Press Release

Republic of Trinidad and Tobago Ratings Taken Off CreditWatch And Affirmed; Outlook Stable

--Although Trinidad and Tobago's bailout of the CL Financial Group could cost up to 6% of expected 2009 GDP, its solid fiscal and external position support its policy flexibility.

--In addition, the government's debt profile and burden limit external vulnerabilities.

--As a result, we have taken the ratings off CreditWatch negative, affirmed them, and assigned a stable outlook.

NEW YORK, Sept. 14, 2009--Standard & Poor's Ratings Services said today that it affirmed its 'A/A-1' foreign-currency and 'A+/A-1' local-currency sovereign credit ratings on the Republic of Trinidad and Tobago. Standard & Poor's also said that it removed these ratings from CreditWatch, where they were placed on Feb. 3, 2009, with negative implications.

The outlook is stable.

In addition, Standard & Poor's affirmed its 'AA' transfer and convertibility risk assessment on the republic.

"We removed these ratings from CreditWatch after evaluating the possible consequences and the cost associated with the government bailout of one of Trinidad's largest financial conglomerate: the CL Financial Group," explained Standard & Poor's credit analyst Roberto Sifon-Arevalo. "Assuming no recovery from any asset sales, we estimate a potential gross loss for the government of about TT$9 billion, which is 6% of expected 2009 GDP." At the same time, Trinidad and Tobago's solid fiscal profile, which has resulted from several years of high-energy prices, gives the government the fiscal and external flexibility needed to manage this potential debt burden as well as the current international financial crisis without materially weakening public finances.

The government is responding to these shocks through countercyclical fiscal measures. In this context, Standard & Poor's expects the general government will have a deficit of 4.5% of GDP in 2009, down from a surplus of 6.3% of GDP in 2008. In 2010, we expect the deficit to be at about 3.5% of GDP as the government continues with its public infrastructure program aimed to mitigate the impact of the world economic crisis in Trinidad.

Standard & Poor's does not expect the government to contribute nor tap into the Heritage and Stabilization Fund (HSF) to finance the expected deficit in 2009 or in 2010, keeping the fund's balance at about 11% of 2009 GDP. We believe that the government will finance the deficit with debt, mostly domestic. As a result, we also expect net general government debt to reach 7% of GDP in 2009 and 12% in 2010, which compares favorably with 28% and 31% for the medians of 'A' rated peers in the same respective periods.

"Improvements in transparency, governance, and regulation in the financial industry--and among public-sector enterprises, in particular--could further strengthen Trinidad and Tobago's creditworthiness over the medium term," Mr. Sifon-Arevalo added. "Conversely, a higher-than-expected fiscal deterioration because of higher–than-forecasted costs associated with the government bailout of CLFG as well as slippages in the pace of restructuring government-owned entities could lead to an unfavorable rating action."

RELATED RESEARCH
"Sovereign Credit Ratings: A Primer," May 29, 2008.

Complete ratings information is available to RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; select your preferred country or region, then Ratings in the left navigation bar, followed by Find a Rating.

Media Contact:
David Wargin, New York (1) 212.438.1579,
david_wargin@standardandpoors.com

Analyst Contacts:
Roberto Sifon Arevalo, New York (1) 212-438-7358
Joydeep Mukherji, New York (1) 212-438-7351