10 percent for capital inputs, and 20 percent for other imports) these rates were expected to provide overall protection not exceeding 100 percent of the c.i.f. prices of imported goods.

67. While Trinidad and Tobago, along with Jamaica and Guyana, had adopted the CET in 1976 in principle, the CET was only implemented effectively with the endorsement of the Caribbean Single Market Economy in 1991. A revised CET was introduced in 1991, which featured a reduction in the rate structure from a range of 0–60 percent to 5–45 percent and the removal of most tariff and nontariff barriers for intraregional trade, although exemptions to the basic structure were maintained.<sup>9 10</sup>

68. Despite the progress made in liberalizing and improving the transparency of the trade system, the effect of the reforms was modest. The introduction of substantial import surcharges, intended to compensate for the fiscal costs of the tariff reductions, widespread exemptions to the CET, and the remaining exchange restrictions, all resulted in a regime which, while considerably more liberal than the one existing in the mid-1980s, was still restrictive.

#### **Acceleration of trade liberalization measures (1992–98)**

69. In the mid-1990s substantial progress was made in eliminating and rationalizing remaining restrictions on trade, as the exchange system was fully liberalized and compliance with the phased reduction in the CET was achieved.

70. **Tariffs:** As a member of CARICOM, in 1993 Trinidad and Tobago adopted the CET four-phased schedule of rate reductions aimed at lowering the maximum rate on industrial goods (excluding those that are subject to exemptions in List C) from 35 percent to 20 percent by 1998 (agricultural goods remained subject to a maximum rate of 40 percent). Tariff reform also entailed a progressive reduction and narrowing of the bands of harmonized tariffs in stages over the 1991–98 period, with the number of tariff bands being reduced from

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<sup>9</sup>The basic structure of the CET was based on two principles: (i) that competing imports should be subject to higher rates than noncompeting imports, and (ii) that imported final consumer goods should have higher rates than inputs and capital goods. Competing goods are defined as those for which 75 percent of regional demand can be satisfied by regional production.

<sup>10</sup>There are exemptions to the CET's basic structure for a variety of special goods belonging to one of four categories: (i) List A, covers goods deemed "sensitive" on which lower than CET can tariffs apply—in the case of Trinidad and Tobago this includes mostly agricultural products, petroleum products, and some manufactured goods; (ii) List B includes items for which implementation is to be delayed due to the large gap between prevailing rates and proposed tariffs; (iii) List C covers items on which agreement was not yet reached and that are traditionally significant revenue earners; and (iv) List D consists of items for which the CET is to be suspended for selected countries. There are also conditional duty exemptions which are end-use defined and apply to machinery and intermediate inputs.



16 in 1992 to 9 in 1998. Tables 7 and 8 show the decline in the maximum and average tariff rates and the reduction in tariff dispersion since 1992.

71. There is some evidence that the reform succeeded in offsetting partly the initial anti-export bias in favor of manufactured and final consumer goods and reducing the effective rate of protection on the latter. Tables 7 and 8 shows that the average tariffs on both manufactured and final consumer goods have been reduced considerably. However, the escalated tariff structure still provides higher effective than nominal protection to final consumption goods, since imports of noncompeting inputs or capital goods are granted duty free access, or face duties of only 2.5 percent.

72. **Nontariff barriers:** Quantitative restrictions for trade have been largely dismantled and the scope of the negative list narrowed considerably, although import licenses are still required for a few goods.<sup>11</sup> The stamp duty on agricultural and manufactured goods was repealed as of 1994, and a phased reduction of import surcharges was achieved. Currently, surcharges ranging from 5 percent to 45 percent apply to a number of agricultural products that are expected to be largely phased out by 2004.<sup>12</sup> Export taxes were abolished under CARICOM provisions, and a uniform value-added tax (VAT) of 15 percent was levied on imported goods, although many basic commodities are zero-rated. The rates of excise duties on most alcoholic beverages, tobacco and petroleum products were harmonized for domestically produced goods as well as imports from CARICOM member states, although import duties on alcoholic beverages are determined as specific rates.

73. **Exchange rate:** Trinidad and Tobago had a fixed exchange rate regime until 1993, when the exchange rate was floated and a market system based on the interbank foreign exchange market established. All remaining foreign exchange controls were abolished and the exchange system fully liberalized.

74. **Regional trading arrangements:** Trinidad and Tobago, a GATT contracting member since 1962, became a member of the World Trade Organization in 1995. As of 1998, most of

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<sup>11</sup>Import licenses are required for livestock, meat, fish, coconut products, oils and fats, motor vehicles, cigarette paper, ships and boats under 250 tons, and certain pesticides, although these licenses are in general issued liberally. Quantitative restrictions still apply to poultry parts.

<sup>12</sup>Under a schedule established in 1995, surcharges on bovine meat and milk were eliminated in 1998, and those on vegetable and fruits in 1999. The remaining surcharges will be eliminated by 2004, with the exception of surcharges on sugar and some poultry cuts which are expected to remain in place after 2004.

its tariff bindings in the WTO were at rates of 50–70 percent for most industrial goods, but substantially higher tariff bindings (mostly at 100 percent) applied to agricultural goods.<sup>13</sup> As a member of CARICOM, Trinidad and Tobago has bilateral trade agreements with neighboring countries such as Colombia (1994) and Venezuela (1993). These arrangements grant temporary preferential access to CARICOM exports, after which the preferential trade scheme is to become universal and lead to a phased reduction of duties and nontariff barriers on exports from these countries.

75. As a signatory to the Lomé Convention, exports of certain primary products originating in Trinidad and Tobago are offered duty free access into the European Union. Traditionally, exports of sugar and rum have been the main beneficiaries, but recently preferential access has been granted to petroleum and fertilizers. Trinidad and Tobago also benefits from trade arrangements between Canada and Caribbean countries (CARIBCAN), and the United States and Caribbean countries under the Caribbean Basin Initiative (CBI), which allows duty free entry into the U.S. for a wide range of exports grown and manufactured in eligible countries.<sup>14</sup> Membership in other regional integration groups includes the Association of Caribbean States (ACS), which is comprised of 25 Caribbean states, and was formed in 1994 to promote regional development and trade.

#### **D. Effects of Trade Reform**

76. Trade liberalization is expected to encourage larger and less distorted volumes of trade, and to result in greater diversification of trade flows as the bias against nontraditional exports is reduced. This section attempts to assess the impact of trade liberalization on the volume and structure of Trinidad and Tobago's trade, by examining movements in trade flows over the 1984–97 period.

##### **Volume of trade**

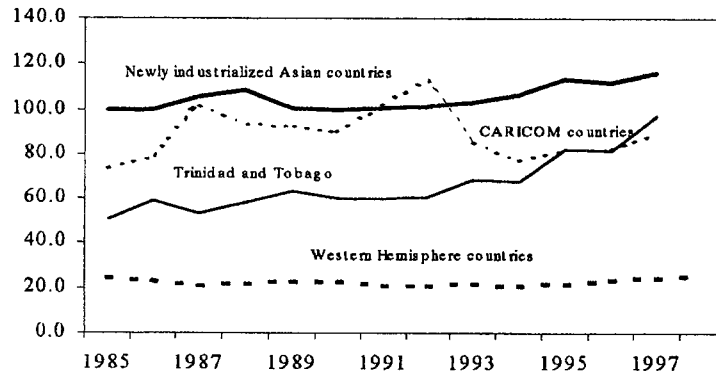
77. The general success of the trade reforms is reflected in greater openness of the economy, with the trade to GDP ratio almost doubling from 57 percent in 1992 to 95 percent in 1997, consistent with the experience of other countries in the region (Table 6). Figure 5 presents a comparison of the degree of openness in a select group of countries. While not all countries in the Latin American and Caribbean region liberalized their trade regimes at the same time or to the same extent, the last decade has witnessed an increasing trend towards greater openness in the region.

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<sup>13</sup>During the Uruguay Round, Trinidad and Tobago agreed to bind its tariffs on agricultural and manufacturing goods at different ceiling rates.

<sup>14</sup>In 1996, Trinidad and Tobago was the fifth largest supplier under this initiative, with exports to the United States totaling US\$184 million, or 6.6 percent of U.S. imports under the CBI.

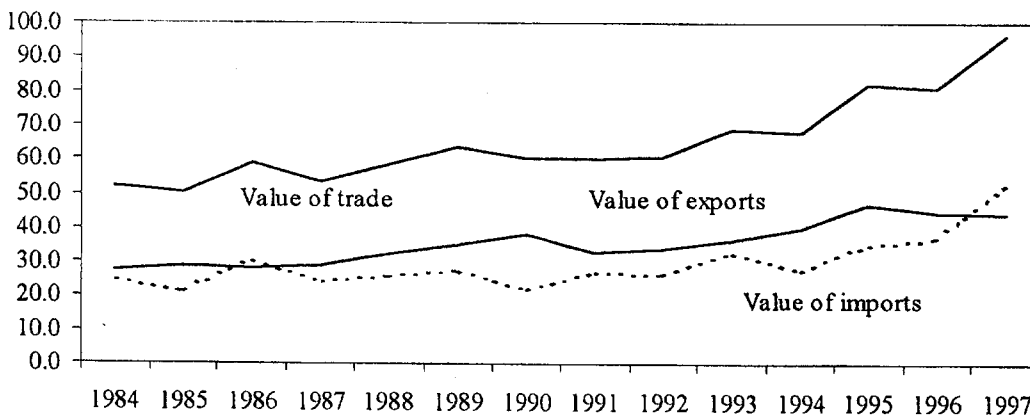
Figure 5. Trinidad and Tobago: Comparison of Degree of Openness (Percent of GDP)



Sources: CSO; CBTT; IF; and Fund staff estimates.

78. The reduction of the anti-export bias from import protection and appreciated exchange rates, improvements in the terms of trade, and increased investment outlays in the energy and manufacturing sectors, have contributed to positive export growth. Exports registered an average annual growth of 6.5 percent in the 1992–97 period (4 percent in volume terms), and the share of exports in GDP has risen from 31 percent in 1992 to over 40 percent in 1997 (Figure 6).

Figure 6. Trinidad and Tobago: Summary Measures of Trade Performance, 1984-97 (Percentage of GDP)



Sources: CSO; CBTT; and Fund staff estimates.

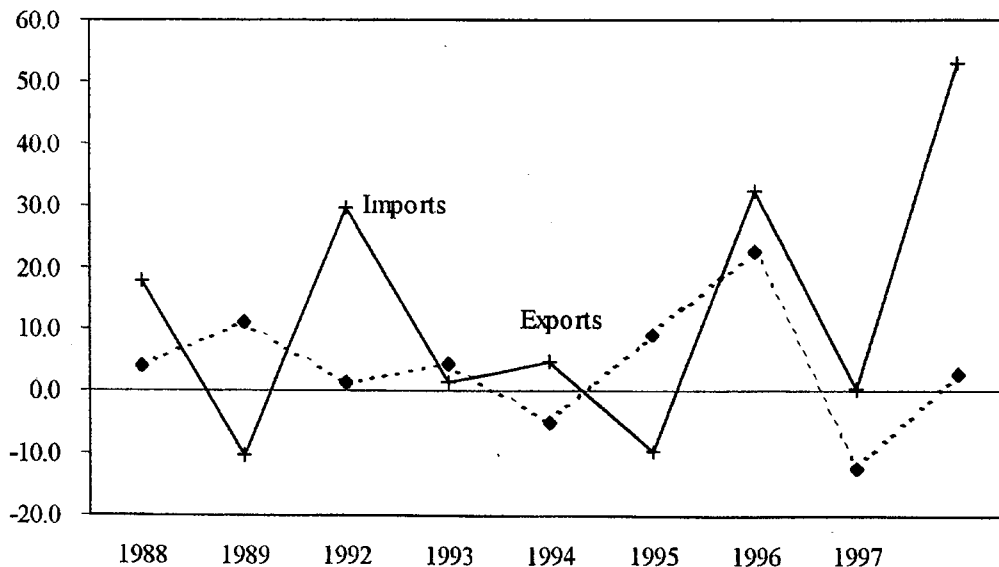
79. The impact of the reforms is visible to an even larger extent on the import side, as imports have rebounded from their low levels in the mid-1980s. Since 1992, import values have been growing at an average annual rate of 14 percent per year (15 percent in volume terms) (Figure 7). With that, the import to GDP ratio more than doubled from 25 percent in 1984 to 53 percent in 1997 (Figure 6). The increase in import volumes is consistent with the response of imports to the liberalization of quantitative restrictions, elimination of foreign exchange controls, and the removal of restrictive licensing practices that were undertaken in the reform period. In 1997–98, import growth outpaced export growth as a result of a surge in capital and intermediate goods imports related to foreign direct investment in the energy sector, as well as higher consumer goods imports.

### Structure of trade

80. Trinidad and Tobago's trade structure has undergone a considerable change during the 1984–1997 period, both in terms of the composition and the direction of trade. Export diversification has taken the form of reduced dependence on traditional exports, which only accounted for 44 percent of total exports in 1997, as compared with 80 percent in 1984 (Figure 4). This decline is most marked for crude oil, Trinidad and Tobago's leading export product, with its share in total exports falling from 45 percent in 1984 to 18 percent in 1997.

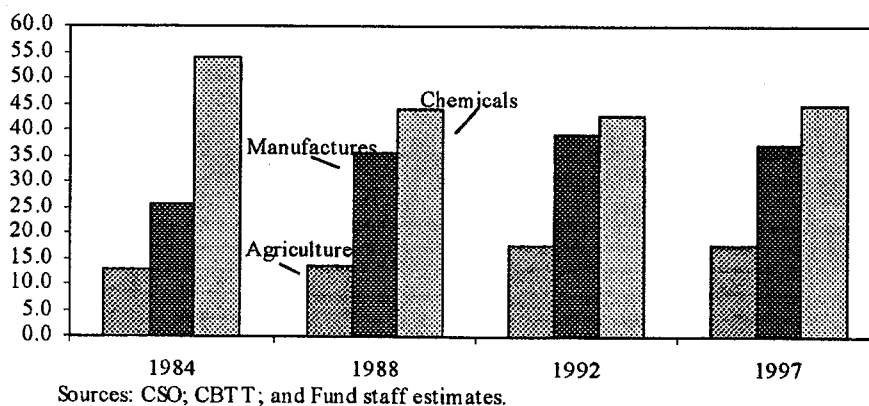
81. The performance of nontraditional exports reflects the stimulus provided by the reforms of the trade and exchange systems, with their ratio to GDP increasing from 6 percent in 1984 to 24 percent in 1997 (Table 3) and their share of total exports from 20 percent to 56 percent. The volume of nontraditional exports registered an annual average increase of 3 percent over the 1988–97 period. Within nontraditional exports, manufactured goods accounted for less than 5 percent of GDP in 1984, but grew to 19 percent of GDP in 1997, led by petrochemicals, cement, and iron and steel manufactures. However, more labor-intensive agricultural products, namely beverages and food products, and manufactures other than

Figure 7. Trinidad and Tobago: Trade Volume Growth, 1988-97



Sources: CSO; CBTT; and Fund staff estimates.

Figure 8. Trinidad and Tobago: Composition of Nontraditional Exports, 1984-97  
(In percent of total exports)



chemicals and iron and steel, registered the greatest improvement, growing at an average rate of over 22 percent during this period from low levels. Notwithstanding the growth in these export categories, Figure 8 shows that petrochemicals continue to dominate nontraditional exports, accounting for 45 percent of the total.

82. On the whole, export diversification has been modest, as exports remain heavily concentrated on a few products, with petroleum and petrochemical exports accounting for over 70 percent of total exports. The capital-intensive nature of the energy sector has created a growing dependence on imported capital goods, with the share of machinery in total imports increasing from 30 percent in 1984 to 46 percent in 1997, largely fueled by an investment boom in the petrochemical sector (Table 4). While the ratio of consumption goods to GDP has remained relatively constant over the 1992-97 period, consumer goods imports have grown at an average annual rate of 18 percent since 1992. Within consumer goods, there has been a marked decline in the share of agricultural goods. The change in the composition of imports away from primary products and towards manufactures is consistent with trade reform. In the pre-reform period, the use of differentiated tariffs, with higher effective protection for manufactured goods, tended to skew the import structure towards a heavier representation of primary goods and a smaller share of durable consumer goods. With trade liberalization, the bias against manufactured goods has been greatly reduced.

83. The change in the commodity composition of trade has been accompanied by noticeable geographical diversification of trade. The recovery of trade from the mid-1980s is reflected in increased sales to both extraregional as well as intraregional markets. The ratio of extraregional trade to GDP has doubled, from 47 percent in 1984 to 96 percent in 1997, while intraregional trade has almost quadrupled from over 4 percent to 15 percent (Table 3). Although the United States continues to be the largest trading partner, accounting for over 40 percent of exports and over 50 percent of all imports in 1997, the share of intraregional

trade as well as trade with neighboring Latin American and Caribbean countries has increased. Following the removal of intraregional barriers to trade and compliance with CARICOM provisions, the share of exports to CARICOM markets has almost tripled, from 10 percent in 1984 to 26 percent in 1997 (Figure 9). Exports to Latin American and non-CARICOM Caribbean countries have benefitted from regional trading arrangements, including preferential access to many of these markets, with their share in total exports doubling from 12 percent in 1984 to 26 percent in 1997.

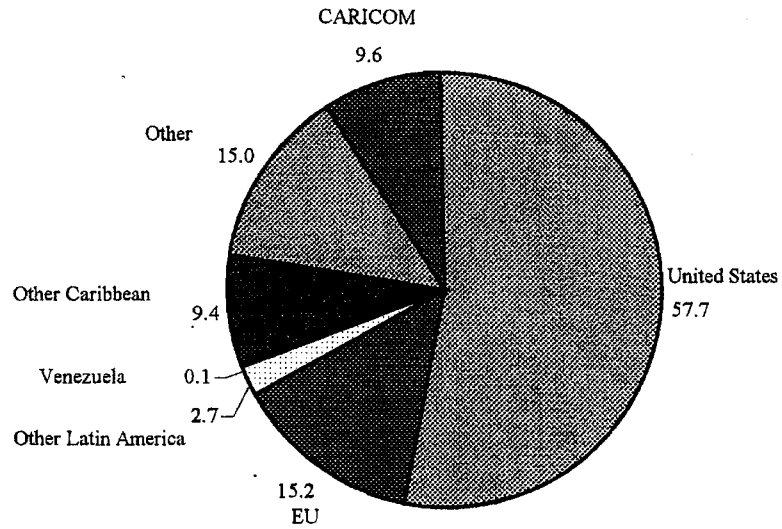
84. The growing importance of nontraditional exports in trade is evidenced by the increased share of these exports in both extraregional as well as intraregional markets. The share of nontraditional exports to extraregional markets has tripled from 5 percent of GDP in 1984 to over 18 percent in 1997, while the share to intraregional markets has increased dramatically from 0.5 percent to 8 percent of GDP (Table 3). Within the nontraditional group, exports of petrochemicals to non-CARICOM markets have increased significantly; exports of agricultural products and manufactured goods to CARICOM markets have also exhibited a substantial increase. In the latter case, the growth of nontraditional exports reflects, in part, stronger regional economic growth in the 1990s, as other member countries have also pursued trade reforms. However, the existence of regional preferential treatment in CARICOM, together with the existence of extensive duty exemptions for agricultural and manufacturing inputs granted to regional exporters, suggests that the present trade regime can potentially impart a bias against extraregional exports of nontraditional goods by creating an incentive for these exports to be directed to relatively protected regional markets.

85. Trinidad and Tobago continues to dominate intra-CARICOM trade, with its exports accounting for over 40 percent of total CARICOM exports in 1997 and over 60 percent of intra-CARICOM exports (Table 5). The main CARICOM trading partner is Jamaica, accounting for almost 40 percent of all exports to CARICOM countries. Despite the elimination of many barriers to intraregional trade, intraregional imports account for less than 4 percent of all imports. This reflects, in part, the lack of diversification in other CARICOM countries as well as their reliance on primary commodities, such as sugar and bananas, tourism, and other service sectors as the centerpieces of their production.

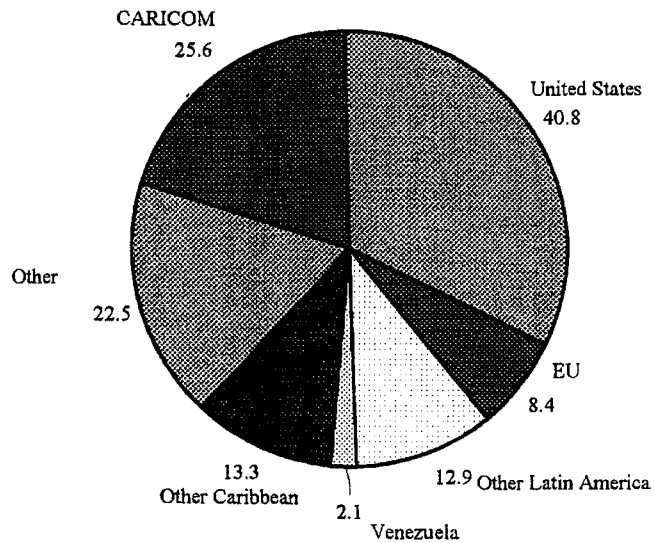
### **E. The Unfinished Agenda**

86. Trade liberalization in Trinidad and Tobago has resulted in the creation of a substantially more open trade regime, and has had a significant impact on the volume and structure of its trade flows. However, more remains to be done. In particular, Trinidad and Tobago's tariff structure continues to exempt certain manufactured products from the maximum CET rate of 20 percent on industrial goods. A total of 209 tariff lines in List C (or 3 percent of the total) are subject to exemptions, with over 60 percent of these goods subject to import duties of

Figure 9. Trinidad and Tobago: Destination of Exports - 1984, 1997



1997



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

30 percent.<sup>15</sup> The average rate for goods included in List C is 26.1 percent, well above the average tariff of 9.1 percent on all goods. In addition, the specific duties levied on alcoholic beverages in List C can result in an ad valorem equivalent above the maximum rate of 30 percent. For instance, certain kinds of rum may face an ad valorem equivalent tariff of 50 percent or more.

87. In 1998, following a surge in auto imports, import duties on motor vehicles were raised from a previous range of 20 percent to 30 percent to a range of 25 percent to 45 percent for gasoline powered vehicles and from 30 percent to a range of 35 percent to 40 percent on diesel powered vehicles. This increase in import duties represents a regressive step since the maximum rates not only exceed the CET, but also the rate applied on most industrial goods in List C.

88. Because CARICOM provisions do not call for a phased reduction in the maximum rates on agricultural goods, the applied rates for these goods remain high. The tariff on agricultural goods (20 percent in 1998) is significantly higher than the average tariff, and there is considerable dispersion of rates by product groups. While there are no quantitative restrictions on the importation of agricultural products, several products are subject to additional import surcharges, which can be as high as 100 percent for certain poultry parts and 60 percent for sugar.

89. The exemptions to the CET contribute to the sizeable tariff dispersion of 11.6 percent, which is well above the average tariff rate of 9.1 percent and compares unfavorably with those of many Latin American countries. Table 9 shows that while Trinidad and Tobago's average tariff and absolute tariff dispersion is comparatively low among the CARICOM countries, its rate of tariff dispersion is high relative to that in many Latin American countries.

90. In addition, the escalating nature of Trinidad and Tobago's tariff structure continues to provide higher protection to final consumption goods and agricultural products relative to inputs and capital goods. A lower and more uniform tariff structure would reduce the rate of tariff dispersion and effective protection.

91. As a result of trade liberalization, and growing importance of the VAT and corporate taxes in the oil and non-oil sectors, import duties have lost their importance as a source of government revenue in the 1990s. In 1992, taxes on international trade were 9.4 percent of total tax revenues, with a collected import tariff rate of 11.1 percent. In 1997-98, revenue accruing from import duties averaged 6.6 percent of total revenues, with a significantly lower collected import tariff rate of 3.5 percent, reflecting both the effect of the trade reform as well

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<sup>15</sup>The goods subject to exemptions include automobiles, some electrical appliances, beer, wine and spirits, cigarettes, motor oil, gas oils, other fuels, tires, precious stones, jewelry, some vehicles and parts, and watches.



as higher imports of capital goods, most of which are accorded duty free status.<sup>16</sup> The implementation of further reductions in import tariffs and the removal of goods from List C is likely to result in further losses of tariff revenues from import duties. Any revenue shortfalls could be offset partially by broadening the VAT base and widening the use of excise taxes to cover imports.<sup>17</sup>

92. On intraregional trade, the unfinished agenda would include eliminating remaining barriers to trade and move towards achieving economic convergence, leading to the creation of a CARICOM single market. To date, little progress had been made in the efforts to create the CARICOM Single Market Economy because of a general failure of members to meet convergence criteria as well as to ratify agreements on the free movements of services and capital in the region. The liberalization of services and the free movement of capital and labor across national borders would entail significant economic benefits, including, for instance, lower freight costs resulting from the liberalization of transportation services, a more efficient allocation of savings, and reduction of the costs of financial intermediation through greater competition and economies of scale.

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<sup>16</sup>Collected tariffs are defined as import tax revenues divided by total imports.

<sup>17</sup>Zero-rated goods include consumer staples (for example, rice, flour, milk and milk products, margarine, bread, and pasta); unprocessed food for human and animal consumption; natural gas, crude oil, agricultural chemicals and equipment; medicines; books; airplanes and ships supplied to the State; and steel-band instruments.

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Table 3. Trinidad and Tobago: Trade Structure, 1984-97

	1984	1988	1992	1997
(In millions of U.S. dollars)				
<b>Total trade</b>	<b>4,055</b>	<b>2,655</b>	<b>3,098</b>	<b>5,485</b>
Extraregional	3,710	2,417	2,756	4,739
Intraregional	346	238	342	746
<b>Domestic exports 1/</b>	<b>2,138</b>	<b>1,481</b>	<b>1,662</b>	<b>2,449</b>
Traditional exports	1,704	811	993	1,079
Extraregional (Non-CARICOM)	1,538	747	911	831
Intraregional (CARICOM)	166	63	81	247
Nontraditional exports	434	671	669	1,370
Extraregional (Non-CARICOM)	395	565	489	897
Agricultural goods	40	52	63	118
Manufactured exports	322	463	395	867
<i>Of which:</i>				
Chemicals	226	281	261	567
Intraregional (CARICOM)	39	107	181	403
Agricultural goods	11	32	50	114
Manufactured exports	16	69	127	208
<i>Of which:</i>				
Chemicals	9	15	26	45
<b>Imports</b>	<b>1,917</b>	<b>1,174</b>	<b>1,436</b>	<b>3,036</b>
Extraregional (non-CARICOM)	1,777	1,106	1,356	2,940
Intraregional (CARICOM)	141	68	80	96
(In percent of GDP)				
<b>Total trade</b>	<b>52.3</b>	<b>59.0</b>	<b>56.9</b>	<b>95.0</b>
Extraregional	47.8	53.8	50.7	80.0
Intraregional	4.5	5.3	6.3	15.1
<b>Domestic exports 1/</b>	<b>27.6</b>	<b>32.9</b>	<b>30.5</b>	<b>42.4</b>
Traditional exports	22.0	18.0	18.3	18.7
Extraregional (Non-CARICOM)	19.8	16.6	16.8	14.4
Intraregional (CARICOM)	2.1	1.4	1.5	4.3
<i>Of which:</i>				
Crude oil	12.3	9.2	8.1	9.0
Nontraditional exports	5.6	14.9	12.3	23.7
Extraregional (Non-CARICOM)	5.1	12.6	9.0	18.1
Agricultural goods	0.5	1.1	1.2	2.4
Manufactured exports	4.1	10.3	7.3	17.5
<i>Of which:</i>				
Chemicals	2.9	6.2	4.8	11.5
Intraregional (CARICOM)	0.5	2.4	3.3	8.2
Agricultural goods	0.1	0.7	0.9	2.3
Manufactured exports	0.2	1.5	2.3	4.2
<i>Of which:</i>				
Chemicals	0.1	0.3	0.5	0.9
<b>Imports</b>	<b>24.7</b>	<b>26.1</b>	<b>26.4</b>	<b>52.6</b>
Extraregional (non-CARICOM)	22.9	24.6	24.9	50.9
Intraregional (CARICOM)	1.8	1.5	1.5	1.7
<b>Memorandum items:</b>				
All CARICOM countries				
Total trade	63.5	63.7	63.6	69.4
Exports	26.4	23.6	24.8	23.5
Extraregional	23.5	21.1	21.9	19.6
Intraregional	2.8	2.6	2.9	3.9
Imports	37.1	40.1	38.8	45.9

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

1/ Excludes re-exports.

Table 4. Trinidad and Tobago: Structure of Imports, 1984-97

	1984	1988	1992	1997
	(In millions of U.S. dollars)			
<b>Total imports</b>	<b>1,917</b>	<b>1,174</b>	<b>1,436</b>	<b>3,036</b>
<b>By end-use</b>				
Consumer goods	606	420	283	428
Fuels and lubricants	154	107	187	320
Intermediate goods and raw materials	868	278	797	1,236
Capital goods	444	476	355	1,372
<b>By sector</b>				
Agriculture	427	194	307	397
<i>Of which:</i>				
Food	373	188	212	250
Intermediate products 1/ 2/	283	300	310	633
Manufacturers	1,207	676	805	1,973
<i>Of which:</i>				
Machinery	579	367	416	1,380
	(In percent of total imports)			
<b>By end-use</b>				
Consumer goods	31.6	35.8	19.7	14.1
Fuels and lubricants	8.0	9.1	13.0	10.5
Intermediate goods and raw materials	45.3	23.7	55.5	40.7
Capital goods	23.1	40.5	24.7	45.2
<b>By sector</b>				
Agriculture	22.3	16.5	21.4	13.1
<i>Of which:</i>				
Food	19.4	16.0	14.8	8.2
Intermediate products 1/ 2/	14.8	25.5	21.6	20.9
Manufacturers	63.0	57.6	56.1	65.0
<i>Of which:</i>				
Machinery	30.2	31.3	29.0	45.5
	(In percent of GDP)			
<b>By end-use</b>				
Consumer goods	7.8	9.3	5.2	7.4
Fuels and lubricants	2.0	2.4	3.4	5.5
Intermediate goods	11.2	6.2	14.7	21.4
Capital goods	5.7	10.6	6.5	23.8
<b>By sector</b>				
Agriculture	5.5	4.3	5.6	6.9
Intermediate products 1/ 2/	3.6	6.7	5.7	11.0
Manufacturers	15.6	15.0	14.8	34.2
<i>Of which:</i>				
Machinery				
	(In percent of total imports)			
<b>Memorandum items:</b>				
Extraregional (non-CARICOM)				
United States	92.7	94.2	94.5	96.8
European Union	37.9	34.7	45.1	51.5
Latin America	19.3	21.7	17.6	15.3
Latin America	5.8	9.7	9.4	16.4
Intraregional (CARICOM)				
Barbados	7.3	5.8	5.5	3.2
Guyana	2.5	1.1	1.4	0.5
Jamaica	1.4	0.4	0.6	0.4
Jamaica	2.7	2.4	2.6	0.6

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

1/ Includes crude materials, minerals, fuels, lubricants, and chemicals.

2/ Includes imports under processing arrangements.

Table 5. Trinidad and Tobago: Select Indicators of CARICOM Trade

	1984	1988	1992	1997 1/
(Exports as percent of total CARICOM exports)				
Trinidad and Tobago	54.7	42.6	44.6	39.9
Jamaica	17.2	23.8	25.0	21.8
Guyana	5.6	6.4	8.3	9.3
Barbados	8.7	4.3	4.5	4.7
OECS	5.2	10.4	8.9	5.4
(Imports as percent of total CARICOM imports)				
Trinidad and Tobago	35.1	20.5	22.6	26.2
Jamaica	22.4	27.9	28.8	26.7
Guyana	4.6	4.4	4.3	4.8
Barbados	12.1	10.6	7.4	7.0
OECS	9.6	16.3	17.3	11.9
(Regional exports as percent of intra-CARICOM exports)				
Trinidad and Tobago	49.2	46.2	55.4	65.3
Jamaica	14.1	16.9	13.7	7.3
Guyana	6.8	3.1	4.1	3.9
Barbados	16.5	10.8	11.2	10.0
(In millions of U.S. dollars)				
<b>Memorandum items:</b>				
Total CARICOM exports	3,906.9	3,411.3	4,195.4	6,377.5
Total CARICOM imports	5,463.3	5,715.4	6,360.6	11,606.4

Sources: International Finance Statistics; and Fund staff estimates.

1/ Includes Suriname and Haiti.

Table 6. Trinidad and Tobago: Trade/GDP Ratios in Various Caribbean, Latin American and Asian Countries, 1984-97

	1984	1988	1992	1997
	(In percent)			
<b>CARICOM</b>				
Trinidad and Tobago	52.3	59.0	56.9	95.0
Jamaica	80.6	68.1	75.6	68.1
Guyana	76.6	81.1	169.0	155.9
Barbados	87.7	48.6	41.4	51.1
<b>Latin America</b>				
Argentina	10.9	11.4	11.9	17.5
Bolivia	31.3	25.7	31.9	37.9
Brazil	20.1	15.2	15.7	14.7
Colombia	26.4	25.6	27.3	24.1
Costa Rica	57.4	58.1	63.4	94.3
Mexico	20.7	22.0	20.9	35.4
Nicaragua	40.4	89.9	58.4	110.5
Venezuela	37.0	44.7	46.9	40.4
<b>Average</b>	<b>30.5</b>	<b>36.6</b>	<b>34.6</b>	<b>46.9</b>
<b>Asia</b>				
Malaysia	90.0	108.5	138.1	160.4
Philippines	37.4	41.6	47.5	77.7
Singapore	280.8	323.9	272.9	267.3
Thailand	42.5	58.8	65.6	77.4

Sources: International Finance Statistics; and Fund staff estimates.

Table 7. Trinidad and Tobago: Tariff Schedule, 1992 and 1998 1/

	1992	1998
<b>Whole economy</b>		
Simple average	18.7	9.1
Standard deviation	15.3	11.6
Maximum	70.0	40.0
Minimum	0.0	0.0
<b>By sector</b>		
Agriculture	27.9	20.0
Mining	9.2	3.2
Industry	19.7	8.4
<b>By degree of processing</b>		
Raw materials	...	15.0
Semi-processed products	...	2.2
Finished goods	15.9	11.1

Source: World Trade Organization; UNCTAD; and Fund staff estimates.

1/ The average MFN tariff, excluding special duties.

Table 8. Trinidad and Tobago: Frequency Distribution of Nominal Tariffs, 1992 and 1998

(In percent of total tariff lines)

Rates	1992	1998
Duty Free	10.8	44.9
0 to 5	6.3	17.4
5-10	41.2	3.3
10-15	0.9	6.1
15-20	1.4	19.2
20-25	0.5	0.9
25-30	16.6	2.4
30-35	0.0	0.0
35-40	0.00	5.8
40-45	21.4	...
Over 40	1.1	...
<b>Memorandum items:</b>		
Total tariff lines	3,917	6,322

Source: World Trade Organization; UNCTAD; and Fund staff estimates.



Table 9. Trinidad and Tobago: Summary of Tariff Structure in CARICOM countries, 1998

	Average tariff rates 1/ (percent)	Standard deviation 2/ (percent)	Coefficient of variation 3/ (percent)	Tariff range 4/ (percent) Overall	Index of Trade Restrictiveness 5/ Overall
Trinidad and Tobago	9.1	11.6	127.5	0 - 40	4
Antigua and Barbuda	9.7	10.5	108.2	0 - 40	5
Bahamas	35	...	...	0 - 260	5
Barbados	9.8	11.6	118.4	0 - 60	5
Belize	11.2	11.6	103.6	0 - 60	5
Dominica	10.1	10.8	106.9	0 - 40	5
Grenada	10.5	12.1	115.2	0 - 40	9
Guyana	10.6	10.5	99.1	0 - 60	2
Jamaica	9.7	11	113.4	0 - 40	5
Montserrat	9.3	10.5	112.9	0 - 40	...
St. Kitts and Nevis	9.6	10.8	112.5	0 - 40	2
St. Lucia	10.4	12.2	117.3	0 - 45	5
St. Vincent and Grenadines	9.8	11	112.2	0 - 40	5
Suriname	9.7	11.1	114.4	0 - 50	8
<b>Memorandum item:</b>					
Argentina	13.9	6.9	49.6	0 - 33.5	5
Bolivia	9.7	1.3	13.4	0 - 10	4
Chile	11	0.7	6.4	0 - 11	2
Colombia	11.6	6.3	54.3	0 - 35	2
Peru	13.5	3.5	25.9	12 - 25	2
Venezuela	12	6.1	50.8	0 - 35	5

Sources: Inter-American Development Bank; and Fund staff estimates.

1/ The unweighted average MFN tariff.

2/ The standard deviation measures the absolute dispersion of a distribution

3/ The coefficient of variation is a measure of relative dispersion of the distribution, defined as the standard deviation divided by the average.

4/ Excludes tariffs on arms and ammunitions (which cover less than .4 percent of all tariff lines) for which the range can be as high as 70 percent.

5/ The index value ranges from one to ten, with one representing the least restrictive trade regime. The calculation of the index takes into account both the level of average tariffs and the use of nontariff barriers (such as quantitative restrictions, export and import quotas, restrictive licensing, and restrictive allocation of foreign exchange). The calculation, however, ignores the degree of tariff dispersion, the number of tariff bands, and discretionary tariff exemptions. Overall, greater weight is given to nontariff barriers, as they generally result in larger economic distortions and less transparent trade regimes than high tariff rates (IMF).

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

	1994	1995	1996	1997	Prel. 1998
(In millions of Trinidad and Tobago dollars)					
<b>Real GDP (1985 prices)</b>	<b>16,630</b>	<b>17,264</b>	<b>17,863</b>	<b>18,488</b>	<b>19,077</b>
<b>Petroleum sector</b>	<b>4,287</b>	<b>4,303</b>	<b>4,387</b>	<b>4,331</b>	<b>4,411</b>
Crude oil	2,981	2,975	2,930	2,808	2,782
Refining	198	203	242	215	246
Service, marketing, gas	596	598	625	682	687
Petrochemicals	513	527	591	626	696
<b>Nonpetroleum sector</b>	<b>12,343</b>	<b>12,961</b>	<b>13,475</b>	<b>14,157</b>	<b>14,666</b>
Agriculture	594	562	602	625	494
Export	35	34	41	39	23
Domestic	302	290	299	305	274
Sugar	258	238	262	281	197
Manufacturing	1,323	1,396	1,349	1,504	1,642
Construction	1,469	1,583	1,671	1,918	2,114
Distribution, hotel	1,874	1,981	2,192	2,377	2,496
Distribution	1,840	1,928	2,122	2,283	2,385
Hotel	34	53	70	94	111
Government	2,557	2,511	2,600	2,563	2,629
Financial services	1,713	1,727	1,747	1,822	1,835
Other	3,232	3,591	3,719	3,818	4,025
Less: imputed serv. charge	-420	-390	-404	-469	-567
(Annual percentage change)					
<b>Real GDP</b>	<b>3.6</b>	<b>3.8</b>	<b>3.5</b>	<b>3.5</b>	<b>3.2</b>
<b>Petroleum sector</b>	<b>9.1</b>	<b>0.4</b>	<b>2.0</b>	<b>-1.3</b>	<b>1.9</b>
Crude oil	6.0	-0.2	-1.5	-4.2	-0.9
Refining	3.5	2.8	18.8	-11.0	14.5
Service, marketing, gas	14.6	0.4	4.6	9.2	0.7
Petrochemicals	26.0	2.7	12.2	6.0	11.1
<b>Nonpetroleum sector</b>	<b>1.8</b>	<b>5.0</b>	<b>4.0</b>	<b>5.1</b>	<b>3.6</b>
Agriculture	7.7	-5.3	7.1	3.8	-21.0
Export	10.6	-0.9	19.9	-5.9	-40.4
Domestic	-10.6	-3.9	2.9	3.0	3.0
Sugar	41.0	-7.6	10.3	7.1	-29.7
Manufacturing	-1.7	5.5	-3.4	11.5	9.1
Construction	13.9	7.8	5.5	14.8	10.2
Distribution, hotel	4.5	5.7	10.6	8.4	5.0
Distribution	5.4	4.8	10.0	7.6	4.5
Hotel	-27.8	53.4	33.3	34.0	18.0
Government	-3.9	-1.8	3.5	-1.4	2.6
Financial services	2.7	0.8	1.2	4.3	0.7
Other (transport etc.)	0.2	11.1	3.6	2.6	5.4
Less: imputed service charge	2.7	-7.1	3.6	16.1	20.9

Sources: Central Statistical Office; and Fund staff estimates.

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

	1994	1995	1996	1997	Prel. 1998
(In millions of Trinidad and Tobago dollars)					
<b>Nominal GDP</b>	<b>29,312</b>	<b>31,665</b>	<b>34,078</b>	<b>36,194</b>	<b>36,491</b>
<b>Petroleum sector</b>	<b>8,761</b>	<b>8,712</b>	<b>9,937</b>	<b>10,235</b>	<b>7,799</b>
Crude oil	4,500	4,496	4,679	4,536	4,463
Refining	666	540	1,356	1,485	612
Service and marketing	1,679	1,843	1,949	2,115	1,377
Petrochemicals	1,915	1,833	1,952	2,099	1,347
<b>Nonpetroleum sector</b>	<b>20,551</b>	<b>22,953</b>	<b>24,141</b>	<b>25,959</b>	<b>28,692</b>
Agriculture	651	701	766	775	745
Export	41	41	43	30	19
Domestic	359	342	381	361	399
Sugar	252	318	342	384	326
Manufacturing	2,281	2,608	2,367	2,752	3,016
Construction	2,234	2,465	2,685	3,229	3,749
Distribution, hotel	4,124	4,630	5,293	6,014	6,673
Distribution	4,005	4,451	5,030	5,653	6,226
Hotel	119	179	263	361	447
Government	2,954	3,089	3,396	2,978	3,249
Financial services	3,620	3,900	3,855	4,065	4,202
Other	4,355	5,036	5,256	5,608	6,244
Less: imputed service charge	-928	-821	-892	-1,085	-1,339
Plus: VAT	1,259	1,345	1,414	1,624	2,154
(As a percentage of GDP)					
<b>Petroleum sector</b>	<b>29.9</b>	<b>27.5</b>	<b>29.2</b>	<b>28.3</b>	<b>21.4</b>
Crude oil	15.4	14.2	13.7	12.5	12.2
Refining	2.3	1.7	4.0	4.1	1.7
Service and marketing	5.7	5.8	5.7	5.8	3.8
Petrochemicals	6.5	5.8	5.7	5.8	3.7
<b>Nonpetroleum sector</b>	<b>70.1</b>	<b>72.5</b>	<b>70.8</b>	<b>71.7</b>	<b>78.6</b>
Agriculture	2.2	2.2	2.2	2.1	2.0
Export	0.1	0.1	0.1	0.1	0.1
Domestic	1.2	1.1	1.1	1.0	1.1
Sugar	0.9	1.0	1.0	1.1	0.9
Manufacturing	7.8	8.2	6.9	7.6	8.3
Construction	7.6	7.8	7.9	8.9	10.3
Distribution, hotel	14.1	14.6	15.5	16.6	18.3
Distribution	13.7	14.1	14.8	15.6	17.1
Hotel	0.4	0.6	0.8	1.0	1.2
Government	10.1	9.8	10.0	8.2	8.9
Financial services	12.4	12.3	11.3	11.2	11.5
Other	14.9	15.9	15.4	15.5	17.1
Less: imputed service charge	-3.2	-2.6	-2.6	-3.0	-3.7
Plus: VAT	4.3	4.2	4.1	4.5	5.9

Sources: Central Statistical Office; and Fund staff estimates.

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

	1994	1995	1996	1997	Prel. 1998
(In millions of 1985 Trinidad and Tobago dollars)					
<b>Domestic expenditure</b>	<b>13,174</b>	<b>13,654</b>	<b>14,370</b>	<b>16,763</b>	<b>16,174</b>
Consumption	9,814	10,907	11,438	11,753	11,241
Private sector	7,818	8,849	9,303	9,630	8,897
Government	1,996	2,058	2,135	2,123	2,343
Gross capital formation	3,360	2,747	2,931	5,010	4,933
Private sector	3,095	2,370	2,587	4,321	4,370
Government	265	377	345	689	564
<b>Net exports</b>	<b>3,457</b>	<b>3,610</b>	<b>3,493</b>	<b>1,725</b>	<b>2,903</b>
Exports of goods and nonfactor services	6,796	7,740	7,572	8,261	10,092
Imports of goods and nonfactor services	-3,339	-4,130	-4,079	-6,535	-7,189
<b>GDP at market prices</b>	<b>16,630</b>	<b>17,264</b>	<b>17,863</b>	<b>18,488</b>	<b>19,077</b>
(Annual percentage change)					
<b>Domestic expenditure</b>	<b>-6.1</b>	<b>3.6</b>	<b>5.2</b>	<b>16.7</b>	<b>-3.5</b>
Consumption	-16.4	11.1	4.9	2.8	-4.4
Private sector	-19.5	13.2	5.1	3.5	-7.6
Government	-1.0	3.1	3.8	-0.6	10.3
Gross capital formation	45.9	-18.2	6.7	70.9	-1.5
Private sector	49.6	-23.4	9.1	67.1	1.1
Government	13.0	42.2	-8.4	99.6	-18.2
<b>Net exports</b>	<b>70.9</b>	<b>4.4</b>	<b>-3.2</b>	<b>-50.6</b>	<b>68.3</b>
Exports of goods and nonfactor services	42.9	13.9	-2.2	9.1	22.2
Imports of goods and nonfactor services	22.1	23.7	-1.2	60.2	10.0
<b>GDP at market prices</b>	<b>3.6</b>	<b>3.8</b>	<b>3.5</b>	<b>3.5</b>	<b>3.2</b>

Sources: Central Statistical Office; and Fund staff estimates.

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

	1994	1995	1996	1997	Prel. 1998
(In millions of Trinidad and Tobago dollars)					
<b>Domestic expenditure</b>	<b>25,514</b>	<b>27,194</b>	<b>30,094</b>	<b>37,453</b>	<b>38,000</b>
Consumption	19,592	22,155	24,501	27,646	28,563
Private sector	16,074	18,380	20,427	23,489	24,081
Government	3,518	3,775	4,074	4,157	4,482
Gross capital formation	5,922	5,038	5,593	9,807	9,437
Private sector	5,455	4,347	4,935	8,459	8,359
Government	467	691	658	1,348	1,078
<b>Net exports</b>	<b>3,798</b>	<b>4,472</b>	<b>3,984</b>	<b>-1,259</b>	<b>-1,508</b>
Exports of goods and nonfactor services	13,661	17,209	17,879	19,311	19,015
Imports of goods and nonfactor services	-9,863	-12,737	-13,895	-20,570	-20,523
<b>GDP at market prices</b>	<b>29,312</b>	<b>31,665</b>	<b>34,078</b>	<b>36,194</b>	<b>36,491</b>
Net factor payments	-2,449	-2,768	-3,094	-2,384	-2,191
Net transfers	-36	-97	-42	24	39
<b>GNP at market prices</b>	<b>26,827</b>	<b>28,800</b>	<b>30,941</b>	<b>33,833</b>	<b>34,339</b>
(As a percentage of GDP)					
<b>Domestic expenditure</b>	<b>87.0</b>	<b>85.9</b>	<b>88.3</b>	<b>103.5</b>	<b>104.1</b>
Consumption	66.8	70.0	71.9	76.4	78.3
Private sector	54.8	58.0	59.9	64.9	66.0
Government	12.0	11.9	12.0	11.5	12.3
Gross capital formation	20.2	15.9	16.4	27.1	25.9
Private sector	18.6	13.7	14.5	23.4	22.9
Government	1.6	2.2	1.9	3.7	3.0
<b>Net exports</b>	<b>13.0</b>	<b>14.1</b>	<b>11.7</b>	<b>-3.5</b>	<b>-4.1</b>
Exports of goods and nonfactor services	46.6	54.3	52.5	53.4	52.1
Imports of goods and nonfactor services	-33.6	-40.2	-40.8	-56.8	-56.2
<b>GDP at market prices</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Net factor payments	-8.4	-8.7	-9.1	-6.6	-6.0
Net transfers	-0.1	-0.3	-0.1	0.1	0.1
<b>GNP at market prices</b>	<b>91.5</b>	<b>91.0</b>	<b>90.8</b>	<b>93.5</b>	<b>94.1</b>

Sources: Central Statistical Office; and Fund staff estimates.

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

	1994	1995	1996	1997	Prel. 1998
(In millions of Trinidad and Tobago dollars)					
<b>Gross domestic savings</b>	<b>9,719</b>	<b>9,510</b>	<b>9,577</b>	<b>8,548</b>	<b>7,929</b>
Private sector	7,735	8,256	7,629	7,680	6,786
Public sector	1,984	1,254	1,948	868	1,143
Net factor payments	-2,449	-2,768	-3,094	-2,384	-2,191
Net transfers	-36	-97	-42	24	39
<b>Gross national savings</b>	<b>7,235</b>	<b>6,645</b>	<b>6,440</b>	<b>6,187</b>	<b>5,777</b>
Private sector	5,251	5,391	4,492	5,319	4,634
Public sector	1,984	1,254	1,948	868	1,143
Government	402	617	746	356	138
Public enterprises	1,582	637	1,202	512	1,005
<b>Gross national investment</b>	<b>5,922</b>	<b>5,038</b>	<b>5,593</b>	<b>9,807</b>	<b>9,437</b>
Private sector	4,464	3,938	3,991	7,212	6,833
Public sector	1,458	1,100	1,602	2,595	2,604
Government	467	691	658	1,348	1,078
Public enterprises	991	409	944	1,247	1,526
<b>Investment savings gap</b>	<b>-1,313</b>	<b>-1,606</b>	<b>-848</b>	<b>3,620</b>	<b>3,660</b>
Private sector	-787	-1,452	-502	1,893	2,199
Public sector	-526	-154	-346	1,727	1,461
Government	65	74	-88	992	940
Public enterprises	-591	-228	-258	735	521
(As a percentage of GDP)					
<b>Gross domestic savings</b>	<b>33.2</b>	<b>30.0</b>	<b>28.1</b>	<b>23.6</b>	<b>21.7</b>
Private sector	26.4	26.1	22.4	21.2	18.6
Public sector	6.8	4.0	5.7	2.4	3.1
Net factor payments	-8.4	-8.7	-9.1	-6.6	-6.0
Net transfers	-0.1	-0.3	-0.1	0.1	0.1
<b>Gross national savings</b>	<b>24.7</b>	<b>21.0</b>	<b>18.9</b>	<b>17.1</b>	<b>15.8</b>
Private sector	17.9	17.0	13.2	14.7	12.7
Public sector	6.8	4.0	5.7	2.4	3.1
Government	1.4	1.9	2.2	1.0	0.4
Public enterprises	5.4	2.0	3.5	1.4	2.8
<b>Gross national investment</b>	<b>20.2</b>	<b>15.9</b>	<b>16.4</b>	<b>27.1</b>	<b>25.9</b>
Private sector	15.2	12.4	11.7	19.9	18.7
Public sector	5.0	3.5	4.7	7.2	7.1
Government	1.6	2.2	1.9	3.7	3.0
Public enterprises	3.4	1.3	2.8	3.4	4.2
<b>Investment savings gap</b>	<b>-4.5</b>	<b>-5.1</b>	<b>-2.5</b>	<b>10.0</b>	<b>10.0</b>
Private sector	-2.7	-4.6	-1.5	5.2	6.0
Public sector	-1.8	-0.5	-1.0	4.8	4.0
Government	0.2	0.2	-0.3	2.7	2.6
Public enterprises	-2.0	-0.7	-0.8	2.0	1.4
<b>GDP at market prices</b>	<b>29,312</b>	<b>31,665</b>	<b>34,078</b>	<b>36,194</b>	<b>36,491</b>

Sources: Central Statistical Office; and Fund staff estimates

Table 6. Trinidad and Tobago: Retail Price Index

	Weights	1994	1995	1996	1997	Prel. 1998
(Period average: 1985=100)						
<b>Overall index</b>	<b>1,000</b>	<b>170.6</b>	<b>179.7</b>	<b>185.7</b>	<b>192.5</b>	<b>203.3</b>
Food, drink and tobacco	255	178.9	206.0	225.3	246.0	279.6
Housing and household supplies	359	168.2	171.1	172.8	173.2	177.0
Clothing and footwear	104	161.3	159.3	157.7	155.8	154.8
Transportation	152	172.6	175.8	177.3	180.7	183.7
Other services	130	167.3	172.3	175.8	180.5	187.1
(End of period)						
<b>Overall index</b>		<b>175.5</b>	<b>182.1</b>	<b>190.0</b>	<b>196.7</b>	<b>207.7</b>
Food, drink and tobacco		194.7	213.6	239.2	260.0	292.7
Housing and household supplies		169.0	171.9	173.9	174.9	178.7
Clothing and footwear		161.0	158.0	158.0	154.8	154.8
Transportation		174.4	176.3	177.9	182.1	185.2
Other Services		168.9	174.5	177.8	183.1	188.7
(Annual percentage changes: Period average)						
<b>Overall index</b>		<b>3.7</b>	<b>5.3</b>	<b>3.3</b>	<b>3.7</b>	<b>5.6</b>
Food, drink and tobacco		8.7	15.2	9.3	9.2	13.7
Housing and household supplies		1.8	1.7	0.9	0.3	2.1
Clothing and footwear		-0.2	-1.2	-1.0	-1.2	-0.6
Transportation		4.1	1.9	0.8	1.9	1.7
Other services		2.5	3.0	2.1	2.7	3.7
(End of period)						
<b>Overall index</b>		<b>5.5</b>	<b>3.8</b>	<b>4.3</b>	<b>3.5</b>	<b>5.6</b>
Food, drink and tobacco		16.1	9.7	12.0	8.7	12.6
Housing and household supplies		1.6	1.7	1.1	0.6	2.2
Clothing and footwear		-0.3	-1.8	0.0	-2.0	0.0
Transportation		3.8	1.1	0.9	2.4	1.7
Other services		3.1	3.3	1.9	3.0	3.1

Sources: Central Statistical Office, and Fund staff estimates.

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

	Weights	1994	1995	1996	1997	Prel. 1998
(Period averages: October 1978=100)						
<b>Producer prices</b>	<b>1,000</b>	<b>317.7</b>	<b>329.1</b>	<b>338.5</b>	<b>345.1</b>	<b>350.1</b>
Food processing	191	363.2	386.3	413.7	420.0	423.8
Drink and tobacco	121	387.4	399.2	397.9	416.8	436.2
Chemical and nonmetallic products	148	353.6	350.3	363.3	378.0	386.2
Assembly type industry	257	281.5	293.5	296.0	297.0	296.5
Other	283	271.3	281.7	288.1	290.4	293.3
(Annual percentage change)						
<b>Producer prices</b>		<b>5.4</b>	<b>3.6</b>	<b>2.9</b>	<b>1.9</b>	<b>1.4</b>
Food processing		9.1	6.4	7.1	1.5	0.9
Drink and tobacco		8.6	3.0	-0.3	4.7	4.7
Chemical and nonmetallic products		5.1	-0.9	3.7	4.0	2.2
Assembly type industry		4.3	4.3	0.9	0.3	-0.2
Other		1.8	3.8	2.3	0.8	1.0

Sources: Central Statistical Office; and Fund staff estimates.



Table 8. Trinidad and Tobago: Domestic Prices of Selected Refined Petroleum Products

	1994	1995	1996	1997	Prel. 1998
(In Trinidad and Tobago dollars per liter)					
<b>Super motor gasoline</b>					
Wholesale	2.19	2.18	2.18	2.18	2.18
Retail	2.35	2.35	2.45	2.45	2.45
<b>Regular motor gasoline</b>					
Wholesale	2.11	2.10	2.10	2.11	2.11
Retail	2.24	2.24	2.34	2.34	2.34
<b>Gas oil</b>					
Wholesale	1.15	1.15	1.15	1.13	1.13
Retail	1.25	1.25	1.25	1.28	1.28
<b>Diesel oil</b>	1.07	1.07	1.07	1.07	1.07
<b>Kerosene</b>					
Wholesale	1.07	1.07	1.07	1.07	1.07
Retail	1.15	1.15	1.15	1.15	1.15
(In Trinidad and Tobago dollars per pound)					
<b>Liquefied gas</b>					
Wholesale	0.66	0.63	0.63	0.66	0.63
Retail	1.00	1.00	1.00	1.00	1.00

Sources: National Petroleum Marketing Company; Central Statistical Office; and Fund staff estimates.

Table 9. Trinidad and Tobago: Production and Utilization  
of Crude Oil and Refined Products

(In thousands of barrels)

	1994	1995	1996	1997	Prel. 1998
<b>Crude oil and natural gas liquids</b>					
Production	51,486	51,508	51,519	49,327	49,818
Crude oil	48,009	48,107	47,231	45,214	44,758
AMOCO	21,609	21,553	21,138	19,889	18,848
Other	26,400	26,554	26,093	25,325	25,910
Natural gas liquid	3,477	3,747	4,339	4,113	4,060
Natural gasoline	1,066	977	1,258	1,229	1,240
Other	2,411	2,770	3,081	2,884	2,820
Imports of crude oil	11,753	11,052	13,219	10,728	26,348
Under processing agreement	10,731	4,672	n.a.	1,169	5,723
Other	1,022	5,475	n.a.	9,559	20,625
Exports	25,862	25,074	25,605	24,731	22,898
Crude oil	23,086	21,486	21,138	20,322	18,804
Natural gas liquid	2,776	3,588	4,467	4,409	4,094
Refinery input	37,559	35,600	40,249	45,097	50,280
Supply to stocks	-1,910	-342	-1,474	519	-642
(Opening stocks)	4,237	1,816	1,474	3,517	2,875
<b>Refined products</b>					
Refinery output	36,299	34,833	38,125	34,422	48,813
LPG	610	761	393	887	1,029
Mogas	6,922	7,804	5,431	7,548	10,672
Avgas	45	35	29	37	24
Av turbine/kerosene	4,320	3,663	4,072	3,291	5,501
Gas/diesel oil	6,739	7,492	7,636	8,438	11,103
Fuel oil	16,779	14,637	15,831	14,244	20,088
Lubes/ greases	531	121	650	116	379
Bitumen	151	142	73	156	212
Petrochemicals	6	0	0	2	-57
Unfinished	1,608	228	4,030	-286	-138
Imports	1,615	1,249	3,220	3,777	0
Exports	31,237	32,946	27,639	31,753	45,842
Under processing agreement	2,034	0	0	0	0
Other	29,203	32,946	27,639	31,753	45,842

Table 9. Trinidad and Tobago: Production and Utilization  
of Crude Oil and Refined Products

(In thousands of barrels)

	1994	1995	1996	1997	Prel. 1998
<b>Domestic consumption</b>	5,067	5,211	5,239	5,424	5,846
LPG	590	591	593	317	581
Mogas	2,435	2,392	2,391	2,431	2,663
Avgas	4	3	2	2	3
Av turbine	431	533	533	524	489
Kerosene	55	49	45	49	47
Gas oil	1,395	1,446	1,535	1,803	1,717
Diesel oil	0	0	0	0	0
Fuel oil	37	37	34	55	21
Lubes/greases	79	82	82	97	96
Bitumen	43	122	68	156	19
Supply to stocks	-1,339	996	0	n.a.	n.a.
(Opening stocks)	5,143	4,004	5,000	n.a.	n.a.
Discrepancies, losses (-)	-2,749	-800	0	n.a.	n.a.
<b>Memorandum items:</b>					
Installed refinery capacity					
(in thousands of barrels per day)	260	260	260	175	175
Capacity utilization (in percent)	39.6	37.5	42.1	70.6	78.8
Production of fuel oils					
(in percent of total refined products)	46.2	41.0	41.5	40.8	41.2
Motor gasoline (in percent of total refined products)	19.1	21.9	14.2	21.4	21.9
Gas/diesel oil (in percent of total refined products)	18.6	21.0	20.0	24.0	22.7
Meters drilled (thousands)	130	149	122	167	173

Sources: Ministry of Energy; Central Statistical Office; and Fund staff estimates.

Table 10. Trinidad and Tobago: Labor Force and Employment

	1993	1994	1995	1996	1997	Prel. 1998
(In thousands)						
<b>Population</b>	<b>1,252</b>	<b>1,257</b>	<b>1,260</b>	<b>1,264</b>	<b>1,274</b>	<b>1,282</b>
<i>Of which:</i>						
15 years and over	847.9	857.4	864.9	876.7	896.6	913.4
<b>Labor force</b>	<b>504.6</b>	<b>509.4</b>	<b>521.0</b>	<b>530.4</b>	<b>541.0</b>	<b>558.7</b>
Male	318.1	319.0	327.0	325.7	335.8	344.6
Female	186.5	190.4	194.0	204.7	205.2	214.1
<b>Employed</b>	<b>404.6</b>	<b>415.6</b>	<b>431.5</b>	<b>444.2</b>	<b>459.8</b>	<b>479.3</b>
Male	261.8	267.6	277.5	282.5	294.5	305.5
Female	142.8	148.0	154.0	161.7	165.3	173.8
(As a percentage of labor force)						
<b>Unemployed</b>	<b>19.8</b>	<b>18.4</b>	<b>17.2</b>	<b>16.3</b>	<b>15.0</b>	<b>14.2</b>
Seeking work	13.8	13.1	12.0	11.3	10.4	10.0
Other unemployed	6.0	5.3	5.2	5.0	4.7	4.3
<b>Employment by economic sector</b>						
(In thousands)						
<b>Total</b>	<b>404.6</b>	<b>415.6</b>	<b>431.5</b>	<b>444.2</b>	<b>459.8</b>	<b>479.3</b>
Agriculture and fishing	45.8	51.4	45.9	42.6	43.8	39.0
Mining and manufacturing	55.4	57.2	60.8	61.9	64.3	70.0
Construction (incl. utilities)	51.4	48.4	49.3	51.5	56.8	65.1
Commerce	71.1	70.7	80.6	81.6	81.0	83.2
Transport and communication	30.0	29.8	30.8	30.7	31.8	35.5
Other services	150.9	158.1	164.1	175.9	182.1	186.5
(As a percentage of employed)						
Agriculture and fishing	11.3	12.4	10.6	9.6	9.5	8.1
Mining and manufacturing	13.7	13.8	14.1	13.9	14.0	14.6
Construction (incl. utilities)	12.7	11.6	11.4	11.6	12.4	13.6
Commerce	17.6	17.0	18.7	18.4	17.6	17.4
Transport and communication	7.4	7.2	7.1	6.9	6.9	7.4
Other services	37.3	38.0	38.0	39.6	39.6	38.9

Sources: Central Statistical Office; and Fund staff estimates.

Table 11. Trinidad and Tobago: Employment in Public Enterprises

(Number of employees)

	1994	1995	1996	1997	Prel. 1998
<b>Total employees</b>	<b>39,165</b>	<b>34,457</b>	<b>35,063</b>	<b>35,233</b>	<b>32,526</b>
As a share of total employment (percent)	8.52	7.19	7.17	7.10	6.48
National Insurance Board	810	555	519	514	510
<b>Public utilities</b>	<b>7,209</b>	<b>6,684</b>	<b>6,113</b>	<b>5,757</b>	<b>4,933</b>
T&TEC	3,131	2,630	2,410	2,091	2,270
WASA	3,087	3,100	3,463	3,414	2,413
PTSC	277	254	240	252	250
Port Authority 1/	714	700	692	641	...
<b>Wholly state-owned companies</b>	<b>20,704</b>	<b>17,512</b>	<b>18,270</b>	<b>18,136</b>	<b>17,454</b>
Caroni	9,035	9,100	9,351	9,347	9,465
National Petroleum Marketing Co. Ltd.	550	543	576	578	555
National Gas Ltd.	367	370	409	480	490
Lake Asphalt Ltd.	147	0	141	143	0
BWIA	2,221	0	0	0	0
International Communications Network Ltd.	160	151	181	200	261
NAMDEVCO	99	100	87	65	70
National Flour Mills Ltd.	381	0	547	478	515
Trinidad and Tobago Forest Products Co. Ltd.	203	305	264	263	247
Trinidad and Tobago Solid Waste Management Co. Ltd.	119	116	125	137	152
Trinidad and Tobago Export Credit Ins. Co. Ltd.	10	9	14	15	19
National Quarries Co. Ltd.	62	74	75	110	0
National Feed Mills Ltd.	41	40	29	29	0
PETROTRIN	6,100	5,500	5,496	5,360	4,878
Trinidad and Tobago Free Zones Co. Ltd.	4	4	4	4	4
YTEPP	1,200	1,200	971	927	798
<b>Majority-owned companies</b>	<b>8,390</b>	<b>7,809</b>	<b>8,218</b>	<b>8,375</b>	<b>6,905</b>
Pt. Lisas Industrial Port Dev. Co. Ltd.	197	197	818	1,232	0
Trinidad and Tobago Methanol Co. Ltd.	243	202	205	0	0
Trinidad Nitrogen Co. Ltd.	3	4	4	5	5
National Fisheries Co. Ltd.	32	0	0	0	0
National Helicopter Services Ltd.	47	45	45	49	63
First Citizens Bank 1/	1,160	989	1,008	1,009	...
Telecommunications Services of Trinidad and Tobago	2,822	2,822	2,816	2,825	2,903
National Maintenance Training and Security Co. Ltd.	3,537	2,710	2,549	3,000	3,688
Trinidad and Tobago Mortgage Finance Co. Ltd.	47	47	55	63	62
Agricultural Development Bank	230	188	117	137	126
Power Generation Co. of Trinidad and Tobago Ltd.	0	566	544	0	0
Reinsurance Co. of Trinidad and Tobago Ltd.	36	0	0	0	0
Small Business Development Co. Ltd.	28	31	46	45	47
Trinidad and Tobago Export Trading Co. Ltd.	8	8	11	10	11

Sources: Ministry of Finance; Central Personnel Office; and Fund staff estimates.

1/ Figures were not available for the Port Authority nor First Citizens Bank in 1998.

Table 12. Trinidad and Tobago: Overall Nonfinancial Public Sector

	1994	1995	1996	1997	Prel. 1998
(In millions of Trinidad and Tobago dollars)					
<b>Total revenue and grants</b>	<b>9,218</b>	<b>8,860</b>	<b>9,972</b>	<b>10,126</b>	<b>10,621</b>
Current revenue	9,087	8,654	9,907	9,237	10,392
Central government	7,505	8,456	9,537	9,126	9,678
Operating surplus of rest of nonfinancial public sector	1,582	199	370	111	714
Capital revenue and grants	130	205	66	889	228
	0	0	0	0	0
<b>Total expenditure and net lending</b>	<b>8,327</b>	<b>8,429</b>	<b>9,483</b>	<b>10,549</b>	<b>11,547</b>
Current expenditure	7,103	7,838	8,791	8,770	9,540
Less government current transfers	234	438	832	401	291
Capital expenditure	1,458	1,028	1,524	2,179	2,298
Central government	468	620	580	1,142	860
Less government capital transfers	0	0	0	210	87
Rest of the nonfinancial public sector	991	409	944	1,247	1,525
<b>Current balance</b>	<b>2,218</b>	<b>1,254</b>	<b>1,948</b>	<b>868</b>	<b>1,143</b>
<b>Overall balance 1/</b>	<b>890</b>	<b>431</b>	<b>489</b>	<b>-422</b>	<b>-927</b>
<b>Total financing</b>	<b>-890</b>	<b>-431</b>	<b>-489</b>	<b>422</b>	<b>927</b>
External	-651	-1,617	178	-1,498	-524
Central government	-285	-906	96	-1,599	-668
Rest of the nonfinancial public sector	-366	-711	82	101	144
Domestic	-239	1,186	-667	1,920	1,451
Central government	291	853	-267	1,559	1,244
Rest of the nonfinancial public sector	-530	334	-400	362	207
(As a percentage of GDP)					
<b>Current balance</b>	<b>7.6</b>	<b>4.0</b>	<b>5.7</b>	<b>2.4</b>	<b>3.1</b>
<b>Overall balance 1/</b>	<b>3.0</b>	<b>1.4</b>	<b>1.4</b>	<b>-1.2</b>	<b>-2.5</b>
<b>Total financing</b>	<b>-3.0</b>	<b>-1.4</b>	<b>-1.4</b>	<b>1.2</b>	<b>2.5</b>
External	-2.2	-5.1	0.5	-4.1	-1.4
Central government	-1.0	-2.9	0.3	-4.4	-1.8
Rest of the nonfinancial public sector	-1.2	-2.2	0.2	0.3	0.4
Domestic	-0.8	3.7	-2.0	5.3	4.0
Central government	1.0	2.7	-0.8	4.3	3.4
Rest of the nonfinancial public sector	-1.8	1.1	-1.2	1.0	0.6
<b>Memorandum items:</b>					
Overall balance on cash basis	3.0	1.9	2.4	-0.2	-0.5
Overall balance with capital revenue as financing	2.6	0.7	1.2	-3.6	-3.2
Overall balance on cash basis with capital revenue as financing	2.6	1.3	2.2	-2.7	-1.2

Sources: Ministry of Finance; and Fund staff estimates.

1/ Central government and the rest of the nonfinancial public sector which includes public utilities, public enterprises and statutory boards.

Table 13. Trinidad and Tobago: Central Government Operations

	1994	1995	1996	1997	Prel. 1998
(In millions of Trinidad and Tobago dollars)					
<b>Total revenue and grants</b>	<b>7,565</b>	<b>8,511</b>	<b>9,542</b>	<b>9,954</b>	<b>9,823</b>
Current	7,505	8,456	9,537	9,126	9,678
Oil	1,478	2,221	2,727	1,555	673
Non-oil	6,027	6,235	6,810	7,571	9,005
Capital and grants 1/	60	56	6	828	145
<b>Total expenditure and net lending</b>	<b>7,571</b>	<b>8,458</b>	<b>9,371</b>	<b>9,913</b>	<b>10,400</b>
Current expenditure	7,103	7,838	8,791	8,770	9,540
Wages and salaries 2/	2,767	2,884	3,155	3,227	3,522
Other goods and services	751	891	919	930	960
Interest payments 3/	1,574	1,577	1,581	1,690	1,916
Transfer and subsidies	2,012	2,487	3,137	2,923	3,143
Capital expenditure and net lending 3/	468	620	580	1,142	860
<b>Current account balance</b>	<b>402</b>	<b>617</b>	<b>746</b>	<b>356</b>	<b>138</b>
<b>Overall balance</b>	<b>-6</b>	<b>54</b>	<b>171</b>	<b>41</b>	<b>-577</b>
<b>Total financing</b>	<b>6</b>	<b>-54</b>	<b>-171</b>	<b>-41</b>	<b>577</b>
Foreign financing	-285	-906	96	-1,599	-668
Domestic financing	291	853	-267	1,559	1,244
Financial system	-479	157	-324	702	-990
Other 3/	770	695	57	857	2,234
(As a percentage of GDP)					
<b>Total revenue and grants</b>	<b>25.8</b>	<b>26.9</b>	<b>28.0</b>	<b>27.6</b>	<b>26.9</b>
Oil	5.0	7.0	8.0	4.3	1.8
Non-oil 1/	20.6	19.7	20.0	21.0	24.7
<b>Total expenditure and net lending</b>	<b>25.8</b>	<b>26.7</b>	<b>27.5</b>	<b>27.4</b>	<b>28.5</b>
Current 2/ 3/	24.2	24.8	25.8	24.3	26.1
Capital expenditure and net lending 3/	1.6	2.0	1.7	3.2	2.4
<b>Current balance</b>	<b>1.4</b>	<b>1.9</b>	<b>2.2</b>	<b>1.0</b>	<b>0.4</b>
<b>Overall balance</b>	<b>0.0</b>	<b>0.2</b>	<b>0.5</b>	<b>0.1</b>	<b>-1.6</b>
<b>Total financing</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.5</b>	<b>-0.1</b>	<b>1.6</b>
External financing	-1.0	-2.9	0.3	-4.4	-1.8
Domestic financing	1.0	2.7	-0.8	4.3	3.4
<b>Memorandum items:</b>					
Overall balance on cash basis	0.0	0.7	1.5	1.1	0.4
Overall balance with capital revenue as financing	-0.2	0.0	0.5	-2.2	-2.0
Overall balance on cash basis with capital revenue as financing	-0.2	0.6	1.5	-1.2	0.0

Sources: Trinidad and Tobago authorities; and Fund staff estimates and projections.

1/ From 1997 on, privatization is treated as capital revenue. This includes the 1997 Methanol Company sale for TT\$753.3 million.

2/ In 1995-98, wage arrears bonds are included in current spending as issued (they mature two years after issue).

3/ In 1998, the maritime project is included in capital spending (\$121 million), interest (\$169.9 million), and nonbank financing although debt service begins in 1998/99 on a cash basis.

Table 14. Trinidad and Tobago: Central Government Revenue

(In millions of Trinidad and Tobago dollars)

	1994	1995	1996	1997	Prel. 1998
<b>Total revenue</b>	<b>7,565</b>	<b>8,511</b>	<b>9,542</b>	<b>9,954</b>	<b>9,823</b>
Petroleum revenue	1,478	2,221	2,727	1,555	673
Corporation tax	1,004	1,469	1,902	941	173
Withholding tax	14	20	18	20	29
Oil royalties	380	528	679	527	450
Oil impost	11	20	14	18	5
Unemployment levy	70	166	113	49	14
National recovery impost	0	19	2	0	2
<b>Nonpetroleum revenues</b>	<b>6,027</b>	<b>6,235</b>	<b>6,810</b>	<b>7,571</b>	<b>9,005</b>
Tax revenue	5,147	5,534	6,034	6,649	7,746
Taxes on income	2,287	2,661	3,033	3,132	3,382
Companies	600	748	904	1,067	1,082
Individuals	1,431	1,533	1,787	1,765	1,894
Unemployment levy	3	2	0	0	1
National health surcharge	98	106	131	128	120
National recovery impost	0	0	0	0	0
Business levy	86	115	89	85	88
Income tax surcharge	2	0	0	0	0
Withholding tax	14	145	112	79	191
Insurance surrender tax	7	10	5	8	7
Social security contributions	8	8	8	9	10
Taxes on property	110	61	59	57	60
Taxes on goods and services	2,087	2,252	2,370	2,739	3,426
Purchase taxes	1	0	0	0	1
Excise duties	668	604	610	758	794
Petrol	391	335	336	458	484
Other	277	269	274	300	310
Betting and entertainment	5	4	12	3	15
Liquor and miscellaneous licenses	7	7	9	10	9
Motor vehicle taxes	114	130	173	202	302
VAT	1,259	1,345	1,414	1,624	2,154
Alcohol and tobacco taxes	11	14	0	0	0
Other 1/	23	148	151	143	152
Taxes on international trade	610	494	496	607	781
Import duties	376	474	489	564	735
Stamp duty	166	5	2	0	1
Import surcharge/ consolidated special levy	36	14	5	5	4
Airport departure tax	32	33	34	37	40
Other 2/	0	1	1	0	1
Stamp duties	45	58	68	105	88
Nontax revenue	880	700	776	922	1,259
Fees service charges and rentals 3/	213	166	194	258	731
Property income	667	534	582	665	529
Profits from nonfinancial enterprises	446	361	490	474	256
Interest	128	131	74	184	196
Profits from public financial institutions	92	45	18	6	79
Central bank profits	92	43	15	4	77
Profits from other financial institutions	0	3	3	2	2
<b>Capital revenues and grants</b>	<b>60</b>	<b>56</b>	<b>6</b>	<b>828</b>	<b>145</b>

Sources: Ministry of Finance; and Fund staff estimates.

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

2/ Includes export tax, port, and miscellaneous trade taxes.

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



Table 15. Trinidad and Tobago: Ratios of Central Government Revenue

	1994	1995	1996	1997	Prel. 1998
(As a percentage of GDP)					
<b>Total revenue and grants</b>	<b>25.8</b>	<b>26.9</b>	<b>28.0</b>	<b>27.6</b>	<b>26.9</b>
<b>Oil</b>	<b>5.0</b>	<b>7.0</b>	<b>8.0</b>	<b>4.3</b>	<b>1.8</b>
Corporation tax	3.4	4.6	5.6	2.6	0.5
Royalties	1.3	1.7	2.0	1.5	1.2
Unemployment levy	0.2	0.5	0.3	0.1	0.0
National recovery	0.0	0.1	0.0	0.0	0.0
Impost	0.0	0.1	0.0	0.0	0.0
Withholding tax	0.0	0.1	0.1	0.1	0.1
<b>Non-oil</b>	<b>20.6</b>	<b>19.7</b>	<b>20.0</b>	<b>21.0</b>	<b>24.7</b>
<b>Taxes</b>	<b>17.6</b>	<b>17.5</b>	<b>17.7</b>	<b>18.4</b>	<b>21.2</b>
Income	7.8	8.4	8.9	8.7	9.3
Goods and services	7.1	7.1	7.0	7.6	9.4
VAT	4.3	4.2	4.1	4.5	5.9
Other	2.8	2.9	2.8	3.1	3.5
International trade	2.1	1.6	1.5	1.7	2.1
Import duties 1/	2.0	1.5	1.4	1.6	2.0
Other 2/	0.1	0.1	0.0	0.1	0.1
Property	0.4	0.2	0.2	0.2	0.2
Other 3/	0.2	0.2	0.2	0.3	0.3
<b>Nontaxes</b>	<b>3.0</b>	<b>2.2</b>	<b>2.3</b>	<b>2.6</b>	<b>3.5</b>
Fees, charges and rentals	0.7	0.5	0.6	0.7	2.0
Public enterprise profit	1.5	1.1	1.4	1.3	0.7
Central bank profit	0.3	0.1	0.0	0.0	0.2
Interest receipts	0.4	0.4	0.2	0.5	0.5
<b>Capital revenue and grants</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>	<b>2.3</b>	<b>0.4</b>
(As a percentage of total revenue and grants)					
<b>Total revenue and grants</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Oil</b>	<b>19.5</b>	<b>26.1</b>	<b>28.6</b>	<b>15.6</b>	<b>6.8</b>
Corporation tax	13.3	17.3	19.9	9.5	1.8
Royalties	5.0	6.2	7.1	5.3	4.6
Unemployment levy	0.9	1.9	1.2	0.5	0.1
National recovery	0.0	0.2	0.0	0.0	0.0
Impost	0.1	0.2	0.1	0.2	0.1
Withholding tax	0.2	0.2	0.2	0.2	0.3
<b>Non-oil</b>	<b>79.7</b>	<b>73.2</b>	<b>71.4</b>	<b>76.1</b>	<b>91.7</b>
<b>Taxes</b>	<b>68.0</b>	<b>65.0</b>	<b>63.2</b>	<b>66.8</b>	<b>78.9</b>
Income	30.2	31.3	31.8	31.5	34.4
Goods and services	27.6	26.5	24.8	27.5	34.9
VAT	16.6	15.8	14.8	16.3	21.9
Other	10.9	10.7	10.0	11.2	12.9
International trade	8.1	5.8	5.2	6.1	7.9
Import duties 1/	7.6	5.6	5.1	5.7	7.5
Other 2/	0.4	0.2	0.1	0.4	0.5
Property	1.4	0.7	0.6	0.6	0.6
Other 3/	0.7	0.8	0.8	1.1	1.0
<b>Capital revenue and grants</b>	<b>0.8</b>	<b>0.7</b>	<b>0.1</b>	<b>8.3</b>	<b>1.5</b>

Sources: Ministry of Finance and Fund staff estimates.

1/ Includes stamp tax on bills of entry and consolidated special levy/import surcharge.

2/ Airport and port departure taxes, export tax, and miscellaneous trade taxes.

3/ Stamp duties and social security contributions.

Table 16. Trinidad and Tobago: Central Government Expenditure

(In millions of Trinidad and Tobago dollars)

	1994	1995	1996	1997	Prel. 1998
<b>Total expenditure</b>	<b>7,571</b>	<b>8,458</b>	<b>9,371</b>	<b>9,913</b>	<b>10,400</b>
<b>Current expenditure</b>	<b>7,103</b>	<b>7,838</b>	<b>8,791</b>	<b>8,770</b>	<b>9,540</b>
Wages and salaries 1/	2,767	2,884	3,155	3,227	3,522
Other goods and services	751	891	919	930	960
Interest payments	1,574	1,577	1,581	1,690	1,916
Domestic	935	825	920	951	1,207
External	640	752	661	739	710
Transfers and subsidies	2,012	2,487	3,137	2,923	3,143
Households	827	956	953	997	1,122
Public sector bodies	847	1,067	1,547	1,236	1,151
Local governments	544	566	646	658	707
Statutory authorities	69	63	70	66	80
State enterprises	135	200	554	161	222
Public utilities	99	239	278	351	143
Nonprofit organizations	229	268	281	359	434
Abroad	68	88	77	62	67
Other	16	67	278	268	368
<b>Capital expenditure and net lending</b>	<b>468</b>	<b>620</b>	<b>580</b>	<b>1,142</b>	<b>860</b>
Capital formation	467	691	658	1,348	1,078
Capital transfers	0	0	0	0	0
Net lending	0	-72	-78	-206	-219

Sources: Ministry of Finance; and Fund staff estimates.

1/ Includes contributions to the National Insurance Board.

Table 17. Trinidad and Tobago: Ratios of Central Government Expenditure

	1994	1995	1996	1997	Prel. 1998
(As a percentage of GDP)					
<b>Total spending</b>	<b>25.8</b>	<b>26.7</b>	<b>27.5</b>	<b>27.4</b>	<b>28.5</b>
<b>Current</b>	<b>24.2</b>	<b>24.8</b>	<b>25.8</b>	<b>24.3</b>	<b>26.1</b>
Wages and salaries 1/	9.4	9.1	9.3	8.9	9.7
Other goods and services	2.6	2.8	2.7	2.6	2.6
Interest payments	5.4	5.0	4.6	4.7	5.3
Domestic	3.2	2.6	2.7	2.6	3.3
External	2.2	2.4	1.9	2.0	1.9
Transfers and subsidies	6.9	7.9	9.2	8.1	8.6
Public sector 2/	2.9	3.4	4.5	3.4	3.2
Households	2.8	3.0	2.8	2.8	3.1
Other 3/	1.1	1.5	1.9	1.9	2.4
<b>Capital</b>	<b>1.6</b>	<b>2.2</b>	<b>1.9</b>	<b>3.7</b>	<b>3.0</b>
Capital formation	1.6	2.2	1.9	3.7	3.0
Capital transfers	0.0	0.0	0.0	0.0	0.0
<b>Net lending</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.6</b>	<b>-0.6</b>
(As a percentage of total expenditure)					
<b>Total spending</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Current</b>	<b>93.8</b>	<b>92.7</b>	<b>93.8</b>	<b>88.5</b>	<b>91.7</b>
Wages and salaries 1/	36.5	34.1	33.7	32.6	33.9
Other goods and services	9.9	10.5	9.8	9.4	9.2
Interest payments	20.8	18.6	16.9	17.1	18.4
Domestic	12.3	9.8	9.8	9.6	11.6
External	8.5	8.9	7.1	7.5	6.8
Transfers and subsidies	26.6	29.4	33.5	29.5	30.2
Public sector 2/	11.2	12.6	16.5	12.5	11.1
Households	10.9	11.3	10.2	10.1	10.8
Other 3/	4.4	5.5	6.8	7.0	8.4
<b>Capital</b>	<b>6.2</b>	<b>8.2</b>	<b>7.0</b>	<b>13.6</b>	<b>10.4</b>
Capital formation	6.2	8.2	7.0	13.6	10.4
Capital transfers	0.0	0.0	0.0	0.0	0.0
<b>Net lending</b>	<b>0.0</b>	<b>-0.9</b>	<b>-0.8</b>	<b>-2.1</b>	<b>-2.1</b>

Sources: Trinidad and Tobago authorities; and Fund staff estimates.

1/ Includes contributions to the National Insurance Board.

2/ Statutory bodies, state enterprises (including public utilities), and local governments.

3/ Includes nonprofit organizations.

Table 18. Trinidad and Tobago: Central Government Transfers to Public Enterprises,  
Public Utilities, and Statutory Boards 1/

	1994	1995	1996	1997	Prel. 1998
(In millions of Trinidad and Tobago dollars)					
<b>Total transfers</b>	<b>234</b>	<b>420</b>	<b>863</b>	<b>512</b>	<b>260</b>
<b>Current transfers</b>	<b>234</b>	<b>420</b>	<b>863</b>	<b>512</b>	<b>260</b>
Public utilities	99	239	278	351	143
Port authority	16	17	35	46	30
Public Transport Service Company	48	28	36	46	62
Water and sewerage authority	35	194	207	260	51
Other enterprises	135	200	554	161	222
BWIA	0	20	86	9	0
Caroni Ltd.	35	55	295	45	137
Coastal steamers	14	14	14	14	27
Industrial Development Corporation	4	0	0	0	0
National housing authority	23	16	22	19	13
Methanol plant	0	0	0	0	0
Solid Waste Management Co. Ltd.	8	13	8	11	11
Other	52	81	128	64	124
(As a percentage of GDP)					
<b>Total transfers</b>	<b>0.8</b>	<b>1.3</b>	<b>2.5</b>	<b>1.4</b>	<b>0.7</b>

Sources: Ministry of Finance; and Fund staff estimates.

1/ Beginning in 1994, the data no longer distinguish capital transfers from current transfers.

Table 19. Trinidad and Tobago: Summary of Central Government Financing

	1994	1995	1996	1997	Prel. 1998
(In millions of Trinidad and Tobago dollars)					
<b>Total</b>	<b>6</b>	<b>-54</b>	<b>-171</b>	<b>-41</b>	<b>577</b>
<b>Foreign financing</b>	<b>-285</b>	<b>-906</b>	<b>96</b>	<b>-1,599</b>	<b>-668</b>
Net borrowing	-285	-906	96	-1,599	-668
Disbursements	1,349	144	1,260	376	386
o/w Commercial loans	1,185	0	886	0	0
Amortization	1,633	1,050	1,164	1,975	1,054
<b>Domestic financing</b>	<b>-311</b>	<b>794</b>	<b>-312</b>	<b>1,559</b>	<b>1,244</b>
Financial system	-479	157	-324	702	-990
Central bank	-979	-916	-937	-580	804
Commercial banks	366	838	437	1,025	-1,246
Trust and mortgage finance companies	134	235	176	257	-549
Other 1/	168	637	12	857	2,234
<b>Other financing</b>	<b>602</b>	<b>59</b>	<b>44</b>	<b>0</b>	<b>0</b>
Divestment 2/	602	59	44	0	0
Proceeds from abroad	596	8	0	0	0
Domestic	6	51	44	0	0
(As a percentage of GDP)					
<b>Total</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.5</b>	<b>-0.1</b>	<b>1.6</b>
<b>Foreign financing</b>	<b>-1.0</b>	<b>-2.9</b>	<b>0.3</b>	<b>-4.4</b>	<b>-1.8</b>
Net borrowing	-1.0	-2.9	0.3	-4.4	-1.8
Disbursements	4.6	0.5	3.7	1.0	1.1
o/w Commercial loans	4.0	0.0	2.6	0.0	0.0
Amortization	5.6	3.3	3.4	5.5	2.9
<b>Domestic financing</b>	<b>-1.1</b>	<b>2.5</b>	<b>-0.9</b>	<b>4.3</b>	<b>3.4</b>
Financial system	-1.6	0.5	-1.0	1.9	-2.7
Central bank	-3.3	-2.9	-2.7	-1.6	2.2
Commercial banks	1.2	2.6	1.3	2.8	-3.4
Trust and mortgage finance companies	0.5	0.7	0.5	0.7	-1.5
Other 1/	0.6	2.0	0.0	2.4	6.1
<b>Other financing</b>	<b>2.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
Divestment 2/	2.1	0.2	0.1	0.0	0.0
Proceeds from abroad	2.0	0.0	0.0	0.0	0.0
Domestic	0.0	0.2	0.1	0.0	0.0

Sources: Trinidad and Tobago authorities; and Fund staff estimates and projections.

1/ This category includes other financial institutions and the nonbank public.

2/ From 1997 on, capital asset sales are classified above the line as capital revenue.

Table 20. Trinidad and Tobago: Stock of Outstanding Central Government Domestic Debt 1/

	December 31				Prel. 1998
	1994	1995	1996	1997	
(In millions of Trinidad and Tobago dollars)					
<b>Treasury bills</b>	<b>983</b>	<b>983</b>	<b>983</b>	<b>983</b>	<b>983</b>
Financial system	803	833	791	753	660
Central bank	0	68	26	58	0
Commercial banks	803	765	765	695	660
Other 2/	180	150	192	230	323
<b>Government bonds</b>	<b>4,589</b>	<b>5,341</b>	<b>5,333</b>	<b>7,173</b>	<b>7,520</b>
Financial system	882	1,989	2,384	3,768	1,992
Central bank	0	0	0	0	0
Commercial banks	314	1,184	1,411	2,578	1,434
Trust and mortgage finance companies	568	805	973	1,190	558
Other financial system and nonbank public	3,708	3,352	2,948	3,405	5,528
<b>Total domestic debt</b>	<b>5,572</b>	<b>6,324</b>	<b>6,316</b>	<b>8,156</b>	<b>8,503</b>
Financial system	1,685	2,822	3,175	4,521	2,652
Nonfinancial system	3,888	3,502	3,141	3,635	5,851
(As a percentage of GDP)					
<b>Treasury bills</b>	<b>3.4</b>	<b>3.1</b>	<b>2.9</b>	<b>2.7</b>	<b>2.7</b>
Financial system	2.7	2.6	2.3	2.1	1.8
Central bank	0.0	0.2	0.1	0.2	0.0
Commercial banks	2.7	2.4	2.2	1.9	1.8
Other 2/	0.6	0.5	0.6	0.6	0.9
<b>Government bonds</b>	<b>15.7</b>	<b>16.9</b>	<b>15.6</b>	<b>19.9</b>	<b>20.6</b>
Financial system	3.0	6.3	7.0	10.4	5.5
Central bank	0.0	0.0	0.0	0.0	0.0
Commercial banks	1.1	3.7	4.1	7.1	3.9
Trust and mortgage finance companies	1.9	2.5	2.9	3.3	1.5
Other financial system and nonbank public	12.6	10.6	8.7	9.4	15.1
<b>Total domestic debt</b>	<b>19.0</b>	<b>20.0</b>	<b>18.5</b>	<b>22.6</b>	<b>23.3</b>
Financial system	5.7	8.9	9.3	12.5	7.3
Nonfinancial system	13.3	11.1	9.2	10.1	16.0

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

1/ Financing flows do not match stock changes owing to adjustments to the stock to reflect revaluation, stock operations, and so on.

2/ This category includes other financial institutions and the nonbank public.

Table 21. Trinidad and Tobago: Summary of Major Nonfinancial Public Enterprise Operations 1/

(In millions of Trinidad and Tobago dollars)

	1994	1995	1996	1997	Prel. 1998
<b>Total revenue</b>	<b>12,225</b>	<b>11,145</b>	<b>8,310</b>	<b>15,645</b>	<b>13,415</b>
Operating revenues	12,154	10,995	8,250	15,584	13,332
Other 2/	71	150	60	62	83
<b>Total expenditure</b>	<b>11,563</b>	<b>11,206</b>	<b>8,824</b>	<b>16,719</b>	<b>14,142</b>
Current expenditure	10,572	10,797	7,880	15,472	12,617
Wages and salaries 3/	2,050	1,797	1,604	1,968	1,816
Other goods and services	7,043	7,371	4,838	8,771	7,955
Interest payments	436	359	300	461	479
Other	10	0	3	2,022	1,251
Taxes and dividends	1,033	1,270	1,136	2,251	1,116
Capital expenditure	991	409	944	1,247	1,525
<b>Current balance</b>	<b>1,817</b>	<b>637</b>	<b>1,202</b>	<b>512</b>	<b>1,005</b>
Operating balance	1,582	199	370	111	714
Government current transfers	234	438	832	401	291
Government capital transfers 4/	0	0	0	210	87
<b>Overall balance</b>	<b>896</b>	<b>377</b>	<b>318</b>	<b>-464</b>	<b>-350</b>

Sources: Trinidad and Tobago authorities; and Fund staff estimates.

1/ Comprises most major enterprises, public utilities, and statutory boards.

2/ Includes other income and capital contributions and revenues.

3/ Includes contributions to NIB, pensions and gratuities, and severance payments.

4/ The central government does not distinguish current and capital transfers.

Table 22. Trinidad and Tobago: Operations of the National Insurance Board (NIB) 1/

(In millions of Trinidad and Tobago dollars)

	1994	1995	1996	1997	Prel. 1998
<b>Total revenue</b>	<b>504</b>	<b>545</b>	<b>552</b>	<b>661</b>	<b>669</b>
Contributions	233	229	242	267	258
Investment income	270	316	311	394	411
<b>Total expenditure and net lending</b>	<b>525</b>	<b>588</b>	<b>569</b>	<b>689</b>	<b>863</b>
Current expenditure	93	144	114	55	45
Capital expenditure	7	7	3	4	4
Net lending 2/	218	227	230	407	32
Benefits payments	207	210	221	223	234
<b>Overall balance</b>	<b>-21</b>	<b>-43</b>	<b>-16</b>	<b>-28</b>	<b>354</b>

Sources: National Insurance Board; and Fund staff estimates.

1/ For years ending in June.

2/ Includes net increases in investment. 1998 is not comparable to earlier years owing to changes in the treatment of net lending in 1998.



Table 23. Trinidad and Tobago: Summary of the Consolidated Financial System 1/

(In millions of Trinidad and Tobago dollars; end of period)

	December 31				
	1994	1995	1996	1997	1998
<b>Net foreign assets</b>	<b>3,053</b>	<b>2,760</b>	<b>4,343</b>	<b>5,266</b>	<b>6,127</b>
<b>Net domestic assets</b>	<b>11,366</b>	<b>14,441</b>	<b>16,203</b>	<b>20,014</b>	<b>17,331</b>
Net claims on public sector	1,270	2,147	1,914	2,927	1,079
Central government	2,227	2,384	2,060	2,762	1,993
Local government	-68	-83	-83	-132	-103
Statutory bodies	-186	255	185	264	-254
Public enterprises	-24	195	584	924	688
National Insurance Board Deposits 2/	-679	-604	-832	-891	-1,245
Credit to private sector	8,957	9,497	10,121	13,456	14,074
Official capital	-2,794	-2,687	-1,098	-1,193	-1,432
Interfinancial claims	-1,300	-23	1,039	371	-732
NIB deposits: Contra-entry	679	604	832	891	1,245
Other foreign assets	2,496	2,474	913	923	910
Medium- and long-term foreign liabilities	-276	-97	-28	-23	-46
SDR allocation	-390	-432	-398	-394	-391
Other assets (net)	2,725	2,957	2,908	3,056	2,624
Central bank	1,623	1,670	1,496	1,506	1,158
Commercial bank	823	1,049	1,108	1,323	1,442
Trust and finance mortgage companies	183	137	156	218	197
Unclassified	97	101	149	9	-172
<b>Liabilities to private sector</b>	<b>14,419</b>	<b>17,201</b>	<b>20,546</b>	<b>25,281</b>	<b>23,458</b>
Broad money	11,610	13,923	16,418	19,573	18,160
Money and quasi-money	11,610	12,802	14,057	15,637	17,005
Money	2,896	3,020	3,296	3,854	3,645
Currency in circulation	745	833	910	1,063	1,047
Demand deposits	2,151	2,187	2,386	2,791	2,598
Quasi-money	8,714	9,782	10,761	11,783	13,360
Time deposits	4,600	5,035	5,574	5,808	6,698
Savings deposits	4,188	4,747	5,187	5,975	6,662
Securitized instruments	0	1,121	2,361	3,936	1,155
Private capital and reserves	2,809	3,278	4,128	5,708	5,298
<b>Memorandum item:</b>					
Foreign currency deposits	1,817	2,195	2,968	3,352	3,885

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

1/ Comprises monetary authorities, commercial banks, and trust and mortgage finance companies.

2/ In the aggregated accounts of the financial system, the accounts of the National Insurance Board are classified with other public financial institutions.

Table 24. Trinidad and Tobago: Origin, Destination, and Financing of Credit Extended by the Consolidated Financial System

	1994	1995	1996	1997	1998
(Flows in millions of Trinidad and Tobago dollars)					
<b>Total net credit</b>	<b>-409</b>	<b>2,938</b>	<b>1,659</b>	<b>3,803</b>	<b>-2,663</b>
<b>Origin</b>	<b>-409</b>	<b>2,938</b>	<b>1,659</b>	<b>3,803</b>	<b>-2,663</b>
Monetary authorities	-881	-128	-891	-558	284
Commercial banks	-798	1,074	1,062	3,951	-893
Trust and mortgage finance companies	332	620	577	939	-539
Float and residual	939	1,372	910	-529	-1,514
<b>Destination</b>	<b>-409</b>	<b>2,938</b>	<b>1,659</b>	<b>3,803</b>	<b>-2,663</b>
Public sector (net)	-1,044	802	-5	1,072	-1,494
Central government	-478	156	-324	702	-769
Local governments	-22	-14	-1	-49	29
Statutory bodies	-95	441	-70	78	-517
Public enterprises	-448	219	389	340	-236
Private sector	-498	541	624	3,335	619
Net interfinancial claims	111	1,278	1,061	-667	-1,103
Other (including official capital and surplus)	1,022	317	-21	63	-684
<b>Financing</b>	<b>-409</b>	<b>2,938</b>	<b>1,659</b>	<b>3,803</b>	<b>-2,663</b>
Liabilities to the private sector	1,679	2,782	3,345	4,735	-1,823
SDR allocation	12	41	-34	-4	-3
Medium- and long-term foreign liabilities	-246	-179	-69	-5	23
Net international reserves (- increase)	-1,853	293	-1,583	-923	-861
(As a percentage of GDP)					
Total net credit	-1.4	9.3	4.9	10.5	-7.3
Public sector (net)	-3.6	2.5	0.0	3.0	-4.1
Private sector	-1.7	1.7	1.8	9.2	1.7
(Percentage change)					
Credit to the private sector, rate of change in real terms	-12.8	2.1	2.2	28.5	-0.9

Sources: Data provided by the Central Bank of Trinidad and Tobago; and Fund staff estimates.

Table 25. Liabilities of the Financial System to the Private Sector

	1994	1995	1996	1997	1998
(In millions of Trinidad and Tobago dollars)					
<b>Liabilities to private sector</b>	<b>14,419</b>	<b>17,201</b>	<b>20,546</b>	<b>25,281</b>	<b>23,458</b>
Broad money	11,610	13,923	16,418	19,573	18,160
Money and quasi-money	11,610	12,802	14,057	15,637	17,005
Money	2,896	3,020	3,296	3,854	3,645
Currency in circulation	745	833	910	1,063	1,047
Demand deposits	2,151	2,187	2,386	2,791	2,598
Quasi-money	8,714	9,782	10,761	11,783	13,360
Time deposits	4,600	5,035	5,574	5,808	6,698
Savings deposits	4,188	4,747	5,187	5,975	6,662
Less: nonresident deposits	-74	0	0	0	0
Securitized instruments	0	1,121	2,361	3,936	1,155
Private capital and reserves	2,809	3,278	4,128	5,708	5,298
(Annual percentage changes)					
<b>Liabilities to private sector</b>	<b>13.2</b>	<b>19.3</b>	<b>19.4</b>	<b>23.0</b>	<b>-7.2</b>
Broad money	14.1	19.9	17.9	19.2	-7.2
Money and quasi-money	14.1	10.3	9.8	11.2	8.7
Money	21.1	4.3	9.1	16.9	-5.4
Currency in circulation	-0.5	11.8	9.2	16.8	-1.5
Demand deposits	31.0	1.7	9.1	17.0	-6.9
Quasi-money	11.9	12.3	10.0	9.5	13.4
Securitized instruments	...	...	110.6	66.7	-70.7
Private capital and reserves	9.7	16.7	25.9	38.3	-7.2
(As a percentage of GDP)					
<b>Liabilities to private sector</b>	<b>49.2</b>	<b>54.3</b>	<b>60.3</b>	<b>70.0</b>	<b>64.3</b>
Broad money	39.6	44.0	48.2	54.2	49.8
Money and quasi-money	39.6	40.4	41.2	43.3	46.6
Money	9.9	9.5	9.7	10.7	10.0
Currency in circulation	2.5	2.6	2.7	2.9	2.9
Demand deposits	7.3	6.9	7.0	7.7	7.1
Quasi-money	29.7	30.9	31.6	32.6	36.6
Securitized instruments	0.0	3.5	6.9	10.9	3.2
Private capital and reserves	9.6	10.4	12.1	15.8	14.5
(Structure of private sector deposits by type, in percent of total deposits plus securitized instruments)					
Demand deposits	19.7	16.7	15.4	15.1	15.2
Savings deposits	42.1	38.5	35.9	31.4	39.1
Time deposits	38.3	36.3	33.4	32.3	38.9
of which: Foreign currency deposits	16.6	16.8	19.1	18.1	22.7
<b>Memorandum item:</b>					
Liabilities to the private sector, percentage change in real terms 1/	4.2	14.9	14.5	18.9	-12.1

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

1/ Deflated by the retail price index (1982=100); end of period.

Table 26. Trinidad and Tobago: Summary Accounts of the Monetary System

(In millions of Trinidad and Tobago dollars; end of period)

	December 31				
	1994	1995	1996	1997	1998
I. Monetary System					
<b>Net foreign assets</b>	<b>3,053</b>	<b>2,760</b>	<b>4,343</b>	<b>5,266</b>	<b>6,127</b>
Monetary authorities	1,554	1,776	3,157	4,286	4,751
Commercial banks	1,499	984	1,186	980	1,376
<b>Net domestic assets</b>	<b>8,847</b>	<b>11,361</b>	<b>12,292</b>	<b>15,012</b>	<b>13,128</b>
Net claims on public sector 1/	1,053	1,807	1,542	2,436	1,590
Central government (net) 1/	1,657	1,579	1,079	1,524	1,303
Treasury bills	605	635	673	1,101	631
Other government securities	314	1,255	1,723	2,578	1,434
Other credit (net)	738	-311	-1,317	-1,567	-762
Local governments	-68	-83	-83	-132	-103
Statutory bodies	-186	255	185	264	-253
Public enterprises	-350	55	361	780	643
Official capital	-2,794	-2,687	-1,098	-1,193	-1,432
Credit to other financial institutions	-1,282	4	813	-33	-982
Credit to private sector	7,285	7,254	7,560	10,134	10,645
Interbank float	309	319	404	342	247
Other foreign assets	2,496	2,474	913	923	910
SDR allocation	-390	-432	-398	-394	-391
Medium- and long-term foreign liabilities	-276	-97	-28	-23	-46
Other assets (net)	2,446	2,718	2,584	2,819	2,588
<b>Liabilities to the private sector</b>	<b>11,900</b>	<b>14,121</b>	<b>16,635</b>	<b>20,278</b>	<b>19,254</b>
Broad money	10,152	12,319	14,507	17,641	16,367
Money and quasi-money	10,152	11,198	12,146	13,705	15,212
Money	2,896	3,020	3,296	3,854	3,645
Currency in circulation	745	833	910	1,063	1,047
Demand deposits	2,151	2,187	2,386	2,791	2,598
Quasi-money	7,256	8,178	8,850	9,851	11,567
Time deposits	3,142	3,431	3,664	3,876	4,905
Savings deposits	4,188	4,747	5,187	5,975	6,662
Less: nonresident deposits	-74	0	0	0	0
Securitized instruments	0	1,121	2,361	3,936	1,155
Private capital and reserves	1,748	1,802	2,129	2,637	2,888

Table 26. Trinidad and Tobago: Summary Accounts of the Monetary System

(In millions of Trinidad and Tobago dollars; end of period)

	December 31				
	1994	1995	1996	1997	1998
<b>II. Monetary Authorities</b>					
<b>Net foreign assets</b>	<b>1,554</b>	<b>1,776</b>	<b>3,157</b>	<b>4,286</b>	<b>4,751</b>
Assets	2,103	2,112	3,384	4,419	4,889
Liabilities	549	336	227	132	137
<b>Net domestic assets</b>	<b>-605</b>	<b>-711</b>	<b>-1,992</b>	<b>-2,963</b>	<b>-3,416</b>
Net claims on public sector 1/	466	114	-907	-1,389	-831
Central government (net) 1/	714	-202	-1,139	-1,719	-693
Treasury bills	0	68	26	384	0
Other government securities	0	0	0	0	0
Loans to government	723	0	0	0	0
Government consolidated funds 2/	-9	-270	-1,165	-1,515	-694
Statutory bodies	-254	313	228	327	-141
Public enterprises	6	4	4	4	4
Official capital	-2,794	-2,687	-1,098	-1,193	-1,432
Credit to commercial banks (net)	-1,608	-1,629	-1,738	-2,134	-2,393
Credit to nonbank financial inst. (net)	-120	-125	-232	-259	-389
Other foreign assets	2,496	2,474	913	923	910
Medium and long-term foreign liabilities	-276	-97	-28	-23	-48
SDR allocation	-390	-432	-398	-394	-391
Other	1,623	1,670	1,496	1,506	1,158
<b>Currency issue</b>	<b>949</b>	<b>1,065</b>	<b>1,165</b>	<b>1,323</b>	<b>1,335</b>
Currency in circulation	745	833	910	1,063	1,047
Currency with banks	205	232	255	260	289
<b>III. Commercial Banks</b>					
<b>Net international reserves</b>	<b>1,499</b>	<b>984</b>	<b>1,186</b>	<b>980</b>	<b>1,376</b>
Assets	1,925	1,800	2,425	2,605	2,519
Liabilities	427	816	1,238	1,625	1,143
<b>Monetary reserves and currency holdings</b>	<b>2,320</b>	<b>2,245</b>	<b>2,370</b>	<b>2,773</b>	<b>3,059</b>
Local cash in hand	205	232	255	260	289
Deposits with central bank	2,116	2,013	2,115	2,512	2,770

Table 26. Trinidad and Tobago: Summary Accounts of the Monetary System

(In millions of Trinidad and Tobago dollars; end of period)

	December 31				
	1994	1995	1996	1997	1998
<b>Net domestic assets</b>	<b>7,843</b>	<b>10,443</b>	<b>12,565</b>	<b>15,851</b>	<b>14,161</b>
Net claims on public sector	588	1,692	2,448	3,825	2,421
Central government	943	1,781	2,218	3,243	1,998
Treasury bills	605	567	648	717	631
Other government securities	314	1,255	1,723	2,578	1,434
Loans to government	30	2	2	0	5
Deposits	-6	-43	-154	-52	-73
Local governments	-68	-83	-83	-132	-103
Statutory bodies	68	-58	-43	-63	-112
Public enterprises	-355	52	357	776	639
Credit to private sector	7,285	7,254	7,560	10,134	10,645
Credit to other financial inst. (net)	-1,162	129	1,045	227	-593
Interbank float	309	319	404	342	247
Other	823	1,049	1,108	1,323	1,442
<b>Liabilities to central bank</b>	<b>507</b>	<b>385</b>	<b>395</b>	<b>388</b>	<b>387</b>
Liabilities to the private sector	11,155	13,288	15,726	19,215	18,209
Deposit liabilities	9,407	10,365	11,236	12,642	14,166
Demand deposits	2,151	2,187	2,386	2,791	2,598
Savings deposits	4,188	4,747	5,187	5,975	6,662
Time deposits	3,142	3,431	3,664	3,876	4,905
Less: nonresident deposits	-74	0	0	0	0
Securitized instruments		1,121	2,361	3,936	1,155
Private capital and reserves	1,748	1,802	2,129	2,637	2,888
<b>Memorandum item:</b>					
Foreign currency deposits	1,817	2,195	2,968	3,352	3,885

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

1/ Inclusive of the government blocked account containing funds from open market operations.

2/ Government consolidated funds is comprised of government liquid funds, government special funds, and the government blocked account.

Table 27. Trinidad and Tobago: Commercial Bank Loans and Advances

	December 31				
	1994	1995	1996	1997	1998
(In millions of Trinidad and Tobago dollars)					
<b>Total loans and advances</b>	<b>7,158</b>	<b>7,663</b>	<b>8,147</b>	<b>10,004</b>	<b>11,455</b>
<b>Public sector</b>	<b>649</b>	<b>692</b>	<b>841</b>	<b>685</b>	<b>925</b>
Central government	30	27	8	6	15
Local governments	2	2	0	0	2
Public financial institutions	0	23	21	6	8
Statutory boards	137	97	136	39	36
Public enterprises	480	544	676	634	864
<b>Private sector</b>	<b>6,509</b>	<b>6,971</b>	<b>7,306</b>	<b>9,319</b>	<b>10,530</b>
Businesses	3,506	3,944	4,172	4,764	5,372
Agriculture	98	99	103	107	117
Petroleum	73	93	77	82	157
Manufacturing	945	1,089	1,082	1,087	1,424
Construction	165	189	212	337	383
Real estate	175	146	136	82	85
Services	2,050	2,328	2,562	3,069	3,206
<i>Of which:</i>					
Distribution	699	752	860	816	879
Financial services	824	1,032	1,046	1,539	1,172
(Adjustment) 1/	-221	-212	-266	-196	-264
Financial institutions	220	212	266	196	264
Consumers	3,004	3,027	3,134	4,555	5,158
(As a percentage of total loans and advances)					
<b>Public sector</b>	<b>9.1</b>	<b>9.0</b>	<b>10.3</b>	<b>6.8</b>	<b>8.1</b>
Private sector	90.9	91.0	89.7	93.2	91.9
Businesses	49.0	51.5	51.2	47.6	46.9
Agriculture	1.4	1.3	1.3	1.1	1.0
Petroleum	1.0	1.2	0.9	0.8	1.4
Manufacturing	13.2	14.2	13.3	10.9	12.4
Construction	2.3	2.5	2.6	3.4	3.3
Real estate	2.4	1.9	1.7	0.8	0.7
Services	28.6	30.4	31.4	30.7	28.0
<i>Of which:</i>					
Distribution	9.8	9.8	10.6	8.2	7.7
Financial services	11.5	13.5	12.8	15.4	10.2
(Adjustment) 1/	-3.1	-2.8	-3.3	-2.0	-2.3
Financial institutions	3.1	2.8	3.3	2.0	2.3
Consumers	42.0	39.5	38.5	45.5	45.0

Source: Central Bank of Trinidad and Tobago.

1/ This is to adjust for the inclusion of loans to financial institutions under loans to businesses.

Table 28. Trinidad and Tobago: Liquidity Position of Commercial Banks

(As a percentage of total deposit liabilities; end of period)

	December 31				
	1994	1995	1996	1997	1998
<b>Local currency deposits (in millions of TT\$)</b>	<b>8,471</b>	<b>9,122</b>	<b>8,922</b>	<b>10,180</b>	<b>12,102</b>
<b>Required ratios 1/</b>	<b>20.0</b>	<b>21.1</b>	<b>28.0</b>	<b>29.0</b>	<b>26.0</b>
Statutory reserve requirement	20.0	20.0	23.0	24.0	21.0
Accepted securities and cash 2/	0.0	0.0	5.0	5.0	5.0
Voluntary reserve 3/	0.0	1.1	0.0	0.0	0.0
<b>Actual reserves</b>	<b>37.1</b>	<b>27.2</b>	<b>31.3</b>	<b>26.5</b>	<b>26.1</b>
Deposits with central bank	25.0	22.0	23.1	24.1	21.1
Treasury bills	7.1	4.6	7.5	1.8	3.2
Special deposits 4/	5.0	0.6	0.7	0.6	1.8
<b>Excess reserves</b>	<b>17.1</b>	<b>6.1</b>	<b>3.3</b>	<b>-2.5</b>	<b>0.1</b>
Statutory reserve requirement	5.0	2.0	0.1	0.1	0.1
Accepted securities and cash	7.1	4.6	2.5	-3.2	-1.8
Voluntary reserve/special deposits	5.0	-0.5	0.7	0.6	1.8
<b>Foreign currency deposits (in millions of TT\$)</b>	<b>1,817</b>	<b>2,194</b>	<b>2,968</b>	<b>3,352</b>	<b>3,885</b>
<b>Suggested liquid reserve</b>	<b>33.3</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>
Actual liquid reserve 5/	30.0	13.0	32.0	1.0	16.0
<i>Of which:</i>					
Foreign government securities 6/	0.3	2.3	5.5	0.0	0.1
Currency and bank deposits 7/	19.5	15.0	8.9	1.5	3.8
<b>Memorandum items:</b>					
(In percent)					
Loan-deposit ratio	63.9	62.0	63.2	70.6	70.7
Investment-deposit ratio	24.4	33.6	45.3	53.3	27.7

Source: Central Bank of Trinidad and Tobago.

1/ As a percentage of total deposits in local currency.

2/ Effective February 28, 1996, the central bank introduced a special reserve requirement equivalent to 5 percent of deposit liabilities to be held either in Treasury bills, cash, or both.

3/ In December 1995, the Central Bank required commercial banks to hold specified amounts in interest-free deposits at the Central Bank, above the required reserve. This amount was fixed at TT\$100 million and was pro-rated to all banks. This implied additional reserves equivalent to 1.1 percent of deposit liabilities of banks at that time.

4/ Does not count toward reserve requirement.

5/ Ratio of foreign currency notes and coins plus balances with other institutions plus investment in government foreign securities (under six months) minus contingent liabilities to foreign currency deposits.

6/ Of less than 6-month maturity.

7/ Includes deposits at domestic banks.



Table 29. Trinidad and Tobago: Accounts of the Nonbank Financial Institutions (NBFIs)

(In millions of Trinidad and Tobago dollars)

	December 31				
	1994	1995	1996	1997	1998
<b>I. Consolidated Accounts</b>					
<b>Net foreign assets</b>	<b>108</b>	<b>159</b>	<b>147</b>	<b>293</b>	<b>451</b>
<b>Monetary reserves and currency holdings</b>	<b>149</b>	<b>173</b>	<b>267</b>	<b>274</b>	<b>411</b>
<b>Net domestic assets</b>	<b>4,053</b>	<b>4,358</b>	<b>5,353</b>	<b>6,505</b>	<b>6,294</b>
Net claims on public sector	1,131	979	1,284	1,478	742
Securities	869	936	1,158	1,333	659
Central government	-66	-116	-103	10	-193
Public enterprises	328	158	229	135	277
Credit to private sector	2,657	3,163	3,572	4,519	5,348
Investments	429	699	894	1,401	2,080
Loans	2,228	2,465	2,678	3,118	3,268
Claims on commercial banks	314	349	706	580	636
Claims on other financial institutions	-502	-585	-432	-292	-527
Liabilities to commercial banks	-12	-38	-46	-50	-62
Liabilities to other financial institutions	-134	-117	-72	-147	-259
Other assets (net)	599	607	341	416	416
<b>Liabilities to private sector</b>	<b>4,280</b>	<b>4,549</b>	<b>5,644</b>	<b>7,069</b>	<b>7,264</b>
Deposit liabilities	2,004	2,096	2,443	2,605	2,967
Time deposits	1,988	2,080	2,427	2,589	2,951
Savings deposits	16	16	16	16	16
Other liabilities	1,701	1,874	2,567	3,668	3,220
Private capital and reserves	576	580	635	796	1,078
<b>II. Finance Houses</b>					
<b>Net foreign assets</b>	<b>101</b>	<b>152</b>	<b>139</b>	<b>286</b>	<b>444</b>
Balances abroad	72	11	18	11	14
Securities	30	141	122	276	449
Nonresident deposits	-1	0	0	-1	-19
<b>Monetary reserves and currency holdings</b>	<b>46</b>	<b>65</b>	<b>92</b>	<b>79</b>	<b>154</b>
Currency	3	22	28	8	1
Reserve deposits	43	43	64	71	153
<b>Net domestic assets</b>	<b>1,712</b>	<b>1,477</b>	<b>1,681</b>	<b>1,856</b>	<b>2,806</b>
Credit to public sector	-71	-102	-104	-51	-97
Central government	-74	-121	-110	-41	-329
Credit	105	168	138	138	204
Deposit	-179	-289	-248	-179	-533
Public enterprises	3	19	5	-10	232
Credit	32	22	14	1	247
Deposit	-30	-4	-8	-11	-15

Table 29. Trinidad and Tobago: Accounts of the Nonbank Financial Institutions (NBFIs)

(In millions of Trinidad and Tobago dollars)

	December 31				
	1994	1995	1996	1997	1998
Credit to private sector	940	876	969	1,159	1,879
Investments	261	166	146	212	921
Loans	679	710	823	947	958
Claims on commercial banks	122	80	415	345	460
Claims on other financial institutions	10	19	22	37	42
Fixed assets	151	142	78	84	104
Other assets	560	461	301	281	417
Liabilities to commercial banks	11	38	46	50	62
Liabilities to central bank	0	7	19	36	45
Liabilities to private financial institutions	134	117	72	147	259
Liabilities to public financial institutions	0	0	0	0	0
<b>Liabilities to private sector</b>	<b>1,683</b>	<b>1,391</b>	<b>1,654</b>	<b>1,985</b>	<b>2,980</b>
Time deposits	526	472	511	651	1,151
Other liabilities	1,158	919	1,143	1,334	1,829
Capital and reserves	278	230	264	419	602
Other	880	689	879	915	1,227
<b>III. Trust and Mortgage Finance Companies</b>					
<b>Monetary reserve and currency holdings</b>	<b>96</b>	<b>101</b>	<b>168</b>	<b>188</b>	<b>250</b>
<b>Net domestic assets</b>	<b>2,423</b>	<b>2,979</b>	<b>3,743</b>	<b>4,815</b>	<b>3,952</b>
Credit to public sector	896	944	1,204	1,382	735
Central government	570	805	981	1,238	690
Credit	3	1	2	45	130
Securities	568	805	979	1,194	560
Deposits	0	-1	-1	-1	0
Rest of public sector	325	140	223	144	45
Credit	28	62	49	77	19
Securities	301	131	178	136	95
Deposits	-4	-68	-3	-69	-69
Credit to private sector	1,672	2,243	2,561	3,321	3,430
Investment	168	533	747	1,190	1,159
Loans	1,504	1,710	1,813	2,132	2,271
Credit to commercial banks (net)	186	261	280	225	164
Credit to private financial inst. (net)	-286	-397	-339	-295	-515
Credit to public financial inst. (net)	-227	-209	-119	-37	-58
Other assets (net)	183	137	156	218	197
<b>Liabilities to private sector</b>	<b>2,519</b>	<b>3,080</b>	<b>3,910</b>	<b>5,003</b>	<b>4,203</b>
Time deposits	1,458	1,604	1,911	1,932	1,793
Other liabilities	784	1,148	1,653	2,720	1,959
Capital and reserves	277	328	347	351	451

Table 29. Trinidad and Tobago: Accounts of the Nonbank Financial Institutions (NBFIs)

(In millions of Trinidad and Tobago dollars)

	December 31				
	1994	1995	1996	1997	1998
IV. Thrift Institutions					
<b>Net foreign assets</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>Currency holdings</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Net domestic assets</b>	<b>65</b>	<b>66</b>	<b>67</b>	<b>68</b>	<b>68</b>
Net claims on central government	5	5	5	7	5
Credit to private sector	45	45	42	43	43
Mortgages	45	44	41	39	39
Loans and advances	0	0	1	1	1
Securities	1	1	1	4	4
Claims on commercial banks	7	8	11	10	12
Demand deposits	1	2	4	2	5
Time deposits	6	6	7	7	7
Other deposits	0	1	1	1	0
Other assets	8	8	9	8	8
<b>Liabilities to commercial banks</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities to private sector</b>	<b>78</b>	<b>79</b>	<b>80</b>	<b>81</b>	<b>81</b>
Deposit liabilities	20	20	21	22	22
Time deposits	4	4	5	6	6
Savings deposits	16	16	16	16	16
Other liabilities	58	59	60	59	59
Shares	37	37	35	33	34
Other liabilities including reserves	21	22	24	26	25

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

Table 30. Summary Accounts of Development Banks 1/

(In millions of Trinidad and Tobago dollars; end of period)

	December 31				
	1994	1995	1996	1997	1998
<b>Net foreign assets</b>	<b>-172</b>	<b>-192</b>	<b>-191</b>	<b>-38</b>	<b>-34</b>
<b>Currency holdings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
<b>Net domestic assets</b>	<b>172</b>	<b>193</b>	<b>191</b>	<b>38</b>	<b>29</b>
Net claims on public sector	-474	-453	-447	-440	-437
Local balances due to central government	-267	-267	-267	-267	-267
Local balances due to public bodies	-207	-187	-180	-174	-171
Other liabilities	-63	-133	-127	-145	-147
Credit to private sector	791	830	845	853	896
Securities	0	7	7	9	9
Loans and advances	790	823	838	844	887
Net claims on commercial banks	9	41	32	48	18
Other assets	108	109	92	79	73
Official capital and reserves	-198	-201	-204	-356	-374

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

1/ Includes the Agricultural Development Bank (ADB); Development Finance Limited (DFL); and the Trinidad and Tobago Mortgage Finance Company (TTMFC).

Table 31. Trinidad and Tobago: Commercial Bank Performance Indicators

(In percent; at end of period)

	1993	1994	1995	1996	1997
<b>Profitability ratios</b>					
<b>Ratios to average total assets</b>					
Operating income	12.4	10.9	10.2	10.9	11.0
Profits before tax	1.9	1.5	1.5	1.6	2.1
Profits after tax	1.2	1.0	1.1	1.3	1.7
Net interest margin	4.2	3.8	3.6	3.3	3.8
Non-interest income	3.1	2.4	2.2	2.4	2.3
Overhead expense	3.2	2.8	2.6	2.5	4.4
<b>Ratios to equity capital</b>					
Profits before tax	25.0	20.9	22.1	21.9	24.3
Profits after tax	17.1	13.4	15.4	17.7	20.5
<b>Asset quality ratios</b>					
<b>Ratios to average total loans</b>					
Nonperforming loans	13.2	10.0	9.7	9.5	7.5
Accumulated loan loss provisions	6.7	5.2	5.4	4.8	3.9
<b>Liquidity ratios</b>					
<b>Ratios to average total deposits</b>					
Total loans	81.3	69.7	61.5	61.6	63.5
Total liquid assets	23.5	27.7	27.8	26.7	26.5
<b>Capital adequacy ratio</b>					
Ratio of qualifying capital to total risk-adjusted assets	14.0	14.7	13.4	16.6	17.5

Source: Central Bank of Trinidad and Tobago.

Table 32. Trinidad and Tobago: Interest Rates 1/

(In percent per annum; end of period)

	1994	1995	1996	1997	1998
<b>Commercial banks</b>					
Savings deposits					
Ordinary	2.8	2.5	2.5	2.4	2.5
Special	6.3	6.0	5.0	4.6	5.5
Time deposits					
0-3 months	7.2	6.3	6.0	6.4	7.7
3-6 months	7.9	7.0	7.9	6.9	8.1
6 months-1 year	8.3	7.5	7.9	7.4	8.6
Deposits in U.S. dollars 2/	3.3	4.8	5.1	4.9	6.3
Prime lending rate					
Basic prime rate	15.9	15.0	15.5	15.3	17.5
Term	15.7	15.9	15.5	15.1	17.5
Demand	15.5	15.0	15.5	15.0	17.5
Overdraft	15.5	15.0	15.5	15.3	17.5
Real estate mortgage	15.5	15.0	15.5	15.3	18.5
Weighted average deposit rate	6.5	5.7	5.4	5.3	5.8
Weighted average lending rate	13.8	12.9	13.5	11.9	12.4
<b>Thrift institutions</b>					
Savings deposits	5.0	5.0	5.0	5.0	5.0
Time deposits (1-3 years)	7.8	7.5	7.5	7.5	7.5
Mortgage loans, residential	13.0	13.3	13.3	13.4	13.5
<b>Trust and mortgage finance companies</b>					
Time deposits					
1-3 years	10.4	8.7	9.1	9.0	10.0
Mortgage loans					
Residential	12.3	12.1	12.5	13.1	11.3
Commercial	14.0	14.4	14.0	15.0	15.3
<b>Finance houses and mortgage banks</b>					
Time deposits	10.3	9.4	8.7	9.5	9.7
Installment loans	12.9	11.2	12.0	10.6	9.8
<b>Nonbank financial institutions</b>					
Weighted average deposit rate	10.7	9.9	9.3	10.1	10.5
Weighted average lending rate	12.9	12.4	12.4	12.4	12.4
Central Bank rate	13.0	13.0	13.0	13.0	13.0
Treasury bill rate 3/	10.2	8.5	10.5	9.8	11.9
<b>Memorandum items: 4/</b>					
Treasury bill rates					
United Kingdom	5.2	6.3	5.8	6.5	6.8
United States	4.3	5.5	5.0	5.1	4.8
Barbados	7.3	8.0	6.9	3.6	5.7
Jamaica	43.0	27.7	38.0	21.1	25.7
Eurodollar in London (3 months)	4.7	6.0	5.4	5.7	5.6

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

1/ Median rates, unless otherwise specified.

2/ Weighted average deposit rate.

3/ Weighted average discount rate for the year.

4/ Period averages.

Table 33. Trinidad and Tobago: Official International Reserves

(In millions of U.S. dollars; end of period)

	1994	1995	1996	1997	1998
<b>Total net international reserves</b>	<b>514</b>	<b>460</b>	<b>701</b>	<b>854</b>	<b>980</b>
<b>Total net official reserves</b>	<b>262</b>	<b>296</b>	<b>510</b>	<b>685</b>	<b>761</b>
Central government 1/	3	3	3	3	4
Central bank	259	293	507	682	758
Foreign assets	352	349	543	703	779
Foreign currency	1	1	1	1	0
Balances with banks abroad	350	288	376	450	270
Adjustment for valuation of gold	-	-	-	-	-
Securities	7	66	170	254	511
SDR holdings	0	0	0	0	0
Reserve position in the Fund	-	-	-	-	-
Minus: loans to Caribbean countries	6	5	3	2	2
CSFP collateral	0	0	21	21	0
Foreign liabilities	-93	-56	-37	-21	-22
<i>Of which:</i>					
Use of Fund credit	-91	-50	-24	-6	-4
<b>Commercial banks</b>	<b>253</b>	<b>164</b>	<b>192</b>	<b>170</b>	<b>219</b>
Foreign assets	325	300	391	414	402
Foreign liabilities	-72	-136	-200	-245	-182

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

1/ With Crown Agents.

Table 34. Trinidad and Tobago: Summary Balance of Payments

	1994	1995	1996	1997	Prel. 1998
(In millions of U.S. dollars)					
<b>Current account balance</b>	<b>221</b>	<b>270</b>	<b>138</b>	<b>-579</b>	<b>-583</b>
Trade balance	598	592	415	-494	-677
Exports, f.o.b.	1,972	2,477	2,506	2,542	2,335
Fuels	770	1,131	1,261	1,171	1,002
Chemicals	525	621	568	609	495
Other	677	725	677	763	838
Imports, c.i.f.	-1,374	-1,885	-2,090	-3,036	-3,012
Consumer goods	-392	-365	-410	-428	-500
Raw material and intermediate goods	-414	-714	-990	-1,147	-1,198
Capital goods	-338	-650	-552	-1,372	-1,206
Services (net)	-370	-306	-271	-89	88
Nonfactor service	43	159	245	293	437
Factor service	-413	-465	-515	-381	-349
Current transfers (net)	-6	-16	-7	4	6
<b>Capital account (net)</b>	<b>-34</b>	<b>-36</b>	<b>36</b>	<b>830</b>	<b>460</b>
Investment assets and liabilities	177	149	307	807	451
Official, medium and long term	70	-121	19	-137	-98
Disbursements	326	108	254	60	62
Amortization	-376	-242	-226	-310	-135
Other	121	14	-9	113	-25
Private sector (net)	227	181	316	922	599
Commercial banks (net)	-121	89	-27	22	-50
Short term (net)	-211	-185	-271	23	9
Net errors and omissions	-6	-202	40	-76	199
<b>Overall balance</b>	<b>181</b>	<b>33</b>	<b>213</b>	<b>175</b>	<b>77</b>
Financing	-188	-43	-214	-175	-77
Change in net official reserves (increase)	-188	-43	-214	-175	-77
<i>Of which:</i>					
IMF	-72	-43	-25	-18	-4
Exceptional financing 1/	7	10	0	0	0
<b>Memorandum items:</b>					
Gross international reserves (end of period)	354	352	546	727	800
(in months of goods and nonfactor services imports) 2/	2.0	1.8	2.0	2.6	3.2
(As a percentage of GDP)					
Current account balance	4.5	5.1	2.4	-10.0	-10.0
Trade balance	12.1	11.2	7.3	-8.6	-11.6
Exports	39.9	46.7	44.3	44.1	40.2
Imports	27.8	35.5	36.9	52.6	51.8
Capital account balance	-0.7	-0.7	0.6	14.4	7.9
Overall balance	3.7	0.6	3.8	3.0	1.3

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

1/ Proceeds from debt conversion and debt forgiveness operations.

2/ The denominator is the value for the following year.



Table 35. Trinidad and Tobago: Details of the Capital Account

	1994	1995	1996	1997	Prel. 1998
(In millions of U.S. dollars; unless otherwise indicated)					
<b>Capital account (net)</b>	<b>-34</b>	<b>-36</b>	<b>36</b>	<b>830</b>	<b>460</b>
<b>Public sector capital (net)</b>	<b>70</b>	<b>-121</b>	<b>19</b>	<b>-137</b>	<b>-98</b>
Government borrowing	-51	-152	25	-235	-70
Disbursements	228	24	210	60	62
<i>Of which:</i>					
Project loans	28	24	62	60	62
IDB	26	18	61	47	44
World Bank	1	7	1	14	15
Commercial borrowing 1/	200	0	148	0	0
Amortization due	-279	-177	-185	-296	-132
Amortization rescheduled	0	0	0	0	0
Government lending (net) 2/	3	0	-9	-20	-36
Public enterprise medium- and long-term	-25	15	14	-8	6
Disbursements	92	84	44	0	0
Amortization due	-49	-28	-27	-14	0
Amortization rescheduled	0	0	0	0	0
Public enterprises deposits abroad	-69	-41	-4	6	6
Financial public sector	-43	-38	-14	-1	-3
Disbursements	6	0	0	0	0
Amortization	-48	-38	-14	-1	-3
Other long term (including CSFP collateral)	187	54	3	127	5
<b>Private sector capital (net)</b>	<b>-104</b>	<b>85</b>	<b>17</b>	<b>967</b>	<b>558</b>
Direct investment	278	274	356	895	693
Retained profits	190	155	169	125	111
Other	88	119	187	770	581
Debt (net)	-261	-269	-319	50	-84
Long-term (net)	-51	-84	-48	28	-93
Short-term (net)	-211	-185	-271	23	9
<i>Of which:</i>					
Trade credits	-63	-108	-146	23	9
Portfolio investment (net)	0	-9	7	0	0
Commercial banks (net)	-121	89	-27	22	-50
(In percent)					
<b>Memorandum items:</b>					
Foreign direct investment/GDP	5.6	5.2	6.3	15.5	11.9
Foreign direct investment/investment	27.8	32.3	36.6	71.2	45.5
Reinvested earnings/total earnings	0.7	0.5	0.5	0.5	0.5

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

1/ Includes Eurobond and Caribbean bond issuances.

2/ Government loans and repayments to foreign governments (mainly Guyana).

Table 36. Trinidad and Tobago: Summary of Exports, F.O.B.

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

	1994	1995	1996	1997	Prel. 1998
<b>Total exports</b>	<b>1,972</b>	<b>2,477</b>	<b>2,506</b>	<b>2,542</b>	<b>2,335</b>
<b>Re-exports</b>	<b>196</b>	<b>85</b>	<b>110</b>	<b>116</b>	<b>166</b>
<b>Domestic exports</b>	<b>1,776</b>	<b>2,394</b>	<b>2,395</b>	<b>2,426</b>	<b>2,169</b>
<b>Fuels</b>	<b>770</b>	<b>1,133</b>	<b>1,261</b>	<b>1,171</b>	<b>1,002</b>
Crude petroleum					
Volume (million barrels)	22	21	21	20	19
Value	347	383	429	443	247
Unit value	16	18	21	20	15
Natural gas liquids					
Volume (million barrels)	3	4	4	4	5
Value	46	46	52	62	63
Unit value	17	12	13	15	13
Refined petroleum products					
Volume (million barrels)	20	34	32	28	41
Value	377	705	780	666	692
Unit value	18	21	24	24	17
<b>Chemicals</b>	<b>525</b>	<b>621</b>	<b>568</b>	<b>609</b>	<b>495</b>
Anhydrous ammonia					
Volume (thousand metric tons)	1,737	1,738	1,748	1,766	1,963
Value	220	259	293	277	248
Unit value	127	149	168	157	126
Urea					
Volume (thousand metric tons)	457	531	603	596	473
Value	57	93	111	84	50
Unit value	148	207	185	141	106
Methanol					
Volume (thousand metric tons)	1,009	963	1,317	1,175	1,080
Value	196	186	120	202	148
Unit value	269	268	107	172	137
Other chemicals	52	83	44	46	49

Table 36. Trinidad and Tobago: Summary of Exports, F.O.B.

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

	1994	1995	1996	1997	Prel. 1998
Other Products	481	640	567	647	672
Steel products					
Volume (thousand metric tons)	800	856	820	961	1,256
Value	157	203	178	187	206
Unit value	197	237	217	194	164
Sugar					
Volume (thousand metric tons)	57	55	60	79	59
Value	30	26	25	43	32
Unit value	530	475	412	544	542
Other	293	411	364	417	434
Food and live animals (excluding sugar)	78	111	96	108	113
Beverages and tobacco	40	53	69	74	88
Crude materials	4	6	7	8	6
Animal and vegetable fats	4	6	5	8	9
Manufactures (excluding steel)	80	127	101	153	146
Machinery	16	22	22	21	23
Miscellaneous manufactures	31	37	40	44	48
Other exports	41	49	24	2	1
<b>Memorandum items:</b>					
Fuels and chemicals exports	1,295	1,754	1,829	1,780	1,497
(as a percentage of total)	0.7	0.7	0.8	0.7	0.7
Nonfuel exports	1,006	1,261	1,135	1,256	1,167
Crude oil exports/production (in percent)	0.4	0.4	0.4	0.4	0.4
Nonfuel export prices (percentage change)	53.9	13.1	9.5	-1.5	-17.5

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

Table 37. Trinidad and Tobago: Summary of Imports, C.I.F.

	1994	1995	1996	1997	Prel. 1998
(In millions of U.S. dollars)					
<b>Total</b>	<b>1,374</b>	<b>1,885</b>	<b>2,090</b>	<b>3,036</b>	<b>3,012</b>
Imports for processing	231	157	139	89	108
<b>Consumer goods</b>	<b>392</b>	<b>365</b>	<b>410</b>	<b>428</b>	<b>500</b>
Nondurables	316	244	259	268	308
Food	123	152	173	165	190
Other	194	91	86	102	119
Semi-durable	27	38	47	54	60
Durables	48	84	104	107	131
<b>Raw materials and intermediate goods</b>	<b>414</b>	<b>714</b>	<b>990</b>	<b>1,147</b>	<b>1,198</b>
Fuels 1/	220	249	305	320	300
Construction materials	63	79	92	113	123
Other 1/	132	386	593	714	775
<b>Capital goods</b>	<b>338</b>	<b>650</b>	<b>552</b>	<b>1,372</b>	<b>1,206</b>
Transport Equipment	46	85	89	112	151
Oil and mining machinery	26	48	28	62	88
Other	265	517	435	1,197	967
<b>Memorandum items:</b>					
Nonfuels	1,155	1,637	1,786	2,716	2,712
Raw materials (excluding fuels)	276	476	660	765	799
(Percentage change)					
<b>Total</b>	<b>-8.3</b>	<b>37.2</b>	<b>10.9</b>	<b>45.2</b>	<b>-0.8</b>
Consumer goods	97.4	-6.7	12.3	4.5	16.6
Raw materials and intermediate goods	-11.7	72.3	38.7	15.9	4.4
Capital goods	-27.2	92.6	-15.1	148.5	-12.1
(As a percentage of GDP)					
Consumer goods	7.9	6.9	7.2	7.4	8.6
Raw materials and intermediate goods	8.4	13.4	17.5	19.9	20.6
Capital goods	6.8	12.2	9.7	23.8	20.8

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

1/ "Other petroleum products" was classified under "others" until 1994 and under "fuels" thereafter.

Table 38. Trinidad and Tobago: Direction of Trade

(In millions of U.S. dollars)

	1994	1995	1996	1997	Prel. 1998
<b>Imports c.i.f.</b>					
Total	1,374	1,885	2,090	3,036	3,012
United States	591	847	817	1,564	1,340
Canada	94	87	78	80	105
CARICOM countries	72	75	85	96	106
Barbados	25	16	17	16	24
Jamaica	27	20	19	17	18
Guyana	9	10	12	13	11
Other	11	29	37	50	53
Other Caribbean 1/	20	42	19	42	28
European Union and EFTA 1/	241	328	371	465	509
United Kingdom	138	127	129	148	148
France	26	16	20	18	56
West Germany	38	100	108	136	89
Other	39	85	114	163	216
Latin America	230	292	512	497	572
Japan	73	55	88	107	145
Rest of the world	53	159	121	185	207
<b>Exports f.o.b.</b>					
Total	1,972	2,477	2,506	2,542	2,335
United States	761	924	1,101	999	825
Canada	48	46	56	23	26
CARICOM countries	474	555	616	650	684
Barbados	104	86	87	94	127
Jamaica	103	211	216	210	237
Guyana	85	81	88	109	84
Other	181	177	225	237	236
Other Caribbean 1/	193	303	288	303	264
European Union and EFTA 1/	109	245	159	228	171
Latin America	171	211	207	261	251
Japan	26	1	6	1	1
Rest of the world 2/	190	193	73	77	113

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

1/ Caribbean territories and possessions of European countries are included under "other Caribbean."

2/ Includes bunkers and stores.

Table 39. Trinidad and Tobago: Indices of Volume, Value and Unit Value of Exports and Imports

(1988 = 100)

	1994	1995	1996	1997	Prel. 1998
<b>Exports</b>					
Volume	127	155	136	140	155
(percent changes)	9.1	22.5	-12.2	2.6	11.3
Value	131	176	176	179	160
(percent changes)	20.0	34.7	0.1	1.3	-10.6
Unit Value	105	118	133	131	103
(percent changes)	10.8	12.3	12.4	-1.3	-21.9
<b>Fuels and chemicals</b>					
Volume	98	123	121	112	115
(percent changes)	-0.9	24.6	-1.3	-7.2	2.5
Value	126	169	167	168	131
(percent changes)	35.2	33.9	-1.3	0.7	-21.9
Unit Value	124	135	135	146	110
(percent changes)	36.1	9.3	0.0	8.0	-24.4
<b>Imports</b>					
Volume	131	174	174	267	289
(percent changes)	-9.7	32.3	0.5	52.9	8.5
Value	137	188	208	302	300
(percent changes)	-8.3	37.2	10.9	45.2	-0.8
Unit Value	104	109	120	111	101
(percent changes)	1.4	4.9	10.4	-7.6	-9.3
<b>Terms of trade</b>					
(percent changes)	102	109	111	118	102
	9.3	7.0	1.8	6.8	-11.1

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

Table 40. Trinidad and Tobago: Outstanding External Public Sector Debt  
by Borrower, Lender and Maturity

(In millions of U.S. dollars)

	1994	1995	1996	1997	Prel. 1998
<b>Total public sector</b>	<b>2,058</b>	<b>1,905</b>	<b>1,875</b>	<b>1,539</b>	<b>1,431</b>
<b>Central government</b>	<b>1,513</b>	<b>1,367</b>	<b>1,361</b>	<b>1,073</b>	<b>1,002</b>
By lender					
Bilateral agencies	355	312	227	149	99
Multilateral agencies	191	206	257	278	306
World Bank	52	53	65	68	72
IADB	138	152	185	200	224
CDB	--	--	1	1	4
EIB	0	--	8	6	6
Financial institutions	494	376	404	321	272
Bonds 1/	473	473	473	325	325
By maturity					
Medium-term 2/	619	600	524	339	485
Long-term 3/	894	767	837	734	517
<b>Nonfinancial public enterprises 1/</b>	<b>376</b>	<b>442</b>	<b>459</b>	<b>436</b>	<b>408</b>
By lender					
Bilateral agencies	82	72	54	44	41
Multilateral agencies	177	261	301	292	265
World Bank	0	0	0	0	0
IADB	140	224	260	245	221
CDB	6	5	5	4	4
EIB	18	18	23	16	29
Other	13	14	13	27	11
Financial institutions	115	108	104	100	102
Other	1	1	0	0	0
By maturity					
Medium-term 2/	6	11	10	11	11
Long-term 3/	370	431	449	425	397
<b>Financial public sector</b>	<b>168</b>	<b>95</b>	<b>55</b>	<b>30</b>	<b>22</b>
<i>Of which:</i>					
Central bank	134	63	27	6	2
By lender					
Multilateral agencies	128	83	55	30	23
IMF	91	50	24	6	1
World Bank	--	--	--	--	--
IADB	--	--	--	--	--
CDB	11	10	9	8	6
EIB	25	22	19	15	15
Other	0	1	2	2	0
<b>Financial institutions</b>	<b>41</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>
By maturity					
Short-term	--	--	--	--	--
Medium-term 2/	132	83	25	6	2
Long-term 3/	37	12	30	24	20

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

1/ Original maturity periods of 3-10 years.

2/ Original maturity periods of over 10 years.

Table 41. Trinidad and Tobago: Public Sector External Debt

	1994	1995	1996	1997	Prel. 1998
(In millions of U.S. dollars)					
<b>Total public sector</b>					
Drawings	326	108	254	60	62
Amortization due	444	285	251	349	176
Rescheduling	0	0	0	0	0
Valuation adjustment	80	24	-33	-47	6
Debt outstanding (end of period)	2,058	1,905	1,875	1,539	1,431
<b>Central government</b>					
Drawings	228	24	210	60	62
Amortization due	279	177	185	296	132
Rescheduling	0	0	0	0	0
Valuation adjustment	70	7	-31	-53	-1
Debt outstanding (end of period)	1,513	1,367	1,361	1,073	1,002
<b>Bilateral agencies</b>					
Drawings	0	0	0	0	0
Amortization	23	50	74	63	57
Rescheduling	0	0	0	0	0
Valuation adjustment	19	7	-11	-15	7
Debt outstanding end of period	355	312	227	149	99
<b>Multilateral agencies</b>					
Drawings	28	24	62	60	62
Amortization	4	0	9	16	16
Valuation adjustment	0	-9	-2	-24	-18
Debt outstanding end of period	191	206	257	278	306
<b>Financial institutions</b>					
Drawings	0	0	148	0	0
Amortization	117	126	102	67	59
Rescheduling	0	0	0	0	0
Valuation adjustment	35	8	-18	-16	10
Debt outstanding end of period	494	376	404	321	272
<b>Bonds</b>					
Drawings	200	0	0	0	0
Amortization	136	0	0	150	0
Valuation adjustment	16	0	0	3	0
Debt outstanding end of period	473	473	473	325	325
<b>Other</b>					
Amortization	...	...	0	0	0
Disbursement	...	...	0	0	0



Table 41. Trinidad and Tobago: Public Sector External Debt

	1994	1995	1996	1997	Prel. 1998
(In millions of U.S. dollars)					
<b>Public enterprises</b>					
Drawings	92	84	44	0	0
Amortization	44	28	27	31	36
Rescheduling	0	0	0	0	0
Valuation adjustment	1	10	-1	8	8
Debt outstanding end of period	376	442	459	436	408
<b>Bilateral agencies</b>					
Drawings	15	0	0	0	0
Amortization	14	17	19	9	6
Rescheduling	0	0	0	0	0
Valuation adjustment	1	7	1	-2	3
Debt outstanding end of period	82	72	54	44	41
<b>Multilateral agencies</b>					
Drawings	67	84	44	0	0
Amortization	6	3	3	19	30
Valuation adjustment	1	3	-2	11	3
Debt outstanding end of period	177	261	301	292	265
<b>Financial institutions</b>					
Drawings	9	0	0	0	0
Amortization	24	8	5	3	0
Rescheduling	0	0	0	0	0
Valuation adjustment	-1	0	1	-1	2
Debt outstanding end of period	115	108	104	100	102
<b>Suppliers' credits</b>					
Drawings	1	0	0	0	0
Amortization	0	0	0	0	0
Valuation adjustment	0	0	-1	0	0
Debt outstanding end of period	1	1	0	0	0
<b>Bonds</b>					
Drawings	0	0	0	0	0
Amortization	0	0	0	0	0
Valuation adjustment	0	0	0	0	0
Debt outstanding end of period	0	0	0	0	0
<b>Financial public sector</b>					
Drawings	6	0	0	0	0
Amortization	121	80	39	23	8
Valuation adjustment	9	7	-2	-2	-1
Debt outstanding end of period	168	95	55	30	22
<b>Multilateral agencies</b>					
Drawings	5	0	0	0	0
Amortization	78	52	27	23	6
Valuation adjustment	10	7	-2	-2	-1
Debt outstanding end of period	128	83	55	30	23
<b>Financial institutions</b>					
Drawings	1	0	0	0	0
Amortization	43	29	12	0	0

Table 41. Trinidad and Tobago: Public Sector External Debt

	1994	1995	1996	1997	Prel. 1998
(In millions of U.S. dollars)					
Valuation adjustment	0	0	1	0	0
Debt outstanding end of period	41	12	0	0	0
<i>Of which:</i>					
Central Bank					
Drawings	1	0	0	0	0
Amortization	115	77	36	19	4
Valuation adjustment	6	6	-1	-1	0
Debt outstanding end of period	134	63	27	6	2
Multilateral agencies					
Drawings	--	--	0	0	0
Amortization	72	48	24	19	4
Valuation adjustment	6	6	-1	-1	0
Debt outstanding end of period	93	52	26	6	2
Financial institutions					
Drawings	1	0	0	0	0
Amortization	43	29	12	0	0
Valuation adjustment	0	0	1	0	0
Debt outstanding end of period	41	12	0	0	0
(In percent)					
<b>Debt outstanding end of period</b>					
<b>Total public sector (composition)</b>					
Bilateral agencies	21	20	15	13	10
Multilateral agencies	24	29	33	39	42
Financial institutions	32	26	27	27	26
Bonds	23	25	25	21	23
Other (inc. Suppliers' Credits)	0	0	0	0	0

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