



Republic of Trinidad & Tobago

# **Review of the Economy 2007**



## Foreword

In this year's Review of the Economy, the Ministry of Finance has included analyses on the following:

- The International Economy;
- The Real Economy;
- The Financial Sector;
- Central Government Operations;
- Public Debt and Debt Servicing; and
- Trade and Payments

While the document will include the analysis of technical issues, the Ministry has attempted to improve its usability, as well as its quality and content.

The most recent available comparative data was used; however instances of data unavailability have led to the utilisation of more dated information and would account for comparative inconsistencies.

The Ministry of Finance hopes that this document will be invaluable to readers, including researchers, students and other users and will welcome any comments for improvements.

This document is available on the Ministry of Finance website: [www.finance.gov.tt](http://www.finance.gov.tt).

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# The International Economy

- **United States**
- **Japan**
- **Euro Zone and United Kingdom**
- **Other European Countries**
- **Emerging Asia**
- **Latin America**
- **CARICOM**

Global economic expansion continued to be strong in 2006 with growth of 5.4 percent. In the United States, the housing market was down for the first half of the year, but a decline in oil prices from August highs and growing employment fuelled sustained consumption. Strong domestic demand also facilitated growth in the euro area. In Japan economic expansion was weak in the middle of the year but rebounded towards the end of 2006 while rapid expansion in emerging markets and developing countries was led by China and India.

China's growth of 10.75 percent in 2006 was driven by investment and export growth while India's growth of 9.25 percent was propelled by high commodity prices and favourable financial conditions which impacted other regions.

This buoyancy combined with rising oil prices in the first half of 2006 sparked concerns about inflationary pressures. However, the subsequent decline in oil prices have checked inflationary pressures. In foreign exchange markets, the U.S. dollar has weakened, mainly against the euro and pound sterling, the yen has depreciated further and the Chinese renminbi has declined modestly in real effective terms. The U.S. current account deficit rose to 6.5 percent in 2006 while surpluses in Japan, China, and the Middle Eastern oil-exporting countries increased further.

Monetary policy has varied among the major economies. The U.S. Federal Reserve has adopted a conservative approach keeping policy rates on hold. The European Central Bank and other central banks in Europe continue to remove monetary accommodation. Japan along with China, India and Turkey have tightened monetary policy. Fiscal deficits have also been narrowed in Germany, Japan and the United States.

The outlook for the global economy suggests that moderation is expected in 2007 and 2008. Global growth is projected to fall by 0.5 percentage points to 4.9 percent in 2007 and 2008 with some relaxation of inflationary pressures during that period. The decline in growth is expected to be felt most in the United States and the euro area. A key challenge to the outlook is the stability of the U.S. economy and its potential to impact the global economy. Other concerns include the ability of protectionist forces to undercut trade and foreign investment reversing gains from an integrated global economy. Especially for emerging and developing economies the challenge is to maintain stable macroeconomic and financial conditions in the face of strong foreign exchange inflows.

## United States

The U.S. economy slowed noticeably over the past year precipitated by declines in the housing sector in the second half of the year. The labour market remained robust with unemployment at 4.5 percent suggesting a temporary slowdown rather than a recession. This has led to a growth forecast in 2007 of 2.2 percent. However, the financial sector is generally in good shape, the level of corporate profitability and equity prices remain high with low interest rates and available credit supporting business investment.

Continuing activity in the commercial real estate market may help to partly offset the downturn in the housing sector while the depreciation of the dollar could provide a stronger spur to exports than projected. The Federal Reserve has indicated that monetary policy will be determined by the perceived balance of risks between growth and inflation. Core inflation declined to 2.7 percent in February from 2.9 percent in September. The current account is also projected to narrow to close to 6 percent of GDP in 2007 while the federal government deficit is expected to decline. Interest rates are generally low.

## Japan

Japan's economy rebounded strongly in the fourth quarter following a weak performance in the middle of 2006. Increasing private investment and rising export growth expanded GDP to 2.2 percent for 2006 somewhat above potential. Unemployment declined to nine year lows and

## The International Economy

is likely to be reflected in rising real wages and increased household spending.

Supported by strong export growth and income from foreign assets, Japan's current account surplus rose to 4 percent of GDP in 2006. Notwithstanding, the value of the yen fell to 20 year lows in real effective terms. The widening interest rate differential between the yen and other key currencies and the exceptionally low volatility in foreign exchange markets are key factors affecting the value of the yen. Additionally, public debt continues to rise from an existing high level. The Bank of Japan has also taken a cautious approach to raising interest rates with its policy rate now standing at around 0.5 percent.

In 2007, the growth momentum achieved in 2006 is expected to be maintained bolstered by a recovery in consumption. However a sharper-than-expected slowing in the United States could weaken net exports.

### Euro Zone and United Kingdom

GDP growth in the euro area reached 2.6 percent, the highest since 2000. Robust growth and strong investment in Germany provided the main impetus with slower growth in France and Italy. Employment which fell to 7.6 percent in 2006 was also at its lowest level in 15 years. Headline Consumer Price Index inflation was down to just 2 percent by the end of 2006 with wage increases contained at low levels. Although core inflation has risen recently, headline inflation is expected to remain at 2 percent in 2007. However, labour productivity continues to slow compared to productivity in the United States.

In the United Kingdom, an acceleration of domestic demand resulted in strong growth in 2006. Buoyant demand and higher global energy prices have pushed inflation to its highest level in five years. This has prompted rate increases by the Bank of England to reduce inflation. In addition, the fiscal deficit fell to 2.5 percent of GDP in 2006 and tight spending control will be needed to halt the rise in public debt.

### Other European Countries

Growth expanded in Emerging Europe from 5.5 percent in 2005 to 6 percent in 2006 boosted by the increased

momentum of growth in Western Europe and the opening of new automobile plants. Current account deficits widened further but were amply financed in most countries by foreign direct inflows, except for Turkey and Hungary. Consumer Price Index inflation was also generally contained at low levels.

Growth in Emerging Europe is projected to slow moderately to 5.5 percent in 2007 largely reflecting the cooling of the expansion in Western Europe and the policy tightening in Turkey and Hungary. All countries are committed to membership in the euro area. However this is conditional on countries meeting strict Maastricht criteria-interest rate, fiscal deficit, debt to GDP etc.

### Emerging Asia

Very strong activity in both China (10.7 percent) and India (9.2 percent) expanded growth in emerging Asia in 2006. China's expansion was boosted by solid investment and export growth while India's expansion was supported by consumption, investment and exports. Resilient external demand in particular in the electronics sector was the stimulus for overall economic activity in the newly industrialized economies. Among the Association of Southeast Asian Nations (ASEAN), economic activity picked up in Malaysia, Thailand and to a lesser extent Indonesia. However, typhoon-related damage to agriculture led to temporarily weaker growth in the Phillipines.

Inflationary pressures across the region remain generally well contained. The region's current account surplus rose almost a full percentage point to 5.4 percent of GDP in 2006 underpinned by the strong growth in exports particularly in China, and the above ASEAN countries. However, India's current account deficit widened.

Looking ahead, the near-term outlook for growth in the region remains very positive with real GDP growth expected to remain at a high level. The current account surplus is projected to continue to widen with fiscal balances strengthening in most countries in the region in 2007. Concerns remain however with respect to reducing the vulnerabilities associated with high public debt and budget deficits in India, Pakistan and the Phillipines.



### Latin America

Economic growth in Latin America is projected to decline from 5.5 percent to 4.9 percent in 2007 notwithstanding increased growth in Brazil and Chile and continued high growth (7.5 percent) in Argentina. As global growth moderates and oil and metal prices decline, countries and regions that have particularly close links with the United States will be most affected. Differences in monetary policy across countries will also be an important driver of growth as countries seek to control inflation. Outside of Venezuela, inflation outcomes have been generally favourable. Important progress has been made across the region in strengthening fiscal positions, reducing public debt, maintaining current account surpluses and comfortable foreign reserves.

The critical challenge for policy makers is to build on the reforms that have so far been implemented to accelerate growth further, entrench macroeconomic stability and ensure that the benefits of growth are widely distributed.

### Economic Performance of CARICOM

#### Introduction

The economies forming the CARICOM economic bloc performed well in 2006, with output increasing over levels achieved in previous years. The main drivers for this positive performance, similar to 2005, were tourism and construction. Agriculture, financial services and manufacturing also contributed to the overall positive performance of the bloc. The positive growth in tourism was due mainly to strong growth in source markets as well as increased marketing efforts. Again, as for the previous year, construction, by both the private and public sectors, benefited from preparations for the Cricket World Cup 2007.

The sole exception to this positive performance was Montserrat, where heightened volcanic activity led to a decline in economic activity by 3.1 percent. Among the fastest growth rates experienced were those by Trinidad and Tobago and Antigua and Barbuda, both growing by approximately 12 percent, as compared to 6.1 percent and 5.3 percent respectively in 2005. The rate of growth experienced in

Trinidad and Tobago is attributed to strong performances in the energy sector, specifically in Exploration and Production, Refining and in the Petrochemicals sub-sector. In Antigua and Barbuda, tourism, which experienced a turnaround from previous years, construction and agriculture, were all responsible for the positive growth rate. Also contributing to the overall positive performance within the CARICOM region were positive growth rates experienced in St. Vincent and the Grenadines (5 percent) in Guyana (4.8 percent) in St. Kitts and Nevis (4.4 percent) in Dominica (4.1 percent) and in The Bahamas (4 percent). In the case of the St. Vincent and the Grenadines, St. Kitts and Nevis and Dominica, the main drivers of growth were tourism and construction, supported by agriculture and also by the manufacturing sector in the case of St. Kitts and Nevis. Economic performance in Barbados, Belize and Grenada was also positive, but lower than in other economies and lower also than in previous years for the same economies, registering 3.4 percent, 2.5 percent and 2 percent respectively.

#### Barbados

The Barbados economy experienced a growth rate of 3.4 percent for the year 2006 as compared to 4.1 percent for 2005. This, however, represented the fifth consecutive year of positive expansion and is well above the average rate of 2.8 percent experienced over the previous five years. This reduction in activity came despite an overall increase in tourism within the region and within Barbados itself. Tourism value-added in Barbados grew in 2006 – real tourism output grew by approximately 2.5 percent. There was a slowdown in construction activity and a decline in sugar production, occasioning an overall decline in agriculture, however, which led to the modest growth rate experienced.

There was an improvement in the external current account deficit as a direct result of the expansion in tourism, a small decline in imports and positive growth in the exports of goods and services. The decrease in imports was occasioned by a slowdown in the credit extended to the non-financial private sector, which still however exceeded the increase in domestic deposits, ultimately leading to a contraction in liquidity in the banking system.

## The International Economy

The rate of inflation, as measured by changes in the retail price index, rose during 2006. This can be attributed to higher oil prices, especially in the first half of the year. At the end of September 2006, the twelve-month moving average rate of inflation was 7.6 percent, which compares unfavourably to the 5.1 percent achieved in the corresponding period for 2005. There was an improvement in Government's fiscal position, as the deficit, which is estimated at 1.7 percent of GDP, was lower than that for 2005, which was 4.2 percent of GDP.

### Jamaica

For fiscal year 2006/2007 (April 2006 to March 2007), Jamaica's growth in real GDP measured 2.9 percent, compared to the 2 percent achieved in 2005. Contributing to this positive growth in GDP were agriculture, which has begun to recover from its slump of previous years, and tourism - the main contributor. Tourists' earnings surpassed that of 2005 by 6.5 percent growing to \$11.5 billion dollars. Also playing a positive role were transportation, storage, communication, electricity and water.

The rebound in the agriculture sector has contributed to a significant fall in the rate of inflation, which reached 6.5 percent at fiscal year-end. This compares favourably to a rate of 12.5 percent for 2005.

Jamaica's current account deficit increased to 10.5 percent of GDP up by almost 1 percent over the 9.6 percent of GDP experienced in 2005. This was attributed mainly to increased exports along with the robust receipts from tourism and remittances. Unemployment decreased from its 2005 figure of 11.4 percent to 10.9 percent.

As in 2005, Jamaica's economy was negatively impacted by increases in oil prices, the domestic and external public debt, and the recovery from the impact of Hurricane Ivan in 2004. The increase in oil prices has led to a widening of the Balance of Payments deficit in 2006, as the oil import bill increased.

### Guyana

Economic growth in Guyana in 2006 was 4.8 percent, a significant achievement when compared to a decline of 2 percent in 2005. Several factors have contributed to this,

among which are the preparations that were made for the ICC Cricket World Cup which has boosted the construction sector, a 0.4 percent growth in the agricultural sector, strong aggregate demand which was driven by a recovery in private sector credit, strong private remittances, and foreign direct investment. However, mining output contracted by 15.5 percent.

Inflation fell to below 4 percent, attributable in part to a stable exchange rate. There was a widening of the overall external position to 28 percent of GDP from 9 percent in 2004 which resulted from rapid growth in both consumer and capital imports, as well as increases in fuel prices since 2004.

Foreign international reserves increased to US\$278 million, representing 3 months of imports of goods and services, as the widening of the current account deficit was adequately covered by official disbursements, foreign direct investment, and debt relief in the context of the Multilateral Debt Relief Initiative.

The public sector deficit declined to 11.2 percent of GDP in 2006 from 13.6 percent in 2005. This was primarily as a result of the improved performance of public enterprises and an increase in grants.

### Other CARICOM States

In the other states of CARICOM, positive economic growth was generally achieved as a result of strong performances in tourism, construction and agriculture, as well as in financial services and manufacturing. In particular, tourism and construction were the main drivers contributing to growth in St. Kitts and Nevis, Dominica, St. Vincent and the Grenadines, and St. Lucia. The manufacturing and agriculture sectors provided strong support in Grenada and St. Lucia. While agriculture expanded in Belize, a reduction in construction retarded the overall performance of the economy.

The positive performances experienced throughout the region resulted, generally, in improvements in government revenues which contributed in no small part to a narrowing of the overall fiscal and external deficits.

# Summary of Macroeconomic Performance

## Performance of Key Macroeconomic Indicators

Trinidad and Tobago's economy is expected to record its fourteenth consecutive year of economic expansion with gross domestic product growing in real terms by 5.5 percent in calendar 2007. This expansion reflects continued growth in both the energy and non-energy sectors.

During the first quarter of fiscal 2007, unemployment fell to 5.0 percent, the lowest level in the country's economic history. During the second quarter of fiscal 2007, the rate increased somewhat, due to seasonal factors, and averaged 5.8 percent over the first half of the fiscal year.

Inflation which peaked at 10.0 percent at the end of October 2006, moved steadily downward to 7.3 percent by the end of June 2007 through the combined effects of the Central Bank's monetary policy and the measures introduced by Government to reduce the price of food and construction materials in particular.

Although Trinidad and Tobago's narrow money supply grew by 12.0 percent between April 2006 and April 2007, this was lower than the increase of 19.0 percent recorded during the comparable 2005/2006 period. The increase in the broad money supply of 13.3 percent in the current period, was approximately half the increase of 26.5 percent attained in the previous comparative period.

During the 6-months to March 2007, the Trinidad and Tobago dollar was relatively stable against the United States dollar, with the average selling rate per US\$ experiencing a negligible fluctuation from \$6.3122 to \$6.3288.

During the current fiscal year, the Central Government is expected to generate an overall fiscal surplus of \$1,268.7

million, with revenue projected to increase by \$1,589.0 million to \$40,499.9 million, while expenditure is projected to increase by \$2,146.4 million to \$39,231.2 million.

Central Government Debt is expected to increase by 9.3 percent to \$21,327.7 million and Gross Public Sector Debt by 1.6 percent to \$37,396.7 million. Gross Public Sector Debt as a percentage of GDP is however expected to fall to 28.3 percent in fiscal 2007 from 30.5 percent in fiscal 2006.

As at mid-May 2007, the total value of funds in the Heritage and Stabilization Fund stood at \$10,617.3 million, which represented 8.0 percent of GDP.

Trinidad and Tobago achieved its sixth consecutive Balance of Payments surplus during 2006 with an overall surplus of US\$1,645.0 million. This outturn was driven by the strong performance of the merchandise account which expanded the current account surplus by 29.5 percent to US\$4,654.0 million. In contrast, the capital account continued to weaken during 2006 declining by 76.9 percent, to register a deficit of US\$3,009.0 million, due to increased private sector outflows from commercial banks and other corporate entities.

As at December 31st 2006, Trinidad and Tobago's international reserves stood at US\$7,427.8 million, representing 11.4 months of import cover.

During the first half of the current fiscal year, this country's trade surplus with the rest of CARICOM declined by 12.0 percent to TT\$6,880.2 million due to a fall in petroleum exports.

# The Real Economy

- **Gross Domestic Product**
- **Prices**
- **Productivity**
- **Population**
- **Labour Force and Employment**
- **Domestic Agriculture**
- **Export Agriculture**
- **Energy and Extractive Industries**
- **Petrochemicals**
- **Manufacturing**
- **Construction**
- **Tourism**

## Gross Domestic Product (GDP)

Economic growth in Trinidad and Tobago is projected to level off at a robust 5.5 percent in 2007, following the 12.2 percent spike experienced during 2006. Last year's significant outturn was precipitated by a 21.4 percent boost in Petroleum sector activity, which has since normalized to 4.4 percent in 2007. The Non-Petroleum sector in contrast is projected to expand at a slightly higher rate of 6.7 percent in 2007, compared with an expansion of 6.6 percent in 2006. The continued strong performance of the non-petroleum sector is being supported by robust growth in both the Services sector (6.6 percent) and the Manufacturing sector (8.0 percent).

Exploration and Production, the largest petroleum sub-sector, is expected to lose momentum during 2007 with slight growth of 0.1 percent, following a 16.4 percent jump in 2006. This flat outturn is largely due to a production shortfall at one of the major energy companies. Continuing the overall trend, Refining, the second largest petroleum sub-sector, is projected to expand at a rate of 14.4 percent, down from the 41.0 percent spike in 2006. Technical difficulties at Atlantic LNG Train IV dampened the growth of this sub-sector during 2007. Future growth is expected to be moderate after production from Train IV levels off when the plant reaches full capacity. Growth is also expected to decelerate in the Petrochemical sub-sector from 13.9 percent in 2006 to 3.2 percent in 2007, partly due to ongoing technical problems at a major methanol plant.

In the Non-Petroleum sector, strong growth is projected in a number of Services and Manufacturing sub-sectors. The

strongest performances in the Services sector are forecasted for Finance, Insurance and Real Estate etc. which should accelerate to 10.5 percent, from 1.2 percent in 2006, due to an expansion in commercial banking; and for Distribution and Restaurants, in which growth should moderate to 10.3 percent in 2007 due to an increase in sales of motor vehicles, vehicle parts, and household appliances. The Hotels and Guest Houses sub-sector should also experience a turnaround from its 20.2 percent contraction in 2006 to expand by 8.0 percent in 2007. Continued strong growth is also projected for Construction and Quarrying, which should increase from 4.3 percent to 5.2 percent. A slight expansion of 0.6 percent is also forecasted in Transport, Storage and Communication. In contrast, a contraction of 0.2 percent is expected in Education and Cultural Services during 2007.

Within the Manufacturing sector the strongest performances are projected in Food, Beverages and Tobacco (13.4 percent); Miscellaneous Manufacturing (11.9 percent); Printing, Publishing etc. (7.7 percent); and Chemicals and Non-Metallic Minerals (6.4 percent). The Assembly Type and Related Industries sub-sector is however expected to contract by 5.1 percent during 2007.

The Agriculture sector is forecasted to contract for the fifth consecutive year, declining by 5.9 percent in 2007, as a result of significant contractions in Sugar (35.0 percent) due to the exit of most cane farmers from the industry; and Export Agriculture (25.4 percent) on account of the effects of the severe dry season on cocoa, coffee and citrus production. These declines are expected to outweigh the marginal growth of Domestic Agriculture (0.3 percent).

Notwithstanding some difficulties therefore, Trinidad and Tobago is expected to continue the positive economic performance which it has achieved over the past decade, with overall growth in excess of 5 percent in each of the last eight years. Significantly, Trinidad and Tobago's economic expansion has averaged 8.7 percent since 2000.

### Prices

After peaking in October 2006 at 10.0 percent, headline inflation steadily declined to 7.3 percent by June 2007, through the combined effects of the Central Bank's monetary policy and the fiscal measures introduced by Government to reduce the price of food and construction materials in particular. Measures being employed by Government to reduce inflation include the introduction of Farmers' Markets; the use of the mass media to empower consumers with the best information on prices of fresh produce; the suspension or waiver of tariffs on selected food items, cement and selected iron and steel items; the removal of VAT on selected supermarket items; the introduction of a food importation programme; the award of additional licenses for the opening of new quarries; and an increase in the quantity of processed material produced by National Quarries Limited.

Headline inflation during the twelve months of 2006 averaged 8.3 percent, following on the 6.8 percent average recorded during 2005. This increase was due mainly to higher food prices as well as increases in the costs of housing; construction materials; furnishings, household equipment and maintenance; health; and education.

However, during the first half of 2007, inflationary pressures abated as consumer prices increased by 2.7 percent, down from 4.4 percent in the first half of 2006. This deceleration was due largely to a dampening of the increase in food prices, which account for 18 percent of the weights in the Retail Prices Index. During the first half of 2007, food prices rose by 4.8 percent representing a decline from the 11.5 percent rise registered one year earlier. The lower food inflation reflected the modest increases in the cost of vegetables and other items sold in open markets, which account for approximately 80 percent of the movement of the food index. The housing and transportation indices rose moderately by 2.6 percent and 1.2 percent respectively during the period due to increases in the cost of building materials and increased costs of spare parts, accessories and maintenance services.

During the 12 month period ending June 2007, headline inflation fell to 7.3 percent from 7.9 percent in May 2007.

Food prices rose by 14.7 percent at the end of June, down from 17.3 percent in May. Core inflation, however, remained at 4.5 percent, the same as in May, but slightly down from the 4.7 percent rate recorded in April.

Future inflation outcomes will depend on factors such as, the level of fiscal injections, the evolution of import prices, production and productivity increases, the structure and levels of wage settlements and the rate of credit expansion.

### Productivity

Productivity for all workers in all industries as measured by the All Items Index of Productivity, increased by 7.8 percent in 2006, which was lower than the increase of 9.3 percent registered during 2005. Gains were recorded in most industries with the largest gains taking place in Drink and Tobacco (30.6 percent); Assembly Type and Related Products (26.1 percent); and Printing, Publishing and Paper Converters (25.5 percent). Three industries recorded productivity declines, namely Food Processing (12.7 percent) due to a fall in the production of canned vegetables in the July to September 2006 period; Chemicals (6.7 percent) largely due to a fall in the production of industrial gases; and Wood and Related Products (4.0 percent).

### Population

According to the 2007 mid-year population estimates, the population of Trinidad and Tobago is expected to grow by 0.4 percent to 1,303,188 persons during 2007. After declining in each of the last two years, the provisional birth rate is expected to rise to 13.95 births per thousand persons in 2007 from 13.70 births per thousand persons in 2006. In contrast, the provisional death rate is expected to decline for the third consecutive year to 7.60 deaths per thousand persons in 2007 from 7.69 deaths per thousand persons in 2006.

Population data according to age group indicate that the distribution remains the same as in the past two years with persons 24 years of age or younger representing 45.2 percent of the population, while persons between 25 and 59 years continue to represent 44.8 percent, and persons 60 years and over representing 10 percent. The gender distribution of the

## The Real Economy

population is expected to remain stable with males accounting for 50.2 percent or approximately 653,549 persons, and females 49.8 percent or approximately 649,639 persons.

### Labour Force and Employment

Preliminary data from the Central Statistical Office (CSO) indicate that the unemployment rate continued its downward trend falling to 5.8 percent during October 2006 to March 2007, from 6.8 percent in the similar 2005/2006 period.

Additional employment opportunities were generated during the first half of the fiscal year primarily in Wholesale and Retail Trade, Restaurants and Hotels (6,900 persons); Finance, Insurance, Real Estate and Business Services (3,400 persons); Electricity and Water (1,600 persons); and Petroleum and Gas, including Production, Refining and Service Contractors (1,400 persons). An additional 700 persons were employed in the construction sector.

### Domestic Agriculture

The estimates for calendar 2007 project a marginal increase of 0.3 percent in domestic agriculture. However when the period October 2006 to March 2007 is compared with the period October 2005 to March 2006, domestic agriculture declined marginally.

#### Root Crops

Increased acreages, including land resources which were shifted from sugarcane to root crop, resulted for the most part, in strong growth in root crop production. Sweet potato production increased by 82 percent to 136,200 kilogrammes during October 2006 to March 2007, compared to the 74,700 kilogrammes in the corresponding 2005/2006 period. In contrast, production of eddoes decreased by 32 percent from 967,300 kilogrammes to 659,700 kilogrammes.

#### Vegetables

The vegetable sub-sector registered a mixed performance with increases in some items and decreases in others. Ochroes continued to demonstrate robust growth, with 18,639,000 ochroes being produced during the first half of fiscal 2007, compared with 10,594,600 ochroes in the comparable

2005/2006 period. Cabbage production also increased by 4.5 percent to 845,300 kilogrammes. Other increases were registered for sweet peppers (7.5 percent), tomatoes (3.8 percent), and lettuce (1.5 percent). Declines were registered for melongene, cucumber, pumpkin and patchoi.

#### Paddy Production

Due mostly to unfavourable climatic conditions, the expected growth in rice (paddy) production as a result of the additional holdings of the former Caroni (1975) Limited being brought under cultivation, did not materialise. Consequently, paddy production rose by a marginal 1.7 percent to 1,865,800 kilograms during the first half of fiscal 2006/2007, compared to 1,834,800 kilogrammes in the first half of fiscal 2005/2006.

#### Other Crops

Pineapple production decreased to 610,400 kilogrammes, or 21 percent, during the first half of fiscal 2006/2007, when compared with the 768,000 kilogrammes produced during the first half of fiscal 2005/2006. It is expected that this trend will be reversed shortly however, due to a 48 percent increase in the estimated acreage under pineapple production.

#### Tree Crops

##### Citrus

There was a 23 percent reduction in the overall deliveries to the Cooperative Citrus Growers Association (CCGA) during January to May 2007, with 19,203 crates being delivered, down from 24,983 crates in the comparable 2006 period. Orange deliveries declined by 15 percent from 15,566.7 crates to 13,383.9 crates. Grapefruit production declined more drastically, by 40 percent from 5,819.8 crates to 9,421.60 crates. The decline in production was attributed to climatic conditions and disease.

Given the allocation of former Caroni (1975) Ltd. estates, an improvement in next year's crop is expected, but rehabilitation in some areas will still be required.

##### Copra

Recent recovery in Copra output was interrupted during October 2006 to March 2007, as production declined by 13

percent to 542,445 kilogrammes, from 625,808 kilogrammes in the previous period.

### Livestock

#### Pork

During the first quarter of fiscal 2006/2007, an estimated 1,041 tonnes of pork was produced. This was an increase of 1.2 percent from the first quarter of fiscal 2005/2006. It is expected that this growth trend will continue however due to an increase in the number of entrants into the industry, and the introduction during the last fiscal year of the Artificial Insemination Programme by the Pork Producers Association of Trinidad and Tobago (PPATT).

#### Poultry

During the current period, the poultry industry continued to be affected by the threat of the avian influenza and other diseases. Although these factors negatively affected local production as consumers reduced their poultry consumption thereby forcing producers to restrict output, the production of broiler meat fell only slightly during the October 2006 to May 2007 period, to 40.8 million kilogrammes, or 0.65 percent below the 41.1 million kilogrammes produced in the corresponding 2005/2006 period.

#### Dairy and Beef

Declines of approximately 20 percent were registered in both dairy and beef production during October 2006 to March 2007. A total of 3,423,587 litres of milk were produced, down from 4,266,415 litres produced in October 2005 to March 2006. Beef production also fell from 272,244 kilogrammes to 218,826 kilogrammes.

#### Fisheries

It is estimated that 4.6 million kilogrammes of fish were landed during the first six months of fiscal 2006/2007. This however excludes landings from the semi-industrial multi-gear, longline, recreational and foreign fleets that may have operated in Trinidad and Tobago's waters during the current period. It is estimated that these vessels harvest approximately 1.8 million kilogrammes of fish annually.

### Export Agriculture

#### Sugar

The Sugar Manufacturing Company Limited (SMCL) produced 25,341 metric tonnes of raw sugar during February to June 2007. This represented a decline of 27.4 percent from the level of 34,910 metric tonnes produced during the similar period of 2006. Although the supply of cane was significantly lower than the 430,000 metric tonnes forecasted in January 2007, the overall performance of the factory during the 2007 milling period was considered satisfactory, with a total of 362,880 metric tonnes of canes being grounded to produce a tonne cane/tonne sugar ratio of 14.19 to 1.

Export sales of raw sugar through preferential arrangements with the European Union during the period February to June 2007 declined by 27.1 percent to 25,341 metric tonnes, compared to the corresponding period of 2006. There were no shipments of raw sugar to the United States during the period.

During 2006, sales of refined sugar totaled 47,482 metric tonnes. Total refined sugar sold during the period June 2006 to June 2007, amounted to 49,375 metric tonnes, a 6 percent decrease from the previous similar period. The SMCL continued to import raw sugar as feedstock for its sugar refinery during the current period.

Sales of sugar by the SMCL on the local market decreased by 24.0 percent to 26,933 metric tonnes during the October 2006 to June 2007 period, when compared to the corresponding period for the previous year. These sales consisted of 26,753 metric tonnes of refined sugar and 180 metric tonnes of "Washed Grey Sugar".

The acreage of sugar cane harvested by private farmers declined by 29 percent, to 21,400 acres in 2007, compared to 30,000 acres in 2006.

## The Real Economy

### Energy and Extractive Industries

#### Drilling

During October 2006 to May 2007, the total depth drilled increased to 129.0 thousand metres from 110.5 thousand metres for the corresponding period of the previous fiscal year. This reflected an increase in onshore development and exploratory drilling which more than compensated for the decline in marine exploratory drilling.

#### Crude Oil Refining and Production

Over the nine-months to May 2007, Crude Oil Refining and Production declined compared to outturns during the nine-months to May 2006. Refinery throughput fell to 38.2 million barrels of crude from 39.4 million barrels while domestic production of crude oil and condensates fell to 30.6 million barrels from 36.5 million barrels. The share of domestic crude production from marine fields also declined to 81.7 percent of total production, from 84.2 percent in 2006.

#### Natural Gas

Natural gas production increased during the period under review by 5.8 percent to 26,996 million cubic metres, from 25,515 million cubic metres in the corresponding period of 2005/2006.

This increase in natural gas production stemmed from the increased demand for natural gas by Atlantic LNG Train IV which moved closer to operating at full capacity during fiscal 2007, and by the Nucor DRI plant which commenced operations during the last quarter of 2006.

#### Petrochemicals

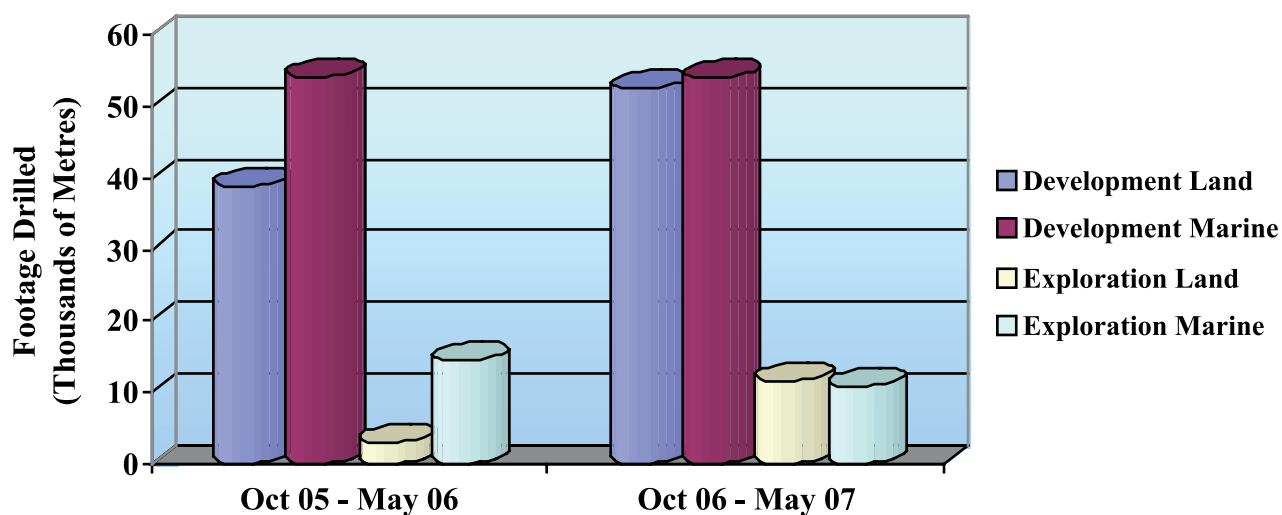
The major petrochemical industries sustained declines during October 2006 to May 2007, compared to the similar 2005/2006 period.

#### Nitrogenous Fertilisers (Ammonia and Urea)

During the above-mentioned 2006/2007 period, urea production fell by 16.6 percent to 416.6 thousand tonnes. Export sales of urea also declined by 17.2 percent to 405.9 thousand tonnes.

Ammonia production contracted by 5.5 percent to 3,233.4 thousand tonnes. As a result, export sales of ammonia also fell in the current period, by 9.6 percent to 2,923.9 thousand tonnes, thereby reversing the expansionary export trend witnessed in the previous two years.

Figure 1: Development and Exploratory Drilling



Source: Ministry of Energy and Energy Industries



### Methanol

Methanol production declined by 1.5 percent from 4,053.8 thousand tonnes in 2005/2006 to 3,991.8 thousand tonnes in the 2006/2007 period. This contributed to a 10.0 percent fall in methanol exports from 4,164.0 thousand tonnes in 2005/2006 to 3,747.0 thousand tonnes in the current period.

### Iron and Steel

Production of iron and steel products contracted by 16.6 percent in 2006/2007 when compared with production in 2005/2006. Production of Direct Reduced Iron (DRI) fell by 17.2 percent due to various mechanical problems at the Mittal Steel Point Lisas Limited plant. Mechanical and other difficulties also led to a 21.9 percent decline in the production of Billets. The contraction was less severe in wire rod production however, which fell by 6.2 percent compared to 2005/2006.

Shipments of all products were also hampered by production restrictions and inefficiencies at the port during October to June 2007 leading to declines in export sales from levels achieved in 2005/2006. Declines were registered for sales of DRI (19.0 percent to 798.1 thousand metric tonnes), Billets (44.2 percent to 51.5 thousand metric tonnes) and Wire Rods (17.4 percent to 311.7 thousand metric tonnes). Local sales of

billets also declined by 23.9 percent, to 44.1 thousand metric tonnes. However, Local sales of wire rods increased by 28.9 percent to 36.7 thousand metric tonnes.

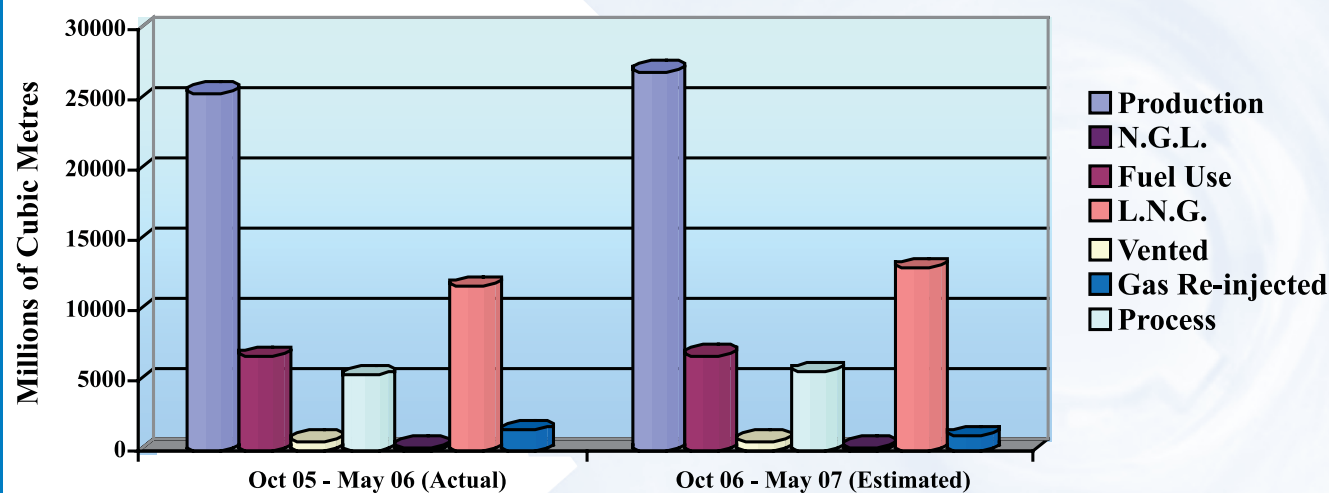
### Manufacturing

The Manufacturing sector is expected to grow in real terms by 8.0 percent during 2007, down from 9.4 percent in 2006. The contribution of the sector to GDP is however expected to remain relatively stable, increasing slightly from 7.1 percent to 7.2 percent.

The Food, Beverage and Tobacco industry, which constitutes almost half of the sector, is expected to expand at the accelerated rate of 13.4 percent, from 8.4 percent in 2006. Primarily responsible for this favourable outturn are improved performance in Meat, Poultry and Fish (19 percent), Tobacco (32 percent) Alcoholic Beverages (25 percent), and Non-Alcoholic Beverages (15 percent).

Chemicals and Non-Metallic Minerals, the second largest industry, is expected to register lower growth of 6.4 percent during 2007, from 12.3 percent in 2006. This reflects the sector operating at full or close to full capacity in its supply of inputs, such as bricks, concrete blocks, and Readymix concrete, to the construction industry.

Figure 2: Natural Gas Production and Utilisation



Source: Ministry of Energy and Energy Industries

## The Real Economy

A contraction of 5.1 percent is forecasted for the third largest industry, Assembly Type and Related Industries, which is a marked reduction from its 10.1 percent expansion in 2006. This is due to an expected decline in the production of DRI, wire rods and billets by Mittal Steel.

Expansions are expected in the remaining industries, with improved performances in Miscellaneous Manufacturing (11.9 percent), and Wood and Related Products (4.5 percent), and weaker growth in Printing and Publishing etc. (7.7 percent) and Textile, Garments and Footwear (0.6 percent). The marginal growth in the Garments and Footwear industry reflects the impact on local garment manufacturers of the importation of low cost Chinese garments.

It is expected that regional demand for manufactured goods from Trinidad and Tobago will be maintained in the short term given the encouraging economic performances of most CARICOM economies, which should be reinforced by the continued expansion of the global economy.

### Construction

During 2007, the value of construction and quarrying activity within Trinidad and Tobago is expected to increase in real terms by 5.2 percent to \$6,658.3 million, an acceleration on the 4.3 percent increase registered during 2006. The improved

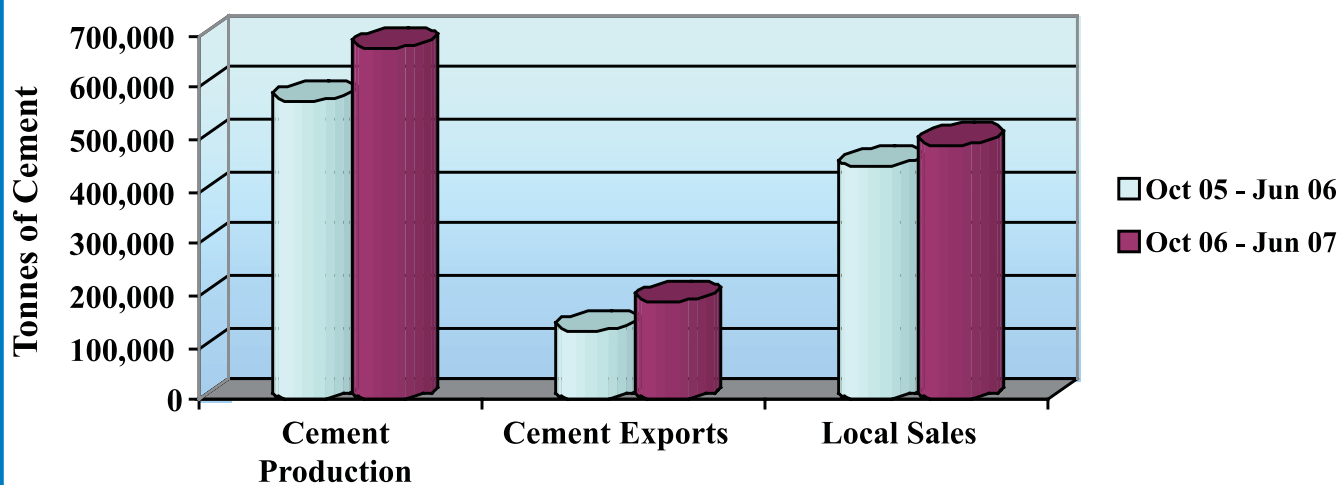
performance reflects Government's continued investment in the upgrade of the country's public infrastructure, through the commencement of a number of new projects including the highway interchange, alongside ongoing works such as its intensive housing construction drive.

The surge in construction activity over the past five years has exposed the sector's physical and human resource limitations. In the circumstances, the country's construction thrust has become increasingly dependent on the importation on foreign skills, labour and capital equipment. Government recently responded to the shortage in labour by redoubling its efforts to transfer more persons from its unemployment relief programme to the construction sector, through the expansion of the component of the Multi-Sector Skills Training Programme (MuST) which is targeted directly at meeting the labour requirement needs of the construction sector.

### Cement

During October 2006 to June 2007, cement production increased to 676.2 thousand tonnes, or by 17.8 percent over the similar 2005/2006 period. Local sales of cement increased less sharply, to 491.3 thousand tonnes, an increase of 10.0 percent over the 446.7 thousand tonnes produced in Fiscal 2005/2006.

Figure 3: Cement Production



Source: Trinidad Cement Limited

The 2006/2007 production outturn allowed export sales of cement to increase sharply to 189.2 thousand tonnes, from 133.8 thousand tonnes in 2005/2006, representing an increase of 41.4 percent.

### Tourism

#### Visitor Arrivals

During 2006, total visitor arrivals to Trinidad and Tobago by air and cruise ships increased by 2.4 percent to 543,293 persons, from 530,477 persons in 2005.

In the October to December 2006 period, total air and cruise arrivals however fell by 4.3 percent to 134,517 persons from 140,531 persons in the corresponding quarter of 2005. Of these, 110,431 persons visited Trinidad, an increase of 4.1 percent, while 24,086 persons visited Tobago, a decrease of 30.1 percent. The fall in total arrivals was due to declines in both air and cruise ship arrivals to Tobago.

#### Airline Arrivals

Preliminary estimates indicate that following three years of consecutive growth, total air arrivals to Trinidad and Tobago during calendar 2006 declined by 1.2 percent to 457,434 persons, compared to calendar 2005.

During October to December 2006, air arrivals to Trinidad and Tobago fell by a marginal 0.2 percent to 111,555 persons, from 111,744 persons, in October to December 2005. A total of 91,484 passengers visited Trinidad, representing a slight increase of 0.6 percent, while 20,071 passengers visited Tobago, a decrease of 3.6 percent.

North America continues to be the largest source of airline passengers to Trinidad and Tobago accounting for 45.9 percent of all air arrivals, the majority originating from the United States. CARICOM and Europe were the other main sources, accounting for 23.6 percent and 20.2 percent respectively of

all arrivals during the period. In Tobago, air visitor arrivals continue to be dominated by Europeans (66.8 percent) and North Americans (25.6 percent).

#### Cruise Ship Arrivals

A total of 92 cruise ships visited Trinidad and Tobago during the first half of fiscal 2006/2007, which was 3 more than in the similar period of fiscal 2005/2006. Of these, Trinidad received 55 cruise ships, an addition of 21 vessels, while Tobago received 37 cruise ships, 18 fewer than in the previous period. The decline in the number of cruise ships visiting Tobago has been attributed in most part to the restrictions to ship size imposed by dredging activities at the Tobago Harbour.

Notwithstanding the increase in overall berths in Trinidad and Tobago, the number of cruise ship passenger arrivals during the six months to March 2007 declined by 8.1 percent when compared with arrivals in the six months to March 2006. This was due mainly to a 76.7 percent decline in the number of passenger arrivals to Tobago which fell from 48,040 persons to 11,185 persons. This decline overshadowed the almost doubling in passenger arrivals to Trinidad from 33,078 persons in 2005/2006 to 63,349 persons in 2006/2007.

#### Yachting Arrivals

The number of yachts which harboured in Trinidad and Tobago during the first half of fiscal 2006/2007 fell by 36.6 percent to 569 vessels, from 897 vessels in the first half of fiscal 2005/2006. This decline was more noticeable in Tobago where the number of yachts anchoring on the island fell by 69.4 percent to 96 vessels. In Trinidad, the decline was less severe with 473 vessels anchoring during the period, representing a decline of 18.9 percent. Yachting arrivals to both islands were negatively affected by the US and British Travel Advisory warnings which served to discourage visits by “yachtees” to this country.

# The Financial Sector

- Central Bank Operations
- Non Bank Financial Institutions
- Financial Sector Reform
- Financial Sector Performance
- Money Supply and Liquidity
- Open Market Operations
- Capital Market Activity

## Monetary Conditions

### Central Bank Operations

#### Monetary Framework

Monetary operations for the period October 2006 to June 2007 centered on controlling the high levels of liquidity and strong inflationary pressures within the domestic economy. Inflationary pressures have been driven by higher import prices, strong domestic demand, and slowing but still robust expansion in domestic credit from commercial banks. Net fiscal injections increased by 65.1 percent from \$5,628.0 million to \$9,290.0 million in the current period.

The Central Bank which has targeted a reduction of the inflation rate to at least 7 percent by the end of December 2007 responded by consistently raising its Repo Rate and expanding open market operations to include sales of long-term securities which consisted of three major Government bond issues totaling 2.4 billion Trinidad and Tobago dollars. The proceeds of these issues have been sterilized. The Central

Bank also introduced a secondary reserve requirement of \$500.0 million for Commercial Banks with the Central Bank for the duration of one year in an interest bearing account. The statutory limit on the issue of open market securities was increased from \$8.0 billion to \$15.0 billion in order to facilitate the more intensive use of open market operations by the Central Bank. This measure has given the Central Bank more leverage in the conduct of its monetary policies.

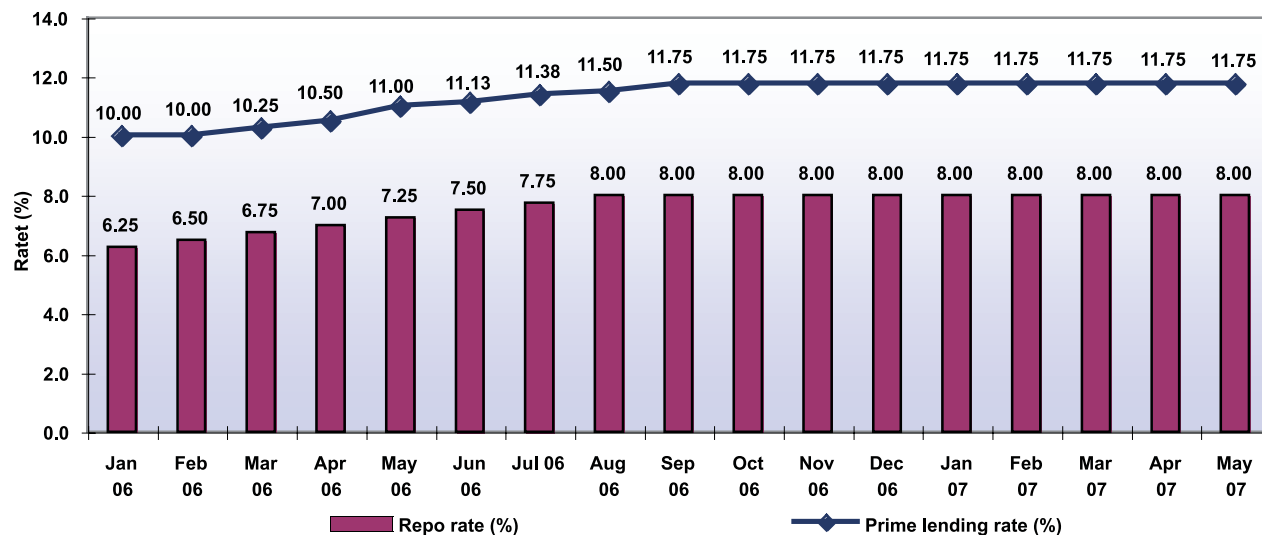
#### Foreign Exchange Market

The average selling rate for the United States dollar for the six month period October 2006 to March 2007 increased marginally to \$6.3288 from an average of \$6.3122 in the same period a year earlier. Moreover, at the end of the period October 2006 to February 2007, cumulative sales of foreign exchange by the Central Bank increased by 48.5 percent from US\$1,411.3 million to US\$ 2,095.1 million over the same period in 2005/2006. This reflects the Central Bank's resort to using the foreign exchange market as a further mechanism for liquidity absorption.

#### Interest Rates

During the period, January 2006 to May 2007, the Central Bank's Repo rate was increased from a rate of 6.25 percent in January of 2006 to 8.0 percent in September of 2006. The Repo rate has remained at 8.0 percent from September 2006 to present. The prime rate which stood at 10 percent in January 2006 increased steadily over the period to 11.75 percent in May 2007.

Figure 4: Repo Rate and Prime Interest Rates



Source: The Central Bank of Trinidad and Tobago

### Money Supply

There was a decline in the rate of growth of monetary aggregates during the period January 2006-March 2007 which can be attributed to aggressive monetary policy on the part of the Central Bank. The expansion in narrow money abated significantly from 37.1 percent for the twelve month period ending 2006 to 5.7 percent for the period ending January 2007. The growth in broad money, M-2 slowed to 15.2 percent on a year-on-year basis to January 2007 from 31.9 percent a year ago.

### Liquidity

In the period under review, October 2006-April 2007, the Central Bank maintained an aggressive liquidity absorption policy to dampen domestic demand and contain inflationary pressures. These actions translated to a slowing in the rate of credit expansion extended by the Banking System. The rate of decline in total credit extended by the Banking System fell from 21.5 percent for the twelve month period ending January 2006 to 19.0 percent over the subsequent twelve months.

### Open Market Operations

#### Treasury Bills

For the period under review, October 2006 to June 2007, the amount outstanding on Treasury Bills at the start of the period was \$4,765 million. The amount outstanding increased to approximately \$6,931 million by the end of the period. For the nine-month period redemption of Treasury Bills totaled \$8,249 million and the total face value of Treasury

Bills amounted to \$10,415 million. The discount rate for Bills issued averaged 7.08 percent for the review period.

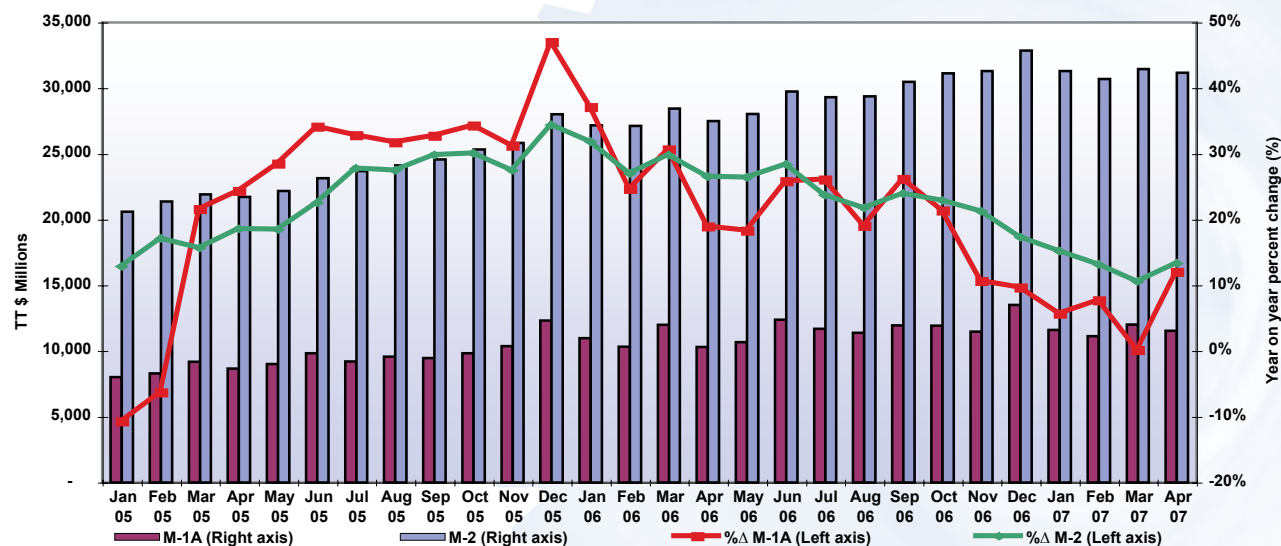
#### Treasury Notes

At the beginning of the review period, the amount outstanding on Treasury Notes was \$2,817 million, which declined by 31.1 percent to \$1,941 million by the end of June 2007. For the comparable period, maturities of Treasury Notes amounted to \$2,012 million and the face value amounted to \$1,136 million. The discount rate for Notes issued averaged 7.34 percent over the review period.

### Non Bank Financial Institutions

During the eight-month period October 2006 to May 2007, cumulative Gross Investment in Trust and Mortgage Companies decreased by 29.0 percent to \$25,550.3 million when compared with Gross Investment for the comparable period of 2005/2006. Over the period October 2006 to March 2007, Finance companies' installment loan rates increased to an average of 10.28 percent from an average of 9.21 percent in the comparable period of 2005/2006. Total loans outstanding for Trust and Mortgage Companies stood at \$2,569.9 million as at May 2007, a decline of 5.5 percent from its May 2006 value of \$2,719.1million. However, the total assets of Finance Companies and Merchant Banks increased by 18.8 percent from \$15,299.0 million at the end of May 2006 to \$18,176.2 million at the end of May 2007.

Figure 5: Money Supply and Changes in Monetary Aggregates



Source: The Central Bank of Trinidad and Tobago

# Financial Sector Performance

## Capital Market Activity

### Trinidad and Tobago Stock Exchange (TTSE)

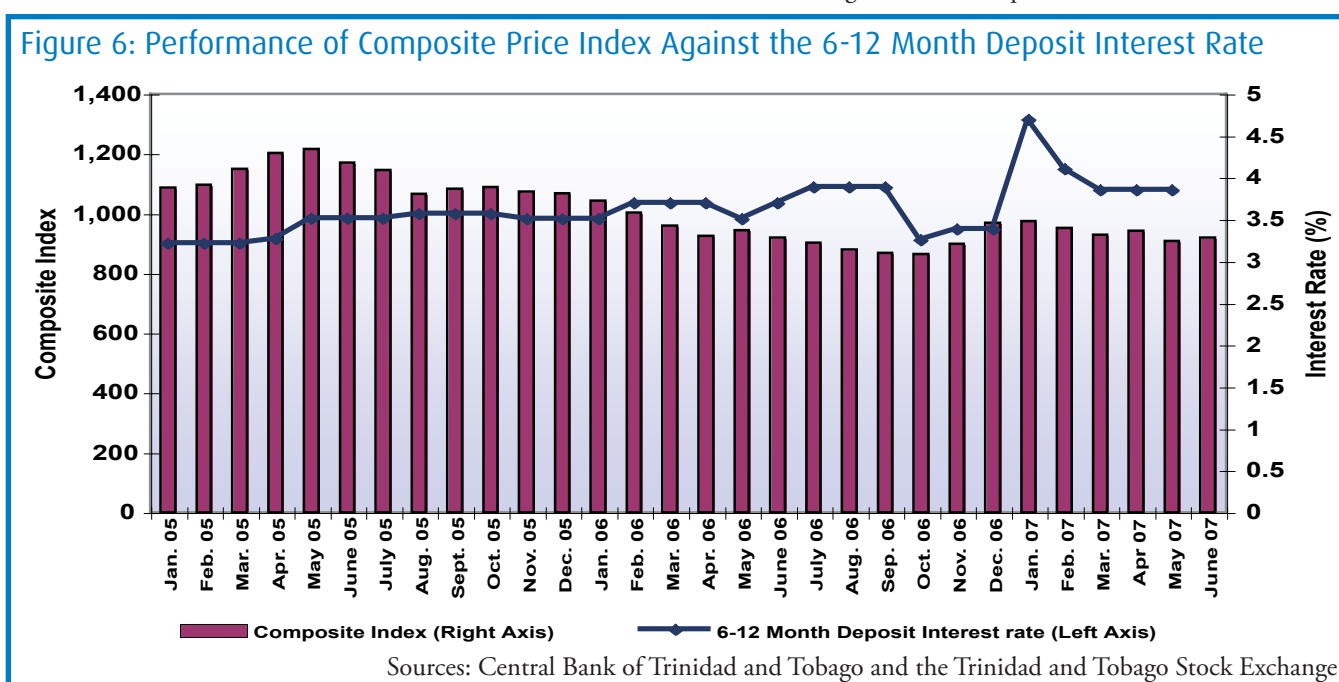
#### Equities

Over the October 2006 to June 2007 period, the domestic equities market continued its poor performance, due mainly to the lingering impact of the rebalancing of the portfolios of pension funds in 2005. The high level of liquidity within the financial system has also not helped its performance. The Central Bank in its attempt to absorb this liquidity has issued a number of debt instruments as well as conducted substantial open market operations, driving interest rates upwards in the process.

During the first three quarters of the fiscal year 2006/2007, the total volume of shares traded in the secondary market increased to \$167.5 million from \$115.6 million as compared to the corresponding period for 2005/2006 – this represented an increase of 45.0 percent. Over the same period, the market value of the shares traded declined by 9.0 percent, from \$2.03 billion to \$1.84 billion. At the end of June 2007 a total of 4.75 million shares were traded on the First Tier with a corresponding market value of \$59.8 million which compares unfavourably (a 37 percent decline), to a total of 7.52 million

shares traded with a corresponding market value of \$174.1 million for June of 2006. Trading activity reached its lowest for the review period in April 2007 as only 4.46 million shares were traded with a corresponding market value of \$59.9 million.

The contractionary monetary policy by the Central Bank as it attempts to absorb the high level of liquidity in the financial system, has resulted in an increase in domestic interest rates. Although the rate of increase of interest rates has leveled off, these higher interest rates have resulted in debt instruments being more attractive to investors. This has resulted in a decline in stock market returns, as measured by the composite price index over the review period. The Composite Stock Price Index as at June 2007 stood at 918.79, down by 1.55 points when compared to its June 2006 figure of 920.3. Concomitantly, market capitalization also fell from \$93.4 billion as at June 2006 to \$91.8 billion at the end of June 2007, a decrease of 1.71 percent. There was some decline in the 6 to 12 month deposit interest rate in February of 2007, but this rate has leveled off since then. It is yet too early to predict whether there would be any further decline in interest rates as there is still considerable liquidity within the financial system. If however, interest rates fall further, there might exist a better trading environment in the not too distant future for equities, all other things considered equal.



### Domestic Bond Market

During the first two quarters of the 2006/2007 fiscal year, activity on the Primary Bond Market increased compared to the corresponding period of the previous fiscal year. At the end of March 2007, a total of 12 bonds were issued, two more than the corresponding period ending March 2006.

The number of US bonds issued for the six month period ending March 2007 increased to five from three issued during October to March 2006, and subsequently, the face value of the US bonds increased to US\$173 million from US\$105 million. The number of Trinidad and Tobago dollar bonds issued fell however. As at March 2007, five bonds were issued with a face value of TT\$2,800.55 million, as against the previous corresponding period when seven bonds were issued with a value of TT\$1,049.23 million. Although the number of bonds issued fell, the total face value increased because of some significant bond issues, including issues by the Government of Trinidad and Tobago in November and February (TT\$700 million and TT\$674.3 million respectively) and the Transcorp Development Company Limited (TT\$665 million). For the fiscal year 2005/2006, there were no Barbados bonds issued, but in fiscal 2006/2007, two bonds were issued with a face value of \$43 million BDS.

For the period October 2006 to March 2007, there were two auction placements and ten private placements. In November 2006, the Government made one auction investment of a fixed rate TT dollar bond with a face value of \$700 million and a tenor of 8 years. In February 2007, CLICO Investment Bank made one private placement of a fixed rate US dollar

bond with a face value of TT\$417 million and a maturity of 5 years.

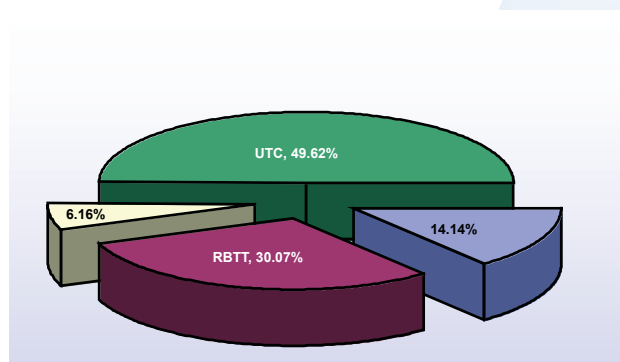
### Mutual Fund Industry

During the period October 2006 to June 2007, the mutual fund industry demonstrated marginal growth in funds under management over the previous nine-months to June 2006. The combined fund size of the four mutual fund service providers under review amounted to \$32.8 billion at the end of June 2007, an increase of 3.5 percent over its June 2006 figure of \$31.6 billion. Increased investment in the money market segment of the industry was primarily responsible for growth in the industry.

During the nine-months ending June 2007, trading on the domestic stock market was bearish in nature. This resulted in lukewarm performances by Growth and Income mutual funds over the review period. The majority of these funds recorded dramatic decreases over the period particularly those with heavy exposure in the domestic equities market. The average fund size of Republic Bank Limited's (RBL) Caribbean Equity Fund and RBTT's Roytrin Trinidad and Tobago Dollar (TTD) Growth and Income Fund fell by 26 percent and 22 percent respectively. Notwithstanding, First Citizen Asset Management's (FCB) Immortelle Fund, a recently launched fund, performed creditably growing by 12 percent to a fund size of \$18.9 million at the end of June 2007.

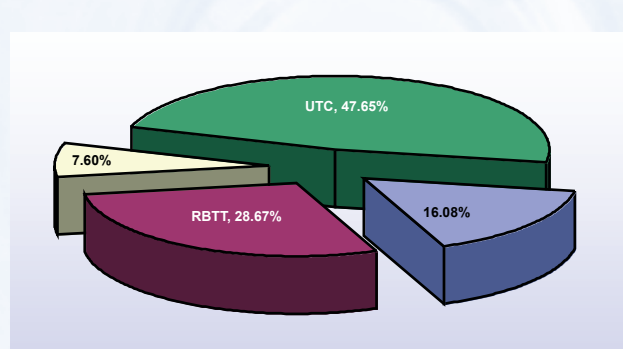
In the money market segment of the industry there were creditable performances by all four mutual fund service

Figure 7: Market Share as at June 30th 2006



Source: RBL, RBTT, FCB and UTC

Figure 8: Market Share as at June 30th 2007



Source: RBL, RBTT, FCB and UTC

## Financial Sector Performance

providers under review. This segment of the industry was characterised by higher sales and fewer repurchases when compared to the equity segment of the industry. The best performing money market fund, in terms of growth, for the second consecutive review period was RBL's Money Market Fund which grew by 24 percent over the review period to stand at a monthly average of TTD 4.7 billion. FCB's TTD Abercrombie Fund grew by an average of 19 percent to TTD 2.1 billion at the end of June 2007.

In terms of overall fund size, the four mutual fund service providers under review experienced variable growth, with RBL and FCB showing major growth of 17.7 percent and 27.7 percent to stand at \$5.3 billion and \$2.5 billion respectively at the end of June 2007. The Unit Trust Corporation (UTC), notwithstanding a marginal slippage in its market position continues to have the largest family of funds under management with a total fund size of \$15.6 billion which represented a 0.6 percent decline over its June 2006 fund size of \$15.7 billion. RBTT's Roytrin family of funds also sustained a 1.3 percent decrease in fund size, to stand at \$9.4 billion at the end of June 2007.

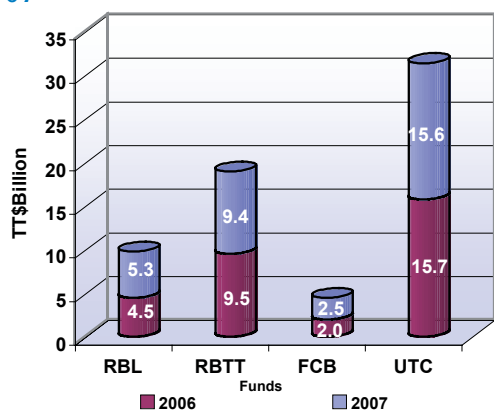
An analysis of the mutual fund market in terms of fund type under management, clearly shows that TTD money market funds is the largest contributor to funds under management amongst the four mutual fund service providers under review. At the end of June 2007 funds under management in the

TTD money market segment of the industry stood at \$18.9 billion, this compares to its value of 17.9 billion in June of the previous year. The second largest fund type under management was the United States Dollar (USD) money market funds, which stood at a TTD equivalent of 7.8 billion at the end of June 2007 compared to its June 2006 value of 7.4 billion. The growth and income funds have performed poorly in terms of funds under management mainly as a result of corresponding poor performances on the domestic stock exchange.

The Unit Trust Corporation again dominated the market; however its market share fell to 47.7 percent while RBTT maintained its 28.0 percent market share. RBL's market share grew by 1.9 percent to reach 16.1 percent while FCB's market share increased by 1.4 percent to 7.6 percent.

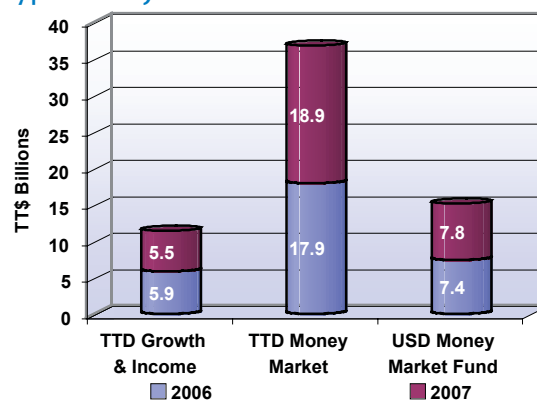
The latest addition to the mutual fund arena is the UTC's Energy Fund. This fund allows the investors to tap into the booming energy industry, with the UTC diversifying its portfolio across a range of energy and energy related corporations. The fund will seek to provide investors with long term capital growth, by investing the capital and income of the fund primarily in equity and fixed income securities issued by energy and energy related companies. This new energy fund will also be competing with other energy funds including FCB's first energy fund, which as at June 2007, had a fund size of TTD 97.6 million.

Figure 9: Fund Sizes as at June 30th 2006 and 2007



Source: RBL, RBTT, FCB and UTC

Figure 10: Funds Under Management by Type as at June 30th 2006 and 2007



Source: RBL, RBTT, FCB and UTC



### Venture Capital Incentive Programme

#### Investments by Venture Capital Companies (VCCs)

During the period under review there was an additional investment into the venture capital incentive programme. FNCU Venture Capital Company Ltd invested \$210,000 into Caribbean Island Agro Products Ltd which was given Qualifying Investment Company Status in January 2007.

Total investments as at May 31, 2007 remained unchanged with a total of twelve beneficiaries receiving \$12.7 million in equity capital. Of this figure venture capital companies under the programme accounted for ten investments with a value of \$5.3 million and Dynamic Equity Limited accounted for investments in three companies totaling \$7.4 million.

Prudent Venture Capital Fund Ltd. wound up its operations in May 2006 after a negative resolution was passed at their annual shareholders meeting.

**Table 1: Share Capital Raised (TT\$)**

Venture Capital Company	Equity as at 30/6/06	Equity as at 31/5/06
Add Venture Capital Fund Limited	\$9,609,062	\$9,791,062
FNCU Venture Capital Company Limited	\$4,455,000	\$4,455,000
<b>Total Capital raised during 3 Quarters</b>	<b>\$14,064,062</b>	<b>\$14,246,062</b>

Source: Venture Capital Incentive Programme

#### Market Forces Affecting the VCIP

The relative lack of dynamism in the venture capital industry is the result of a number of factors some of which are: the limited Fund management skills within the industry; inadequate support for entrepreneurs in addressing the weaknesses in their businesses and/or business proposal; a lack of the requisite human resources in the VCIP; and the continued high liquidity in the financial system which has resulted in an increase in the attractiveness of debt financing.

<sup>1</sup>Protection, Effective function structure, Asset quality, Rate of return and cost, Liquidity, Signs of growth.

### Credit Unions

During the review period October 2006 to June 2007, the Co-operative Credit Union League continued to provide professional services to its members, while embracing the principles of co-operativism and sound business practice. The League has also provided training and consultancy support to its members and other organizations. Major educational activities of the movement during the period were installation of the PEARLS<sup>1</sup> software as well as the training involved in the use of the software.

In June 2006, the Credit Union League participated fully with the Ministry of Finance and the Central Bank in discussions on the Policy Paper Proposal for reform in the credit union industry. Subsequent to the discussions in August 2006, the League prepared a comprehensive position paper, which was responded to by the Central Bank.

**Table 2: Estimated Financial Information for the Credit Union Sector**

Credit Union Financial Data	As at December 31,2005	As at December 31,2006
Total Reserves	\$598,791,418	\$728,839,800
Total Assets	\$4,515,288,072	\$5,220,060,893
Total Loans Outstanding	\$2,414,037,171	\$3,122,955,828
Total Deposits (including shares)	\$4,279,260,261	\$4,098,947,936

Source: Co-operative Credit Union League of Trinidad and Tobago

### Trinidad and Tobago Securities and Exchange Commission (TTSEC)

For the period July 1, 2006 to May 31, 2007 the Securities and Exchange Commission registered nineteen new market actors as compared to twenty-two for the corresponding period in the previous year.

## Financial Sector Performance

**Table 3: Market Registrants**

Market Actors	July '05 –	July '06 –
	June '06	June '07
Brokers	5	5
Investment Advisers	4	4
Reporting Issuer	5	5
Securities Company	4	1
Traders	4	4
<b>Total</b>	<b>22</b>	<b>19</b>

Source: Trinidad and Tobago Securities and Exchange Commission

**Table 4: Securities Registered with TTSEC**

Classes of Securities	July '05 –		July '06 –	
	No.	Value (TT \$)	No.	Value (TT \$)
Equity Issues	46	302 million	34	1.27 billion
Debt Securities	33	7.54 billion	8	3.48 billion
Derivative (Debt)	10	2.825 billion	3	603 million
<b>Total</b>	<b>89</b>	<b>10.667 billion</b>	<b>455.353 billion</b>	

Source: Trinidad and Tobago Securities and Exchange Commission

The value of equity securities registered increased by 321.0 percent over the periods July 2005 to June 2006 and July 2006 to June 2007. The increase may have been due to a transaction related to a proposed merger of two companies during the later period July 2006 to June 2007. The value of bonds registered decreased by almost 54.0 percent between the two periods and the value of debt derivatives fell by 79.0 percent. Certificates of participation and certificates of interest constituted the

debt derivatives issued over both periods. As at June 2007, a total of 208 mutual funds were registered with the SEC. Of this figure 58 are locally domiciled and 157 foreign domiciled. There were 129 funds registered but not traded and 79 mutual funds registered and traded. The 79 funds that were registered and traded comprised 46 local funds and 33 foreign funds, while the 129 funds registered but not traded comprised 124 foreign funds and 5 local funds.

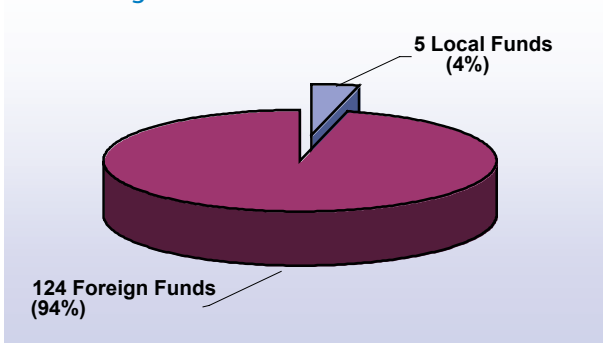
## Financial Sector Reform

The Government of Trinidad and Tobago in collaboration with the Central Bank is also currently pursuing a wide ranging programme of reform for the financial sector. The reform elements include: Corporate Governance Guidelines; new Regulatory arrangements for the Credit Union sector; Trinidad and Tobago Inter-bank payments system; and the Financial Institutions Act 1993.

### Corporate Governance Guideline

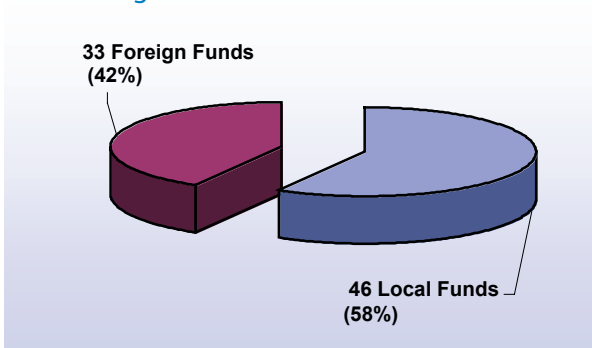
This development, in May 2006, pertained to the establishment of a framework by which the board of directors and senior management of financial institutions are held accountable for the processes of the organization they oversee. Additional guidelines which were taken into account and circulated for comments were: guidelines designed to strengthen the administration of pension funds and the management valuation of certain assets of licensed financial institutions, and to govern the financial activities of credit unions.

**Figure 11: Number and Percent of Mutual Funds Registered and Not Traded**



Source: Trinidad and Tobago Securities and Exchange Commission

**Figure 12: Number and Percent of Mutual Funds Registered and Traded**



Source: Trinidad and Tobago Securities and Exchange Commission

### New Regulatory Arrangements for the Credit Union Sector

During 2006, a policy proposal document for credit unions was developed and extensive consultations were held with the stakeholders. The Central Bank has since revised the document which is to inform the preparation of the Credit Union Bill; and is in the process of fine-tuning the reporting requirements and monitoring systems for the credit unions.

### Trinidad and Tobago Interbank Payments System

In January 2006 the Trinidad and Tobago Interbank Payments System Limited (TTISP) initiated an automated clearing house system. This new payment system is a safe and secure means of making and receiving small value (under \$500,000) electronic payments. This system is to be used by corporations, utility companies and the general public to process their various transactions.

### Financial Institutions Act

In 2006 the financial Institutions Act (FIA) 1993 was amended and the Central Bank in conjunction with commercial banks

launched an Automated Clearing House (ACH). In order to address some critical gaps in the existing FIA, amendments to the Act were fast-tracked and incorporated into the Financial Institutions (Amendment) Act 2006. These amendments related to the following: expansion of the criteria for becoming a controlling shareholder in a licensed financial institution; mergers and acquisitions of licensed financial institutions are subject to the approval by the Minister of Finance after consultation with the Governor of the Central Bank; the sharing of information with financial regulators both locally and in other jurisdictions; and the requirements for fit and proper criteria to be taken into account in granting a permit to a controlling shareholder.

### Intervention as Supervisor and Regulator of Insurance Companies

The Central Bank arbitrated in the operations of two insurance companies in 2006, as they were deemed unable to pay their debts under Section 77 of the Insurance Act. Both companies were subsequently placed under judicial management.

# Central Government Operations

- Public Sector Activities
- Revenue
- Expenditure
- Financing
- Public Debt and Debt Service
- Trinidad and Tobago Ratings Upgrade

## Public Sector Activities

Central Government's fiscal performance in 2006/2007 was achieved within the context of robust international oil and liquefied natural gas prices, strong receipts from some petrochemical exports, and continued reform of the tax systems including increased compliance. Consequently, surpluses are anticipated on both the Current and Overall Accounts. Based on a budgeted oil price of US\$45 per barrel, the original budgeted outturn of Revenue and Grants; and Expenditure and Net Lending, was originally targeted at \$35,082.6 million and \$35,054.1 million, respectively, which would have resulted in an Overall Surplus of \$28.5 million.

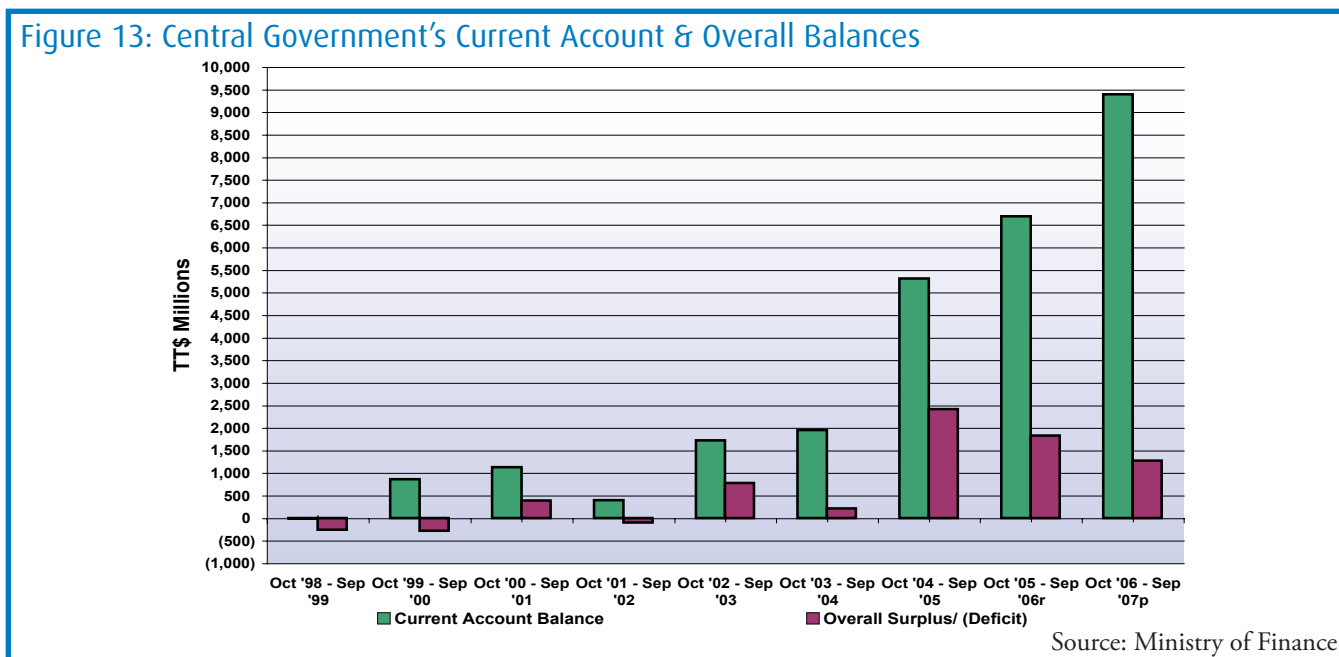
At the mid-year review however, higher than anticipated international oil prices, in some instances averaging above US\$60 per barrel, a gas price of US\$3.50 per mmcf, and a more efficient tax system led to Government's revenue take and expenditure increasing by \$5,417.3 million and \$4,177.1 million, respectively, over the budgeted amounts.

Central Government's fiscal operations are therefore projected to result in substantial surpluses on both the Current Account and the Overall Balance. The Current Account is expected to amount to \$9,389.4 million or 7.1 percent of Gross Domestic Product (GDP). This represents an increase of 40.4 percent over the previous figure obtained in 2005/2006. The Overall Balance is anticipated to reach \$1,268.7 million or 1 percent of GDP.

Deposits to the Heritage and Stabilization Fund (see Box 2), is estimated at \$2,030.2 million or 1.5 percent of GDP during 2006/2007. The balance at the end of the previous fiscal year stood at \$8,644.6 million and by the end of July 2007 the balance stood at \$9,560.6 million. As such, the balance of the HSF, inclusive of interest is expected to increase to \$11,590.8 million at the end of September 2007.

## Revenue

Central Government's Total Revenue inclusive of Grants, is anticipated to increase to \$40,499.9 million in fiscal 2006/2007, or by \$1,589 million over revenue receipts in fiscal 2005/2006. This is largely attributable to a 4.3 percent increase in Tax Revenue from \$35,084 million to \$36,578.2 million, which comprises 90 percent of Total Revenue. Non-Tax Revenue has also increased by 1.3 percent to \$3,871.7 million.



However, tax revenue from Income and Profits, which contributes 76 percent of Tax Revenue, will vary in 2006/2007. Withholding Taxes increased substantially by 51 percent to \$1,224.6 million largely as a result of an extraordinary payment received from one oil company representing branch payments. Receipts from Non-oil Companies increased by 14.7 percent or \$584 million to \$4,549.6 million, while Business Levy receipts also increased by 8.2 percent to \$162.8 million, reflecting the buoyancy and higher growth rates in the economy.

Tax receipts from Individuals also increased by 13.1 percent or \$414.2 million to \$3,567.5 million reflecting an increase in Pay As You Earn (P.A.Y.E.) collected from arrears paid to daily paid public employees; severance payments made to former British West Indian Airlines (BWIA) employees; and bonuses paid in the first quarter within the petroleum sector.

In 2006/2007 receipts from Oil Companies were \$911.4 million less than that for the corresponding period of 2005/2006. Similarly, tax receipts from Unemployment Levy and the Green Fund Levy decreased by 10.3 percent and 8.1 percent to \$1,176.8 million and \$246 million, respectively. Arrears of payments received from oil companies in 2006 and higher international oil and gas prices obtained in fiscal 2005/2006 were the primary contributors to the higher receipts in oil related revenue items in fiscal 2005/2006 when compared to that of 2006/2007. Receipts from Health Surcharge also decreased by 2.4 percent to \$164.4 million, mainly as a result of a delay in processing payments.

Taxes on Goods and Services, which is the second largest component of Tax Revenue is expected to increase by \$864.1 million to \$6,136.3 million, of which \$800.9 million was due to increased receipts from Value Added Tax (VAT). This reflects the on-going expansion within the oil service, transportation, and communications sectors. Motor Vehicle Taxes also increased by \$39.8 million to \$288.6 million consistent with the increase in new car sales. Similarly, Excise Duties increased by \$29.2 million to \$604.6 million due to a 15 percent increase in excise duty on locally manufactured rum, beer and other alcoholic products.

Taxes on International Trade, the third largest component of Tax Revenue is anticipated to increase by 15.6 percent to \$2,184.1 million, largely due to an increase of \$294 million in Import Duties associated with increased imports of specialized parts and equipment for the construction and energy sectors and a surge in imports of foreign used vehicles.

Similarly, Taxes on Property, made up substantially of Land and Building Taxes, increased by \$16.9 million to \$99.4 million as a result of increased receipts on lease payments emanating from certain oil companies. Notwithstanding the dynamism in the real estate sector over the past year, Other Taxes, made up exclusively of Stamp Duties recorded a decline of \$32.4 million.

Non-Tax Revenue is expected to increase by \$48.8 million to \$3,871.7 million, largely as a result of higher dividends from Financial Enterprises and Non-Financial Enterprises. Dividends from Financial Enterprises are expected to increase by 92.4 percent to \$346.4 million while those for Non-Financial Enterprises are estimated to increase by 2.1 percent to \$875.1 million. The former resulted from the payment of dividends by the Trinidad and Tobago Mortgage Finance Company (TTMF), while the latter resulted from increased dividend payments from other companies.

In contrast, Royalties are anticipated to decrease by \$62 million to \$1,618.3 million when compared to 2005/2006. This is due to lower prices received for oil and liquefied natural gas in this current fiscal year. Receipts from Interest Income have also decreased by \$190.9 million to \$85.8 million primarily as a result of reduced deposits on floating balances held on the Government Treasury Adjustment Account and lower overall payments. Administrative Fees and Charges have declined by \$20.9 million to \$376.5 million, consequent upon payment of outstanding arrears.

In other areas of Revenue, Capital Receipts are projected to increase by \$26.2 million to \$28.8 million in fiscal 2006/2007, primarily as a result of sales of some Government assets. Grants receipts recorded an increase of \$20 million to \$21.2 million, indicating that projects are not being implemented

## Central Government Operations

as anticipated and therefore drawdowns not being effected as planned.

### Expenditure

Total Expenditure and Net Lending for fiscal 2006/2007 are forecast to increase by 5.8 percent or \$2,146.4 million to \$39,231.2 million. Of this amount, Recurrent Expenditure will account for 79 percent or \$31,060.5 million, while Capital Expenditure and Net Lending is estimated at \$8,170.7 million or 20.8 percent of Total Expenditure.

Recurrent Expenditure is expected to decrease by \$1,159 million, largely as a result of lower expenditure by State Enterprises and Statutory Boards. In contrast, increases are projected for all the other major categories of expenditure. Expenditure on Goods and Services is projected to record the largest increase of 19.8 percent or \$760.6 million to \$4,603.7 million, largely as a result of increases in Consulting and Contracting Services, Minor Equipment Purchases, Security Services, and Rental Accommodation. Wages and Salaries, another significant component of Recurrent Expenditure, also exhibited an upward movement of \$986.4 million to \$6,442 million reflecting Government's settlement of arrears of salaries, and other allowances to public servants.

Subsidies and Transfers, the largest component of Recurrent Expenditure, is anticipated to decrease by \$3,035.1 million to \$17,432.4 million. Reduced transfer payments for debt-servicing and deficit financing for a number of State Enterprises and Statutory Boards accounted for a major part of the decline. Also contributing to this decline was a reduction of \$222 million in subsidy payments for gasoline to meet outstanding payments on retail petroleum products, from \$1,322.2 million to \$1,100 million.

Interest Payments are projected to rise by \$129.1 million to \$2,582.4 million, reflecting increases in both External and Domestic outstanding loan balances. External Interest Payments increased by \$107.3 million to \$708.1 million while Domestic Interest Payments increased by \$21.8 million to \$1,874.3 million.

Capital Expenditure and Net Lending is expected to increase by 67.9 percent or \$3,305.4 million to \$8,170.7 million.

This item includes payments made under the Government Assistance for Tuition Expenses Fund (GATE), in addition to the expenditure on the Public Sector Investment Programme (PSIP), Infrastructure Development Fund (IDF), and Net Lending. The expenditure on the PSIP increased significantly by 112.9 percent to \$3,926.1 million reflecting an overall increase in the rate of implementation of projects and programmes, as well as the impact of new projects coming on stream, while expenditure on the Infrastructure Development Fund increased by 27.1 percent to \$3,843.7 million. Expenditure on GATE increased by \$175 million to \$425 million,

### Financing

Overall, Financing Requirements improved from a negative \$1,826.1 million in 2005/2006 to a negative \$1,268.7 million in 2006/2007. This comprises Net External Financing of \$24.1 million coupled with a negative \$1,292.8 million from the Net Domestic Financing.

External Net Financing of the Central Government is projected to increase significantly from a negative \$410.8 million in fiscal 2005/2006, to \$24.1 million in the current fiscal year. This is predicated on External Borrowings of \$1,323.3 million, comprising largely of a US\$150 million Eurobond issue, which Government refinanced on the international market, as well as project related loans amounting to US\$378.3 million. External Capital Repayments are projected to more than double from \$606 million to \$1,299.2 million, primarily as a result of incremental amortisation payments associated with external loans.

The Net Domestic Financing position is projected to improve over the previous fiscal year from a negative \$1,415.3 million to a negative \$1,292.8 million. This reflects a significant improvement in Government's cash balances at the Central Bank from \$285.3 to \$338.3 million, as well as a projected decline in Capital Repayments from \$1,075.9 million to \$998.1 million, representing annual amortisation payments on existing loans.

### Public Debt and Debt Service

Gross Public Debt is expected to decrease from 30.5 percent of GDP in fiscal year 2005/2006 to 28.3 percent of GDP in fiscal year 2006/2007. Central Government Debt is expected

to decrease marginally from 16.2 percent of GDP in fiscal year 2005/2006 to 16.1 percent of GDP in fiscal year 2006/2007. Contingent Liabilities are expected to decrease from 14.3 percent of GDP in fiscal year 2005/2006 to 12.2 percent of GDP in fiscal year 2006/2007. External Debt is expected to decrease from 6.6 percent of GDP in fiscal year 2005/2006 to 5.7 percent of GDP in fiscal year 2006/2007.

The increase in the Central Government Domestic Debt of \$2,371.85 million to \$13,089.54 million is directly attributable to Government's issuance of its long – term securities for liquidity management. In contrast, External Debt is anticipated to decrease by \$486.36 million to \$7,467.36 million, as principal repayments exceeded new borrowings.

For the fiscal period 2006/2007, an overall decrease of \$1,202.03 million is expected in Government Contingent Liabilities. The repayment of principal amounting to \$878.55 million (US\$136 million) and \$251.91 million (US\$40 million) on loans issued to Urban Development Company Limited (UDECOTT) million) is largely responsible for the overall decline in Government Contingent Liabilities.

Central Government Debt Service is expected to increase by \$1,056.41 million to \$3,970.02 million in fiscal period 2006/2007. Domestic Debt Service is estimated to increase by \$302.52 million to \$2,011.7 million, while External Domestic Debt is projected to increase by \$753.9 million. Debt servicing associated with the \$2.4 billion of securities issued for liquidity management has contributed significantly to increase in Domestic Debt service. The increase in the External Debt service was largely as a result of the maturing of a Eurobond of \$945 million (US\$150 million). Domestic Debt Service continues to represent a declining portion of the Total Debt Service in 2006/2007 falling from 58 percent in Fiscal 2005/2006 to 51 percent.

### Trinidad and Tobago Credit Ratings

In February 2007, the Caribbean Information and Credit Rating Services Limited (CariCRIS) conducted an extensive review of the Trinidad and Tobago economy with the intention

of assigning a sovereign credit rating of Trinidad and Tobago's National Debt Issue totalling US\$ 500 million. These ratings will serve to significantly improve an investor's ability to compare sovereign and corporate credits in the Caribbean Region<sup>2</sup> while borrowers will have the benefit of enhanced creditability and expanded access to funding sources.

Regional Foreign and Local currency received a rating of CariAAA ("Cari Triple A") and a National Scale rating of ttAAA ("National Triple A").

This assessment by CariCRIS is a reflection of the country's resilient and diversified economic structure characterized by a vibrant financial services sector; a manufacturing sector with a strong presence throughout the Caribbean; and an expanded energy export basket.

#### Box 1: CariCRIS - Trinidad and Tobago Credit Ratings

Regional Scale Foreign Currency	CariAAA
Regional Scale Local Currency	CariAAA
Trinidad and Tobago National Scale	ttAAA

Source: Caribbean Information & Credit Rating Services Limited (CariCRIS)

1/ The CariCRIS rating is an objective assessment of an entity's credit worthiness relative to other debt issuing entities. The CariCRIS regional scale rating compares an entity's creditworthiness to all debt-issuing entities in defined Caribbean region. The national scale rating compares all debt-issuing entities in the financial markets in a single nation.

According to the analysts, buoyancy in the energy sector has led to substantial improvement of virtually all external debt indicators which places Trinidad and Tobago in a very favourable position regionally and globally.

Overall, Trinidad and Tobago's robust macroeconomic performance has exhibited a very strong track record of GDP growth for over a decade which is evidenced by this country's superior external liquidity, increased fiscal flexibility and rising foreign exchange reserves.

<sup>2</sup>The term Caribbean covers the following countries Bahamas, Barbados, Belize, Costa Rica, Dominican Republic, Guyana, Haiti, Jamaica, Panama, Surinam, Trinidad and Tobago and the following countries in the OECS: Anguilla, Antigua & Barbuda, Dominica, Grenada, Monsterrat, St. Kitts & Nevis, Saint Lucia and St. Vincent & the Grenadines.

## Central Government Operations

### Box 2: The Heritage and Stabilization Fund

The Heritage and Stabilization Fund (HSF) was established with the passing of the HSF Act No. 6 in March 2007. This Fund was previously known as the Interim Revenue Stabilization Fund (IRSF) which has been in existence since 2000. All proceeds from the IRSF have been transferred into the HSF, and the Fund will be denominated in the currency of the United States of America. The HSF Act incorporates several of the “best practices” as identified in literature pertaining to such commodity funds and also outlines details on the establishment and management of the Fund including operational guidelines, resources of the Fund, and governance arrangements.

#### **Objectives of the Fund**

The purpose of the Fund is to save and invest surplus petroleum revenues derived from production business in order to:-

- Cushion the impact on or sustain public expenditure capacity during periods of revenue downturn whether caused by a fall in prices of crude oil or natural gas;
- Generate an alternate stream of income so as to support public expenditure capacity as a result of revenue downturn caused by the depletion of non-renewable petroleum resources; and
- Provide a heritage for future generations, of citizens of Trinidad and Tobago, from savings and investment income derived from the excess petroleum revenues.

#### **Deposits to the Fund**

Where petroleum revenues collected in each quarter of any financial year:-

- Exceed the estimated petroleum revenues for that quarter of the financial year by more than ten percent (10%), the currency of the United States of America equivalent of the excess revenue shall be withdrawn from the Consolidated Fund and deposited to the HSF; or
- Exceed the estimated petroleum revenues for that quarter of a financial year but do not exceed such estimated revenues by at least ten percent (10%), the Minister may direct that the currency of the United States of America equivalent of all or part of the excess revenue shall be withdrawn from the Consolidated Fund and deposited to the HSF.

#### **Withdrawals from the Fund**

Where the petroleum revenues collected in any financial year fall below the estimated petroleum revenues for that financial year by at least ten percent (10%), withdrawals may be made from the Fund as follows, whichever is the lesser amount:-

- Either sixty percent (60%) of the amount of the shortfall of petroleum revenues for that year; or
- Twenty-five percent (25%) of the balance standing to the credit of the Fund at the beginning of that year.

#### **Corporate Governance**

The President shall appoint for a term of three (3) years, a five member Board with proven competence in the fields of finance, investment, economics, business management or law, including an officer of the Central Bank and the Ministry of Finance. The Board shall determine the governance structure and the operational and investment guidelines of the Fund. The Central Bank will have responsibility for the management of the Fund. Transparency and accountability is also provided for in the legislation through the submission of quarterly reports to the Board on the holdings, performance and risk of the Fund, as well as the submission of an Annual Report of the Fund together with the audited, financial statements and investment report on the performance of the Fund.



# Trade and Payments

- Balance of Payments
- Balance of Visible Trade
- CARICOM Trade

## Balance of Payments

Trinidad and Tobago maintained its favourable trade position with the rest of the world during 2006, as evidenced by the significant surplus of US \$1,645 million on the external balance. The current account showed strong growth as a result of the sterling performance of the merchandise account. This growth was however stymied by the large deficit in the capital account and contributed to a weakening of the overall surplus by 13.1 percent when compared to the previous year. The overall surplus in the balance of payments stood at \$US1,645 million in 2006 compared with US \$1,893 million in 2005.

## Current Account

For the year 2006, the current account surplus grew by 29.5 percent when compared to the corresponding 2005 period. The strong performance of the current account was due mainly to the expansion of the merchandise trade by 33.2 percent.

The positive net exports of US \$5,257 million more than offset a 23.2 percent contraction in the income account.

## Capital Account

The capital account recorded a deficit for the third consecutive year, contracting by 76.9 percent from US \$1,701.0 million in 2005 to US \$3,009 million in 2006. The performance was due primarily to the increase in private sector outflows from commercial banks and other corporate entities. Outflows mainly included investments in regional bond issues and an increase in “other private” capital flows as the private sector continues to hold assets abroad in order to diversify its portfolio and spread its risk.

## Foreign Reserves

Trinidad and Tobago's gross international reserves<sup>3</sup> continue to grow. At the end of 2006 reserves expanded by 21.4 percent from US\$6,115.8 million in 2005 to US\$ 7,427.8. The increased international reserves represented an equivalent of 11.4 months of imports of goods and non-factor services.

**Table 5: Summary Balance of Payments (US\$ Million)**

	2002r	2003r	2004r	2005r	2006e
Current Account	76.4	984.7	1,647.1	3,594.0	4,654.0
Merchandise	237.7	1,293.2	1,508.7	3,948.0	5,257.0
Services	264.0	313.8	479.5	356.0	286.0
Income	(479.8)	(680.9)	(397.3)	(760.0)	(936.0)
Transfers	54.5	58.6	56.2	50.0	47.0
Capital Account	(27.5)	627.0	(912.1)	(1,701.0)	(3,009.0)
Official	(61.0)	(63.5)	(202.7)	(69.9)	(146.0)
State Enterprise	(10.2)	(10.2)	(10.7)	(10.7)	(10.7)
Private Sector (including net errors & omissions)	33.5	(576.8)	(698.7)	(1,620.4)	(2,852.5)
Overall Surplus/Deficit	48.9	334.2	735.0	1,893.0	1,645.0
Change in Reserves	(48.9)	(334.2)	(735.0)	(1,893.0)	(1,645.0)
Memo items:					
*Gross International Reserves	2,594.0	3,266.8	4,209.2	6,115.8	7,427.8
Import Cover (months)	7.4	7.8	9.1	10.8	11.4

Source: Central Bank  
r: Revised e: Estimate

\*Net Heritage and Stabilization Fund

<sup>3</sup>Excluding the Heritage and Stabilization Fund

## Trade and Payments

### Balance of Visible Trade

During the period October 2006 to March 2007, Trinidad and Tobago recorded a visible trade surplus of TT\$16,301.8 (US\$2,587.6) million. Although this country enjoyed a favourable trade position, when compared to the corresponding October 2005 to March 2006 period, the data reflects a 31.1 percent decline in the visible trade balance.

### CARICOM Trade

Trinidad and Tobago recorded a favourable trade balance with CARICOM countries during the period October 2006 to

March 2007. Despite a trade surplus, trade with CARICOM countries declined by 12.0 percent during the 2006/2007 period when compared with the 2005/2006 period, as the balance of trade shifted from TT \$7,813.9 (US\$1,240.3) million during the earlier period to TT \$6,880.2 (US\$1,092.1) million during the latter period.

The decline resulted primarily from a reduction in exports of petroleum, which contracted by 19.1 percent, from TT \$6,665.1 (US\$1,058.0) million in the earlier period to TT \$5,392.2 (US\$855.9) million during the latter period.



Republic of Trinidad & Tobago

## Appendices

## Appendices

### Appendix 1 Gross Domestic Product of Trinidad and Tobago at Constant (2000) Prices /TT\$ Millions/

Sector	2003r	2004r	2005r	2006r	2007p
<b>Gross Domestic Product</b>	<b>66,100.2</b>	<b>71,232.4</b>	<b>75,597.7</b>	<b>84,794.6</b>	<b>89,444.8</b>
<b>Petroleum Industry</b>	<b>25,302.1</b>	<b>27,385.8</b>	<b>29,689.6</b>	<b>36,038.8</b>	<b>37,629.4</b>
Exploration and Production	14,363.7	15,550.5	17,245.9	20,068.7	20,084.8
Refining (Incl Atlantic LNG)	5,931.9	6,419.2	6,531.4	9,208.8	10,538.0
Petrochemicals	2,736.4	3,046.4	3,638.1	4,144.4	4,276.6
Service Contractors	773.3	809.3	645.9	819.1	856.4
Distribution	1,476.6	1,547.3	1,612.6	1,776.2	1,840.4
Asphalt Production	20.2	13.1	15.7	21.6	33.2
<b>Non-petroleum Industry</b>	<b>40,830.9</b>	<b>43,550.8</b>	<b>45,736.7</b>	<b>48,756.7</b>	<b>52,026.9</b>
<b>Agriculture</b>	<b>698.0</b>	<b>459.1</b>	<b>416.7</b>	<b>412.8</b>	<b>388.6</b>
Export Agriculture	12.7	12.9	10.1	5.9	4.4
Domestic Agriculture	402.0	357.4	378.6	339.4	340.3
Sugar:	283.3	88.8	28.0	67.5	43.9
Sugar refineries	(77.2)	(109.9)	(115.6)	(114.6)	(119.3)
Cane farming and cultivation	139.2	53.0	51.6	47.3	18.7
Distilleries	221.3	145.7	92.0	134.8	144.5
<b>Manufacturing<sup>1</sup></b>	<b>4,622.7</b>	<b>4,861.5</b>	<b>5,476.2</b>	<b>5,990.3</b>	<b>6,469.7</b>
Food Beverages and Tobacco	1,896.0	2,129.7	2,496.3	2,706.9	3,068.5
Textile, Garments & Footwear	84.8	107.3	110.5	129.7	130.5
Printing and Publishing	561.5	590.6	713.7	781.6	841.8
Wood & Related Products	134.8	136.3	148.1	144.3	150.8
Chem.& Non-metallic Products	890.3	941.5	997.2	1,119.7	1,191.9
Assembly Type Industries	867.4	801.9	819.8	903.0	856.7
Miscellaneous Manufacturing	187.9	154.2	190.6	205.1	229.5
<b>Services</b>	<b>35,510.2</b>	<b>38,230.2</b>	<b>39,843.8</b>	<b>42,353.6</b>	<b>45,168.6</b>
Electricity and Water	1,057.9	1,091.8	1,159.6	1,155.0	1,158.8
Construction and Quarrying	4,949.5	5,350.3	6,065.6	6,326.3	6,658.3
Distribution and Restaurants <sup>2</sup>	8,441.5	8,714.9	9,103.0	11,034.4	12,174.6
Hotels and Guest Houses	238.1	257.2	235.1	187.6	202.7
Transport, Storage & Comm.	5,491.3	5,447.5	5,757.4	5,893.2	5,927.8
Finance Insurance & Real Est.	8,814.0	10,726.0	10,769.2	10,897.5	12,040.2
Government	3,931.3	3,955.0	4,032.1	3,970.9	4,099.3
Education & Cultural Services	1,543.9	1,648.9	1,661.1	1,718.7	1,715.8
Personal Services	1,042.7	1,038.6	1,060.7	1,170.0	1,191.1
FISIM <sup>3</sup>	(2,186.8)	(2,551.6)	(2,403.7)	(2,927.3)	(2,967.8)
Add: VALUE ADDED TAX (VAT)	2,154.0	2,847.4	2,575.1	2,926.4	2,756.3

Source: Central Statistical Office

<sup>1</sup> Excludes oil refining and petrochemical industries.

<sup>2</sup> Excludes distribution of petroleum products.

<sup>3</sup> Financial Intermediation Services Indirectly Measured.

Note: VAT which was previously excluded from constant prices, is now included in constant prices series.

r: revised p: provisional

**Appendix 2**  
**Gross Domestic Product of Trinidad and Tobago at Constant (2000) Prices**  
**/Percentage Change/**

Sector	2003r	2004r	2005r	2006r	2007p
<b>Gross Domestic Product</b>	<b>14.4</b>	<b>7.8</b>	<b>6.1</b>	<b>12.2</b>	<b>5.5</b>
<b>Petroleum Industry</b>	<b>31.4</b>	<b>8.2</b>	<b>8.4</b>	<b>21.4</b>	<b>4.4</b>
Exploration and Production	30.5	8.3	10.9	16.4	0.1
Refining (Incl Atlantic LNG)	71.1	8.2	1.7	41.0	14.4
Petrochemicals	4.5	11.3	19.4	13.9	3.2
Service Contractors	9.9	4.7	(20.2)	26.8	4.6
Distribution	2.1	4.8	4.2	10.1	3.6
Asphalt Production	4.7	(35.1)	19.8	37.6	53.7
<b>Non-petroleum Industry</b>	<b>6.7</b>	<b>6.7</b>	<b>5.0</b>	<b>6.6</b>	<b>6.7</b>
<b>Agriculture</b>	<b>(15.3)</b>	<b>(34.2)</b>	<b>(9.2)</b>	<b>(0.9)</b>	<b>(5.9)</b>
Export Agriculture	(31.0)	1.6	(21.7)	(41.6)	(25.4)
Domestic Agriculture	(0.6)	(11.1)	5.9	(10.4)	0.3
Sugar:	(29.4)	(68.7)	(68.5)	141.1	(35.0)
Sugar refineries	(2.3)	(42.4)	(5.2)	0.9	(4.1)
Cane farming and cultivation	(37.2)	(61.9)	(2.6)	(8.3)	(60.5)
Distilleries	(13.2)	(34.2)	(36.9)	46.5	7.2
<b>Manufacturing <sup>1</sup></b>	<b>12.0</b>	<b>5.2</b>	<b>12.6</b>	<b>9.4</b>	<b>8.0</b>
Food Beverages and Tobacco	4.1	12.3	17.2	8.4	13.4
Textile, Garments & Footwear	(1.7)	26.5	3.0	17.4	0.6
Printing and Publishing	28.8	5.2	20.8	9.5	7.7
Wood & Related Products	17.3	1.1	8.7	(2.6)	4.5
Chemical & Non-metallic Products	36.0	5.8	5.9	12.3	6.4
Assembly Type Industries	7.6	(7.6)	2.2	10.1	(5.1)
Miscellaneous Manufacturing	(10.8)	(17.9)	23.6	7.6	11.9
<b>Services</b>	<b>6.6</b>	<b>7.7</b>	<b>4.2</b>	<b>6.3</b>	<b>6.6</b>
Electricity and Water	5.3	3.2	6.2	(0.4)	0.3
Construction and Quarrying	23.4	8.1	13.4	4.3	5.2
Distribution and Restaurants <sup>2</sup>	2.0	3.2	4.5	21.2	10.3
Hotels and Guest Houses	(3.3)	8.0	(8.6)	(20.2)	8.0
Transport, Storage & Comm.	5.4	(0.8)	5.7	2.4	0.6
Finance Insurance & Real Est.	7.3	21.7	0.4	1.2	10.5
Government	(1.0)	0.6	1.9	(1.5)	3.2
Education & Cultural Services	2.3	6.8	0.7	3.5	(0.2)
Personal Services	20.7	(0.4)	2.1	10.3	1.8
FISIM <sup>3</sup>	9.9	16.7	(5.8)	21.8	1.4
Add: VALUE ADDED TAX (VAT)	(3.5)	32.2	(9.6)	13.6	(5.8)

Source: Central Statistical Office

<sup>1</sup> Excludes oil refining and petrochemical industries.

<sup>2</sup> Excludes distribution of petroleum products.

<sup>3</sup> Financial Intermediation Services Indirectly Measured.

Note: VAT which was previously excluded from constant prices, is now included in constant prices series.

r : revised p : provisional

## Appendices

### Appendix 3 Gross Domestic Product of Trinidad and Tobago at Market Prices (Current Prices) /TT\$ Millions/

Sector	2003 <sup>r</sup>	2004 <sup>r</sup>	2005 <sup>r</sup>	2006 <sup>r</sup>	2007 <sup>p</sup>
<b>Gross Domestic Product</b>	<b>71,169.0</b>	<b>82,838.6</b>	<b>95,399.4</b>	<b>120,556.0</b>	<b>132,114.8</b>
<b>Petroleum Industry</b>	<b>25,610.7</b>	<b>32,344.7</b>	<b>40,682.4</b>	<b>56,470.6</b>	<b>56,828.9</b>
Exploration and Production	14,888.7	18,147.6	22,482.9	32,901.4	32,890.1
Refining (Incl Atlantic LNG)	4,608.4	5,750.8	7,293.9	8,650.0	8,258.7
Petrochemicals	3,243.9	5,165.3	6,526.9	8,761.7	9,139.4
Service Contractors	1,480.7	1,713.3	2,268.4	3,171.9	3,330.2
Distribution	1,360.8	1,553.9	2,070.9	2,928.6	3,118.8
Asphalt Production	28.2	13.8	39.4	57.0	91.7
<b>Non-petroleum Industry</b>	<b>45,687.0</b>	<b>50,341.5</b>	<b>54,678.6</b>	<b>64,287.1</b>	<b>75,711.4</b>
<b>Agriculture</b>	<b>674.6</b>	<b>637.0</b>	<b>471.0</b>	<b>449.3</b>	<b>472.6</b>
Export Agriculture	14.1	15.8	14.4	7.1	5.8
Domestic Agriculture	426.6	442.6	459.1	460.8	455.0
Sugar:	233.9	178.6	(2.5)	(18.6)	11.8
Sugar refineries	(100.0)	67.6	(50.2)	(97.1)	(82.2)
Cane farming and cultivation	128.7	48.4	37.5	34.8	22.6
Distilleries	205.2	62.6	10.2	43.7	71.4
<b>Manufacturing <sup>1</sup></b>	<b>4,945.5</b>	<b>5,436.2</b>	<b>5,936.4</b>	<b>6,427.8</b>	<b>7,317.1</b>
Food Beverages and Tobacco	1,812.1	1,898.6	2,141.8	2,402.3	2,886.3
Textile, Garments & Footwear	83.6	105.9	109.6	129.7	130.6
Printing and Publishing	537.7	565.3	685.3	751.4	803.1
Wood & Related Products	136.3	139.7	151.2	158.0	182.6
Chemical & Non-metallic Products	903.6	964.5	1,049.9	1,291.6	1,443.1
Assembly Type Industries	1,276.4	1,598.0	1,598.2	1,479.7	1,627.2
Miscellaneous Manufacturing	195.8	164.2	200.4	215.1	244.2
<b>Services</b>	<b>40,066.9</b>	<b>44,268.3</b>	<b>48,271.2</b>	<b>57,410.0</b>	<b>67,921.7</b>
Electricity and Water	896.3	946.8	889.9	981.5	898.0
Construction and Quarrying	5,197.0	5,938.8	7,278.7	8,224.2	10,653.2
Distribution and Restaurants <sup>2</sup>	9,901.9	10,623.5	11,970.5	15,878.5	19,101.9
Hotels and Guest Houses	265.1	290.6	297.1	323.4	362.3
Transport, Storage & Comm.	5,668.7	5,432.8	6,347.6	6,831.5	8,281.6
Finance, Insurance, Real Estate, etc	9,182.2	11,695.2	10,965.7	13,561.0	15,243.9
Government	5,560.0	5,963.8	6,675.3	7,458.4	8,818.5
Education and Cultural Services	2,287.7	2,254.6	2,655.8	2,750.4	3,097.2
Personal Services	1,108.0	1,122.2	1,190.6	1,401.1	1,465.1
FISIM <sup>3</sup>	(2,493.0)	(3,018.5)	(3,040.7)	(4,010.4)	(4,430.9)
Add: VALUE ADDED TAX (VAT)	2,364.3	3,170.9	3,079.1	3,808.7	4,005.4

Source: Central Statistical Office

<sup>1</sup> Excludes oil refining and petrochemical industries.

<sup>2</sup> Excludes distribution of petroleum products.

<sup>3</sup> Financial Intermediation Services Indirectly Measured.

r: revised p: provisional

**Appendix 4**  
**Gross Domestic Product of Trinidad and Tobago at Market Prices (Current Prices)**  
**/Percentage Change/**

Sector	2003 <sup>r</sup>	2004 <sup>r</sup>	2005 <sup>r</sup>	2006 <sup>r</sup>	2007 <sup>P</sup>
<b>Gross Domestic Product</b>	<b>26.4</b>	<b>16.4</b>	<b>15.2</b>	<b>26.4</b>	<b>9.6</b>
<b>Petroleum Industry</b>	<b>73.5</b>	<b>26.3</b>	<b>25.8</b>	<b>38.8</b>	<b>0.6</b>
Exploration and Production	87.3	21.9	23.9	46.3	(0.0)
Refining (Incl Atlantic LNG)	80.2	24.8	26.8	18.6	(4.5)
Petrochemicals	88.4	59.2	26.4	34.2	4.3
Service Contractors	36.2	15.7	32.4	39.8	5.0
Distribution	(4.5)	14.2	33.3	41.4	6.5
Asphalt Production	23.1	(51.1)	185.5	44.7	60.9
<b>Non-petroleum Industry</b>	<b>10.6</b>	<b>10.2</b>	<b>8.6</b>	<b>17.6</b>	<b>17.8</b>
<b>Agriculture</b>	<b>(14.3)</b>	<b>(5.6)</b>	<b>(26.1)</b>	<b>(4.6)</b>	<b>5.2</b>
Export Agriculture	(27.3)	12.1	(8.9)	(50.7)	(18.3)
Domestic Agriculture	(9.1)	3.8	3.7	0.4	(1.3)
Sugar:	(21.6)	(23.6)	(101.4)	644.0	(163.4)
Sugar refineries	(72.7)	167.6	(174.3)	93.4	(15.3)
Cane farming and cultivation	(29.9)	(62.4)	(22.5)	(7.2)	(35.1)
Distilleries	18.8	(69.5)	(83.7)	328.4	63.4
<b>Manufacturing <sup>1</sup></b>	<b>10.0</b>	<b>9.9</b>	<b>9.2</b>	<b>8.3</b>	<b>13.8</b>
Food Beverages and Tobacco	(9.5)	4.8	12.8	12.2	20.1
Textile, Garments & Footwear	(13.5)	26.7	3.5	18.3	0.7
Printing and Publishing	18.2	5.1	21.2	9.6	6.9
Wood & Related Products	17.2	2.5	8.2	4.5	15.6
Chemical & Non-metallic Products	18.6	6.7	8.9	23.0	11.7
Assembly Type Industries	49.6	25.2	0.0	(7.4)	10.0
Miscellaneous Manufacturing	(6.6)	(16.1)	22.0	7.3	13.5
<b>Services</b>	<b>11.2</b>	<b>10.5</b>	<b>9.0</b>	<b>18.9</b>	<b>18.3</b>
Electricity and Water	11.7	5.6	(6.0)	10.3	(8.5)
Construction and Quarrying	27.0	14.3	22.6	13.0	29.5
Distribution and Restaurants <sup>2</sup>	6.6	7.3	12.7	32.6	20.3
Hotels and Guest Houses	3.8	9.6	2.2	8.9	12.0
Transport, Storage & Comm.	0.2	(4.2)	16.8	7.6	21.2
Finance, Insurance, Real Estate, etc	3.3	27.4	(6.2)	23.7	12.4
Government	28.3	7.3	11.9	11.7	18.2
Education and Cultural Services	26.4	(1.4)	17.8	3.6	12.6
Personal Services	22.9	1.3	6.1	17.7	4.6
FISIM <sup>3</sup>	14.0	21.1	0.7	31.9	10.5
Add: VALUE ADDED TAX (VAT)	(1.5)	34.1	(2.9)	23.7	5.2

Source: Central Statistical Office

<sup>1</sup> Excludes oil refining and petrochemical industries

<sup>2</sup> Excludes distribution of petrochemical products

<sup>3</sup> Financial Intermediation Services Indirectly Measured.

r: revised p: provisional

## Appendices

### Appendix 5 Change in Prices, Productivity and Average Weekly Earnings /Percentage Change/

		2002	2003	2004	2005	2006	Jan - June 2006	Jan - June 2007
Weights								
<b>Index of Retail Prices</b>								
Jan. 2003 = 100	1,000	4.2	3.8	3.7	6.8	8.3	4.4	2.7
Housing	262	(0.1)	0.1	2.7	2.5	2.9	1.7	2.6
Food	180	10.2	13.8	12.8	23.0	23.2	11.5	4.8
Transport	167	1.6	0.6	4.4	2.9	1.7	0.4	1.2
<b>Index of Productivity</b>		11.9	12.1	4.1	9.3	7.8	5.8	n/a
All workers/all industries 1995=100								
<b>Index of Average Weekly Earnings</b>		11.6	13.2	14.5	1.5	8.2	1.5	n/a
All workers/all industries 1995=100								

Source: Central Statistical Office



### Appendix 6 Population, Labour Force and Employment (Mid-year)

	2001	2002**	2003**p	2004**p	2005**p	2006**p	2007**p
Total Population	1,266,797	1,275,705	1,282,447	1,290,646	1,294,494	1,297,944	1,303,188
% change	0.5	0.5	0.5	0.6	0.3	0.3	0.4
Total Male	635,299	639,766	642,037	647,259	649,189	650,919	653,549
% change	0.4	0.4	0.4	0.8	0.3	0.3	0.4
Total Female	631,498	635,939	640,410	643,387	645,305	647,025	649,639
% change	0.5	0.5	0.7	0.5	0.3	0.3	0.4
Dependency Ratio (%)	46.8	45.8	46.5	48.0	48.0	48.0	48.0
Non Institutional Pop.15 yrs and over	949,900	961,800	968,300	973,600	979,000	978,300	978,600*
Labour Force***	576,450	586,200	596,500	613,400	623,700	625,200	615,400*
Persons Employed	514,075	525,100	534,100	562,200	574,000	586,200	575,100*
Persons Unemployed	62,400	61,100	62,400	51,100	49,700	39,100	40,300*
Participation Rate (%)	60.7	61.0	61.6	63.0	63.7	63.9	62.9*
Unemployment Rate (%)	10.8	10.4	10.5	8.3	8.0	6.2	6.5*
Births per 1,000 persons	14.13	14.13	14.00	14.23	13.80	13.70	13.95
Deaths per 1,000 persons	7.58	7.58	7.65	7.88	7.74	7.69	7.60
Crude Natural Growth Rate per 1,000	6.55	6.55	6.35	6.35	6.06	6.01	6.35

Source : Central Statistical Office

\* Data refers to 1st quarter

\*\* Figures based on 2000 census

\*\*\* Figures based on CSSP estimates

p: Provisional

## Appendices

### Appendix 7 Mid-year Estimates of Population by Age

	2001	2002p	2003p	2004p	2005p	2006p	2007p
<b>Total Population</b>	1,266,797	1,275,705	1,282,447	1,290,646	1,294,494	1,297,944	1,303,188
<b>Non-Institutional Population All Ages</b>							
Under 15	318,508	320,748	320,612	327,104	328,080	328,954	330,283
15-19	124,177	125,050	125,951	141,579	142,001	142,380	142,955
20-24	115,359	116,170	117,007	114,489	114,830	115,136	115,601
25-29	106,535	107,284	108,057	98,769	99,064	99,328	99,729
30-34	100,741	101,449	102,179	94,258	94,539	94,791	95,174
35-39	101,502	102,215	102,952	104,871	105,184	105,464	105,890
40-44	92,802	93,454	94,127	92,396	92,671	92,918	93,293
45-49	78,933	79,488	80,060	76,498	76,726	76,931	77,242
50-54	61,164	61,594	62,038	63,832	64,022	64,193	64,452
55-59	47,770	48,106	48,453	47,540	47,681	47,808	48,002
60-64	34,237	34,478	34,726	37,940	38,053	38,155	38,309
Over 65	85,069	85,667	86,285	91,370	91,642	91,887	92,258

Source: Central Statistical Office  
Figures based on 2000 census

**Appendix 8**  
**Labour Force by Industry and Employment Status (CSSP Estimates)**  
**/Hundredrs ('00)/**

	2005			2006						2007								
	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar <sup>P</sup>	Lab Force	Unemp Rate %						
<b>Total Labour Force</b>	6,326	5,899	6.7	6,251	5,824	6.8	6,279	5,829	7.2	6,195	5,826	5.9	6,284	5,968	5.0	6,154	5,751	6.5
Agriculture, Forestry, Hunting & Fishing	264	253	4.2	243	233	3.7	257	256	0.4	219	215	1.8	247	246	0.4	215	201	6.5
Sugar	30	19	36.7	15	12	20.0	35	32	8.6	33	24	27.3	17	12	35.3	31	24	22.6
Petroleum	207	190	8.2	203	195	3.9	220	208	5.5	200	191	4.5	203	194	3.9	238	220	7.6
Construction	1,142	981	14.1	1,113	963	13.4	1,106	943	14.8	1,084	974	10.2	1,124	990	11.9	1,116	967	13.4
Wholesale/Retail Trade, Restaurants & Hotels	1,154	1,092	5.5	1,126	1,047	7.0	1,127	1,047	7.1	1,097	1,020	7.0	1,190	1,148	3.5	1,197	1,130	5.6
Transport, Storage & Comm. Finance, Insurance Real-Estate & Bus Services	454	439	3.3	451	437	3.1	452	433	4.2	445	431	3.1	414	408	1.2	412	401	2.7
Community Social & Personal Services	476	467	1.9	487	466	4.3	437	428	2.3	522	503	3.8	540	525	2.6	494	476	3.4
Electricity & Water	1,849	1,752	5.2	1,889	1,785	5.5	1,949	1,834	5.8	1,893	1,809	4.4	1,895	1,810	4.5	1,762	1,663	5.6
Other Manuf.	73	71	4.1	62	59	3.2	75	74	1.3	83	83	-	96	95	1.0	67	66	1.5
Other Mining & Quarrying	631	595	5.5	619	584	5.5	582	546	6.4	603	566	6.1	539	523	3.0	601	584	2.8
Not stated	11	11	-	10	10	-	11	8	18.2	4	4	-	7	7	-	14	14	-
	32	28	12.5	33	32	3.0	24	17	25.0	13	7	38.5	10	8	10.0	5	4	20.0

Source: Central Statistical Office  
P : provisional

## Appendices

### Appendix 9 Development and Exploratory Drilling and Domestic Crude Production

Development And Exploratory Drilling							
	Oct '01/ Sep '02	Oct '01/ Jun '02	Oct '02/ Jun '03	Oct '03/ Jun '04	Oct '04/ May '05	Oct '05/ May '06 <sup>r</sup>	Oct '06/ May '07 <sup>p</sup>
Depth Drilled*	175.7	135.8	118.8	115.6	75.9	110.5	129.0
Land	29.0	23.5	34.1	35.3	19.5	41.9	64.2
Marine	146.7	112.3	84.7	80.3	56.4	68.6	64.9

Domestic Crude Production							
	Oct '01/ Sep '02	Oct '01/ Jun '02	Oct '02/ Jun '03	Oct '03/ Jun '04	Oct '04/ May '05	Oct '05/ May '06 <sup>r</sup>	Oct '06/ May '07 <sup>p</sup>
Millions of Barrels	45.5	33.4	37.2	35.8	32.2	36.5	30.6
Millions of Cubic Metres	7.2	5.3	5.7	5.7	5.1	5.8	4.9
LAND (%)	19.7	19.9	18.1	19.2	18.4	15.8	18.3
MARINE (%)	80.3	80.1	81.9	80.8	81.6	84.2	81.7

Source: Ministry of Energy and Energy Industries

p: Provisional

r: Revised

\*ALL FIGURES IN THOUSANDS OF METRES

**Appendix 10**  
**Natural Gas Production and Utilisation**  
**/Millions of Cubic Metres/**

	Oct'01/ Sep'02	Oct'02/ Sep'03	Oct'02/ Jun'03	Oct'03/ Jun'04	Oct'04/ May'05	Oct'05/ May'06 <sup>r</sup>	Oct'06/ May'07 <sup>p</sup>
<b>Production</b>	17,483	25,549	18,349	21,714	21,819	25,515	26,966
<b>Utilisation</b>							
Fuel Use*	6,837	7,317	6,037	6,414	6,051	6,599	6,750
Processed	4,728	5,299	3,849	3,977	4,747	5,247	5,510
Vented	1,017	872	641	488	511	547	645
Gas Re-Injected	-	-	-	-	147	1,345	958
Natural Gas Liquids (NGL)	214	272	204	165	150	140	201
Liquified Natural Gas (LNG)	4,687	11,789	7,618	10,670	10,213	11,637	12,932

Source: Ministry of Energy and Energy Industries

\*Includes oil companies and refinery use, non-oil companies and Atlantic fuel

p: Provisional

r: Revised

## Appendices

### Appendix 11 Petrochemicals Production and Exports /Tonnes '000/

	Oct'00/ Sep'01	Oct'01/ Sep'02	Oct'02/ May'03	Oct'03/ June'04	Oct'04/ May'05	Oct'05/ May'06 <sup>r</sup>	Oct'06/ May'07 <sup>p</sup>
<b>Nitrogenous Fertilisers (Ammonia and Urea)</b>							
Production	4,004.5	4,391.0	3,453.9	3,855.6	3,866.1	3,919.5	3,650.0
Exports	3,879.0	3,885.5	3,216.5	3,533.9	3,621.3	3,723.2	3,329.8
<b>Methanol</b>							
Production	2,642.2	2,817.3	1,908.0	2,116.0	2,898.8	4,053.8	3,991.8
Exports	2,459.8	2,745.5	1,909.1	2,044.5	2,903.9	4,164.0	3,747.0

Source: Ministry of Energy and Energy Industries, Central Bank of Trinidad and Tobago

p: Provisional

r: Revised

### Appendix 12 Steel Production /Tonnes '000/

	Oct '01/ Jun '02	Oct '02/ Jun '03	Oct '03/ Jun '04	Oct '04/ Jun '05	Oct '05/ Jun '06	Oct '06/ Jun '07
<b>Direct Reduced Iron</b>						
Production	1,689.9	1,731.9	1,647.7	1,548.0	1,657.5	1,372.5
Exports	1,104.8	956.6	959.5	918.4	985.4	798.1
Local Sales	-	-	-	-	-	-
<b>Billets</b>						
Production	487.2	671.7	616.7	571.2	572.0	446.6
Exports	-	57.1	70.5	162.3	92.4	51.5
Local Sales	42.7	71.0	60.8	47.3	58.0	44.1
<b>Wire Rods</b>						
Production	484.5	501.0	492.4	338.7	386.9	362.9
Exports	444.7	514.2	446.7	301.1	377.4	311.7
Local Sales	23.1	23.4	33.0	26.4	28.5	36.7

Source: Mittal Steel Point Lisas Ltd.

## Appendices

### Appendix 13 Exchange Rate for Selected Currencies

Period Ending	US Dollar		Canadian Dollar		U.K. Pound Sterling		EURO	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
2001	6.1679	6.2314	3.9397	4.0916	8.7703	9.1134	5.4866	5.6490
2002	6.2429	6.2997	3.9082	4.0830	9.6789	10.0998	5.7352	5.9767
2003	6.2433	6.2996	4.6473	4.8590	10.7018	11.1433	7.5254	7.8450
2004	6.2542	6.2998	5.0425	5.2327	11.7458	12.2742	8.1599	8.5253
2005								
January	6.2415	6.2998	5.0319	5.2237	11.4575	11.9732	8.0134	8.3686
February	6.2459	6.2999	4.9541	5.1631	11.5888	12.0580	7.9775	8.2891
March	6.2527	6.3000	5.0697	5.2558	11.6776	12.1820	8.0603	8.1205
April	6.2305	6.2999	4.9748	5.1603	11.6315	12.0826	7.8548	8.2479
May	6.2213	6.2999	4.9141	5.0827	11.4034	11.8734	7.7651	8.0887
June	6.2269	6.2998	4.9496	5.1400	11.1840	11.6067	7.4867	7.7433
July	6.2332	6.2999	5.0275	5.2413	10.6924	11.2249	7.3470	7.6814
August	6.2194	6.2998	5.1113	5.3122	10.9682	11.5050	7.5328	7.8338
September	6.2258	6.2999	5.2400	5.4213	11.1094	11.5531	7.5120	7.8131
October	6.2209	6.2989	5.2477	5.4410	10.8139	11.2667	7.3469	7.6730
November	6.2341	6.2940	5.2064	5.4581	10.6632	11.1052	7.2163	6.9490
December	6.2342	6.3029	5.2987	5.5115	10.7141	11.1901	7.2594	7.5677
2006								
January	6.2339	6.3044	5.3184	5.5350	10.8233	11.2978	7.5354	7.8732
February	6.2365	6.3102	5.3654	5.6054	10.7501	11.2210	7.3764	7.6727
March	6.2584	6.3277	5.3380	5.5754	10.7288	11.2326	7.3967	7.7139
April	6.2751	6.3306	5.4138	5.6413	10.8785	11.3585	7.5526	7.8835
May	6.2543	6.3191	5.5638	5.8004	11.4645	11.9775	7.8635	8.1969
June	6.2645	6.3201	5.5622	5.7931	11.3488	11.8490	7.7399	8.1270
July	6.2548	6.3111	5.4785	5.6930	11.3175	11.8532	7.7791	8.2162
August	6.2130	6.2891	5.4728	5.7352	11.5941	12.1143	7.8099	8.1952
September	6.2364	6.2957	5.5281	5.7589	11.5486	12.0845	7.8039	8.1115
October	6.2401	6.3093	5.4775	5.7119	11.5207	12.0372	7.7220	8.0652
November	6.2620	6.3153	5.4323	5.6700	11.7562	12.2911	7.9290	8.1914
December	6.2672	6.3148	5.3519	5.5843	12.0637	12.6141	8.1139	8.4226
2007								
January	6.2689	6.3254	5.2576	5.4808	12.0495	12.5980	8.0045	8.3551
February	6.2535	6.3192	5.2736	5.4906	12.0199	12.5858	8.0209	8.3556
March	6.2823	6.3288	5.3002	5.5210	11.9970	12.5501	8.1320	8.4826
April	6.2752	6.3221	5.4535	5.6829	12.2214	12.7901	8.3293	8.6703
May	6.2601	6.3152	5.6308	5.8751	12.1918	12.7494	8.3296	8.6557
June <sup>P</sup>	6.2789	6.3230	5.8134	6.0528	12.2123	12.7531	8.2635	8.5759

Source: The Central Bank of Trinidad and Tobago  
p: Provisional



### Appendix 14 Money Supply /TT\$ Millions/

Period Ending	Currency in Circulation	Demand Deposits (adj)	Savings Deposits (adj)	Time Deposits (adj)	Foreign Currency Deposits* (adj)	Narrow Money (M1)	Broad Money (M2)
2001	1,373.50	5,322.10	6,634.30	3,869.70	4,995.40	6,695.60	17,199.60
2002	1,501.80	5,829.80	6,778.70	3,399.90	5,513.10	7,331.60	17,510.10
2003	1,708.60	5,600.80	8,264.20	3,019.60	4,296.10	7,309.40	18,593.30
2004	1,957.40	6,420.20	8,952.40	3,511.10	6,987.80	8,377.60	20,841.20
2005	2,425.40	9,890.70	9,967.30	5,729.00	7,362.30	12,316.10	28,012.40
2005							
January	1,951.20	6,059.70	9,009.90	3,587.80	7,880.80	8,010.90	20,608.60
February	1,944.80	6,347.60	9,245.70	3,832.70	7,020.80	8,292.40	21,370.80
March	2,005.70	7,177.00	9,143.10	3,586.40	7,940.30	9,182.60	21,912.20
April	1,968.00	6,696.20	9,334.70	3,733.00	7,605.50	8,664.10	21,731.90
May	2,055.40	6,965.10	9,334.00	3,833.50	8,134.40	9,020.50	22,188.00
June	1,997.10	7,842.30	9,484.90	3,836.30	7,471.70	9,839.40	23,160.60
July	2,102.60	7,102.80	9,591.70	4,893.60	7,953.70	9,205.40	23,690.70
August	2,072.30	7,503.30	9,688.30	4,855.60	8,586.00	9,575.50	24,119.50
September	2,105.20	7,366.40	9,690.90	5,426.90	7,218.30	9,471.70	24,589.40
October	2,170.60	7,659.10	9,787.50	5,711.10	7,364.70	9,829.70	25,328.30
November	2,133.60	8,242.20	9,908.50	5,542.40	7,781.10	10,375.80	25,826.70
December	2,425.40	9,890.70	9,967.30	5,729.00	7,362.30	12,316.10	28,012.40
2006							
January	2,227.00	8,758.50	10,175.60	6,012.20	7,352.70	10,985.50	27,173.30
February	2,331.50	8,006.20	10,485.70	6,317.80	7,365.00	10,337.80	27,141.20
March	2,343.10	9,654.50	10,436.20	6,011.80	8,855.50	11,997.70	28,445.70
April	2,363.20	7,943.10	10,645.90	6,543.50	8,186.70	10,306.20	27,495.70
May	2,344.40	8,327.80	10,765.80	6,605.20	9,676.60	10,672.20	28,043.20
June	2,391.70	9,987.20	10,769.80	6,587.90	8,543.90	12,378.90	29,736.50
July	2,447.20	9,247.10	10,805.10	6,809.20	8,750.50	11,694.30	29,308.60
August	2,400.40	8,999.50	11,020.20	6,949.60	8,509.70	11,399.90	29,369.70
September	2,459.20	9,490.80	10,962.80	7,562.60	8,195.20	11,950.00	30,475.40
October	2,491.20	9,441.00	11,140.10	8,053.90	8,493.10	11,932.20	31,126.20
November	2,522.40	8,957.10	11,645.70	8,188.40	8,776.40	11,479.50	31,313.60
December	2,654.40	10,853.50	11,523.70	7,828.40	10,505.50	13,507.90	32,859.90
2007							
January	2,508.08	9,100.05	11,227.58	8,468.30	10,563.84	11,608.14	31,304.02
February	2,593.51	8,540.51	11,490.77	8,083.00	11,608.66	11,134.02	30,707.79
March	2,706.09	9,309.97	11,775.43	7,666.09	12,921.04	12,016.07	31,457.59
April <sup>p</sup>	2,709.70	8,838.07	11,702.03	7,915.82	12,372.58	11,547.77	31,165.62

Source: The Central Bank of Trinidad and Tobago

\*Foreign Currency Deposits includes - Foreign Currency Deposits at the Commercial Banks & Non-Banks

p: Provisional

## Appendices

### Appendix 15 Commercial Banks Liquid Assets /TT\$ Millions/

Period Ending	Reserve Position			Deposits at the Central Bank			Local Cash in Hand	Treasury Bills
	Required Reserves	Cash Reserves	Deposit Liabilities (adj.)	Cash Reserves	Special Deposits	Total Deposits		
2000	2,611.5	2,658.9	12,435.7	2,658.9	284.1	2,943.0	426.9	462.5
2001	2,694.0	2,682.7	14,966.7	2,682.7	783.1	3,465.8	469.8	532.8
2002	2,763.8	2,790.4	15,354.4	2,790.4	281.3	3,071.6	502.8	208.8
2003	2,327.5	2,333.8	16,625.0	2,233.8	621.5	2,955.3	586.1	124.6
2004	2,055.1	2,121.6	18,682.7	2,121.6	660.9	2,782.5	596.8	60.2
2005								
October	2,478.9	2,434.1	22,535.1	2,434.1	263.9	2,698.1	465.0	422.5
November	2,517.3	2,550.8	22,884.5	2,550.8	535.8	3,086.6	508.5	409.2
December	2,601.9	3,672.5	23,653.6	3,672.5	1,000.0	4,672.5	566.0	415.1
2006								
January	2,730.4	2,913.8	24,821.8	2,913.8	1,000.0	3,913.8	474.0	512.6
February	2,742.9	2,916.6	24,935.5	2,916.6	1,000.0	3,916.6	486.6	506.4
March	2,711.7	3,853.4	24,651.8	3,853.4	1,000.0	4,853.4	464.1	520.2
April	2,694.9	2,808.6	24,499.1	2,808.6	1,000.0	3,808.6	520.6	446.3
May	2,769.2	3,154.6	25,174.5	3,154.6	1,000.0	4,154.6	526.3	304.3
June	2,846.3	3,543.9	25,875.5	3,543.9	1,500.0	5,043.9	507.1	359.9
July	2,841.1	3,757.4	25,828.2	3,757.4	1,500.0	5,257.4	462.4	141.1
August	2,890.1	3,192.0	26,273.6	3,192.0	1,500.0	4,692.0	515.5	380.7
September	2,944.6	4,215.4	26,769.1	4,215.4	1,500.0	5,715.4	486.3	345.7
October	3,048.9	3,457.1	27,717.3	3,457.1	2,054.3	5,511.5	554.1	1,339.9
November	3,052.3	3,293.3	27,748.2	3,293.3	2,055.0	5,348.3	594.2	603.1
December	3,087.8	3,626.6	28,070.9	3,626.6	2,061.4	5,688.0	906.0	561.5
2007								
January	3,179.0	3,304.5	28,900.0	3,304.5	2,078.0	5,382.5	565.5	229.7
February	3,188.6	3,424.5	28,987.3	3,424.5	2,079.7	5,504.2	625.7	127.7
March	3,131.6	3,716.3	28,469.1	3,716.3	2,069.4	5,785.7	522.5	265.6
April	3,125.3	3,095.0	28,411.8	3,095.0	2,068.2	5,163.3	462.9	86.4
May <sup>P</sup>	3,159.5	3,251.7	28,722.7	3,251.7	2,074.5	5,326.2	581.4	86.4

Source: The Central Bank of Trinidad and Tobago  
p:provisional

**Appendix 16**  
**Bank System Domestic Credit**  
**/TT\$ Millions/**

Period Ending	Central Government Credit	Public Sector	Private Sector	Total Credit
2000	(1,976.80)	816.40	15,007.20	13,846.80
2001	(2,686.20)	2,276.60	15,552.40	15,142.80
2002	(2,705.50)	2,166.70	16,890.00	16,351.20
2003	(3,215.00)	1,404.00	18,406.00	23,025.00
2004	-10,114.60	2,143.70	22,242.90	14,272.00
2005				
January	-9,910.60	2,572.90	21,946.50	14,608.80
February	-8,865.50	2,176.10	22,137.60	15,448.10
March	-10,449.80	2,891.80	21,898.20	14,340.30
April	-11,427.30	3,258.30	22,115.40	13,946.50
May	-11,338.80	3,298.50	22,326.40	14,286.10
June	-12,792.90	3,640.50	23,470.10	14,317.70
July	-14,309.00	3,687.20	23,969.30	13,347.50
August	-13,786.70	3,807.90	24,060.20	14,081.30
September	-15,496.10	3,741.30	24,148.90	12,394.10
October	-15,347.70	3,833.10	25,155.60	13,641.10
November	-15,575.10	3,841.70	26,425.70	14,692.30
December	-16,939.00	3,884.70	26,956.60	13,902.30
2006				
January	-19,508.80	4,015.80	26,958.70	11,465.70
February	-18,441.50	3,701.30	26,971.90	12,231.70
March	-20,814.80	3,610.30	26,913.10	9,708.70
April	-23,091.30	3,595.20	27,158.80	7,662.70
May	-22,827.10	3,616.30	27,455.40	8,244.60
June	-24,058.30	3,421.10	27,839.20	7,202.00
July	-26,012.80	3,433.90	28,235.20	5,656.20
August	-24,908.00	3,324.60	29,308.30	7,724.80
September	-25,372.00	3,407.80	29,250.90	7,286.70
October	-26,328.50	3,224.90	30,049.70	6,946.10
November	-25,544.00	3,189.60	30,663.70	8,309.30
December	-24,602.90	3,283.30	31,438.70	10,119.00
2007				
January	-26,143.40	3,314.20	32,114.30	9,285.10
February	-26,090.40	3,399.30	32,183.20	9,492.00

Source: Central Bank of Trinidad and Tobago  
p:Provisional

## Appendices

### Appendix 17 Commercial Banks' Interest Rates

Period Ending	Basic Prime Rate	Prime Loan Rates				Real Estate Mortgage	Savings Ordinary	Special	3 Mth	Deposits	
		Term	Demand	Overdraft	3 to 6 Mth					6 to 12 Mth	
2001	15.00	16.00	15.00	15.50	16.00	3.00	5.25	6.60	6.75	7.80	
2002	11.50	13.38	11.50	13.50	11.25	1.90	3.00	2.88	3.63	4.19	
2003	9.50	9.50	9.50	9.50	10.00	2.00	2.75	2.75	3.30	3.35	
2004	8.75	9.13	8.75	9.13	9.50	1.44	2.38	2.05	2.69	3.21	
2005											
January	8.75	9.13	8.75	9.13	9.50	1.44	2.38	2.63	3.10	3.21	
February	8.75	8.75	8.75	8.75	9.13	2.38	2.25	2.95	3.10	3.21	
March	8.75	8.75	8.75	8.75	9.13	1.44	2.38	2.63	3.10	3.21	
April	9.00	8.88	9.00	9.00	9.25	1.44	2.38	2.66	3.05	3.26	
May	9.00	8.88	9.00	9.00	9.25	1.44	2.38	2.66	3.05	3.51	
June	9.00	8.88	9.00	9.00	9.25	1.44	2.38	2.66	3.05	3.51	
July	9.00	9.00	9.00	9.00	9.25	2.13	2.31	2.88	3.05	3.51	
August	9.25	9.13	9.25	9.25	9.38	1.46	2.39	2.58	3.11	3.56	
September	9.25	9.38	9.25	9.38	9.50	1.46	2.39	2.65	3.06	3.56	
October	9.50	9.50	9.50	9.50	9.50	1.46	2.39	2.65	3.06	3.56	
November	9.50	9.50	9.50	9.50	9.50	1.46	2.39	2.65	3.06	3.50	
December	9.75	9.50	9.50	9.63	9.63	1.46	2.39	2.65	3.06	3.50	
2006											
January	10.00	9.75	10.00	10.00	10.00	1.71	2.45	2.68	3.06	3.50	
February	10.00	9.75	10.00	10.00	10.13	1.78	2.39	2.75	3.06	3.69	
March	10.25	9.88	10.25	10.25	10.38	1.46	2.39	2.78	3.11	3.69	
April	10.50	10.00	10.50	10.50	10.50	1.46	2.39	2.68	3.11	3.69	
May	10.50	10.00	10.50	10.50	10.63	1.46	2.39	2.68	3.11	3.50	
June	11.00	10.25	11.00	11.00	11.00	1.46	2.40	2.06	3.11	3.69	
July	11.13	10.25	11.00	11.13	11.13	1.46	2.39	2.14	3.21	3.88	
August	11.38	10.50	11.25	11.38	11.50	1.46	2.39	3.08	3.25	3.88	
September	11.50	10.50	10.50	11.50	11.63	1.46	2.39	2.75	3.25	3.88	
October	11.75	10.63	10.63	11.75	11.63	1.46	2.40	2.20	2.83	3.25	
November	11.75	10.63	11.75	11.75	11.75	1.40	2.08	1.73	2.68	3.38	
December	11.75	10.63	11.75	11.75	11.75	1.40	2.39	2.35	2.93	3.38	
2007											
January	11.75	10.63	11.75	11.75	11.75	1.46	2.39	2.86	3.36	4.69	
February	11.75	10.63	11.75	11.75	11.75	1.46	2.39	2.86	3.36	4.10	
March	11.75	10.63	11.75	11.75	11.75	1.46	2.39	2.84	3.36	3.85	
Apr	11.75	10.63	11.75	11.75	11.75	1.71	2.08	3.05	3.08	3.85	
May p	11.75	10.63	11.75	11.75	11.75	1.46	2.39	3.05	3.36	3.85	

Source: Central Bank of Trinidad and Tobago  
p:Provisional

### Appendix 18 Secondary Market Activities

Period Ending	Number of Transactions	Volume of Shares Traded (Mn)	Market Value (\$Mn)	Composite Index ) (Period End
2002	8,092	97	775	546
2003	35,462	311	3,016	694
2004	35,462	311	3,016	1,075
2005	14,574	96	1,992	1,067
2006	20,772	219	2,463	969
2005				
June	2,407	14.1	373.8	1,170
July	2,136	23.0	501.7	1,145
August	1,919	8.2	228.6	1,066
September	2,119	11.1	277.7	1,083
October	2,229	10.7	188.4	1,089
November	1,921	10.6	147.2	1,074
December	1,843	18.3	275.0	1,067
2006				
January	2,480	24.0	276.1	1,044
February	1,665	8.2	201.7	1,003
March	2,139	8.9	237.2	959
April	1,666	10.1	90.7	926
May	2,255	17.2	437.1	945
June	1,464	7.5	174.1	920
July	1,378	12.0	140.8	902
August	1,292	10.0	69.7	880
September	1,291	4.3	49.0	869
October	1,487	13.3	147.8	864
November	1,793	45.1	246.2	898
December	1,862	58.3	392.8	969
2007				
January	2,063	16.1	315.4	975
February	1,801	10.5	277.0	952
March	1,554	8.9	187.0	929
April	1,376	4.5	59.9	942
May	1,413	6.0	155.3	908
June	1,265	4.8	59.8	919

## Appendices

### Appendix 19 Central Government Fiscal Operations /TT\$ Millions/

	Oct '01/ Sep '02	Oct '02/ Sep '03	Oct '03/ Sep '04	Oct '04/ Sep '05	Oct '05/ Sep '06 <sup>r</sup>	Oct '06/ Sep '07 <sup>p</sup>
<b>Total Revenue and Grants</b>	14,122.5	17,366.6	20,885.4	29,647.8	38,910.9	40,449.9
Recurrent Revenue	13,825.0	17,346.2	20,878.2	29,638.7	38,906.9	40,499.9
Tax Revenue	11,514.5	15,167.6	18,429.3	26,568.4	35,084.0	36,578.2
Non-Tax Revenue	2,310.5	2,178.6	2,448.9	3,070.3	3,822.9	3,871.7
Capital Receipts	295.4	17.9	6.0	4.6	2.6	28.8
Grants	2.1	2.5	1.2	2.7	1.2	21.2
<b>Total Expenditure and Net Lending</b>	14,226.8	16,591.6	20,673.9	27,234.0	37,084.8	39,231.2
Recurrent Expenditure	13,428.0	15,623.0	18,933.6	24,328.4	32,219.5	31,060.5
Capital Expenditure and Net Lending	798.8	968.6	1,740.3	2,905.6	4,865.3	8,170.7
<b>Current Account Balance</b>	397.0	1,723.2	1,944.6	5,310.3	6,687.4	9,389.4
<b>Overall Surplus/(Deficit)</b>	-104.3	775.0	211.5	2,413.8	1,826.1	1,268.7
<b>Financing Requirements</b>	104.3	-775.0	-211.5	-2,413.8	-1,826.1	-1,268.7
External Financing (net)	-161.2	11.9	-327.4	-1,273.3	-410.8	24.1
Domestic Financing (net)	265.5	-786.9	115.9	-1,140.5	-1,415.3	-1,292.8

Source: Ministry of Finance  
r : revised  
p : provisional

**Appendix 20**  
**Central Government Revenue**  
**/TT\$ Millions/**

	Oct '01/ Sep '02	Oct '02/ Sep '03	Oct '03/ Sep '04	Oct '04/ Sep '05	Oct '05/ Sep '06 <sup>r</sup>	Oct '06/ Sep '07 <sup>p</sup>
<b>Total Revenue and Grants</b>	14,122.5	17,366.6	20,885.4	29,647.8	38,910.9	40,499.9
<b>Recurrent Revenue</b>	13,825.0	17,346.2	20,878.2	29,638.7	38,906.9	40,449.9
<b>Tax Revenue</b>	11,514.5	15,167.6	18,429.3	26,568.4	35,084.0	36,578.2
<b>Taxes on Income &amp; Profits</b>	6,596.9	10,308.6	12,332.3	20,181.9	27,444.7	27,795.1
of which:-						
Companies	3,294.0	6,524.6	7,940.5	13,971.8	21,580.4	21,253.0
Individuals	2,692.7	2,824.6	3,174.1	4,250.1	3,153.3	3,567.5
Withholding Taxes	204.1	310.0	371.6	535.6	813.2	1,224.6
Health Surcharge	137.4	143.9	176.3	187.1	168.4	164.4
Business Levy	59.2	73.5	112.7	146.0	150.4	162.8
Unemployment Fund	124.3	294.0	418.6	905.0	1,311.3	1,176.8
Green Fund	85.2	138.0	138.5	186.3	267.7	246.0
<b>Taxes on Property</b>	100.8	86.9	100.7	77.3	82.5	99.4
of which:-						
Land & Buildings	94.1	77.5	85.5	62.7	64.4	83.2
<b>Taxes on Goods and Services</b>	3,817.2	3,545.6	4,540.3	4,537.4	5,272.2	6,136.3
of which:-						
Excise Duties	911.5	967.7	990.0	1,071.2	575.4	604.6
VAT	2,475.4	2,120.5	3,092.4	2,962.6	4,184.1	4,985.0
Motor Vehicle Taxes & Duties	212.2	212.0	203.0	216.9	248.8	288.6
<b>Taxes on International Trade</b>	878.5	1,069.7	1,285.7	1,527.0	1,888.9	2,184.1
Of which:-						
Import Duties	853.6	1,019.0	1,239.9	1,463.4	1,831.4	2,125.4
Departure Tax	23.1	47.4	45.7	53.4	52.6	51.6
<b>Other Stamp Duties</b>	121.1	156.8	170.3	244.8	395.7	363.3
<b>Non-Tax Revenue</b>	2,310.5	2,178.6	2,448.9	3,070.3	3,822.9	3,871.7
Of which: -						
Royalty on Oil	612.7	1,008.0	1,096.3	1,231.2	1,680.3	1,618.3
Profits: Non-Financial Enterprises	683.4	383.4	476.4	935.9	857.3	875.1
Profits: Financial Enterprises	149.2	151.7	223.6	167.0	180.0	346.4
Interest Income	172.8	112.2	86.3	127.2	276.7	85.8
Administrative Fees and Charges	354.7	227.9	241.2	338.6	397.4	376.5
<b>Capital Receipts</b>	295.4	17.9	6.0	4.6	2.6	28.8
<b>Grants</b>	2.1	2.5	1.2	2.7	1.2	21.2

Source: Ministry of Finance  
r : revised  
p : provisional

## Appendices

### Appendix 21 Central Government Expenditure and Net Lending /TT\$ Millions/

	Oct '01/ Sep '02	Oct '02/ Sep '03	Oct '03/ Sep '04	Oct '04/ Sep '05	Oct '05/ Sep '06 <sup>r</sup>	Oct '06/ Sep '07 <sup>p</sup>
Total Expenditure and Net Lending	14,226.8	16,591.6	20,673.9	27,234.0	37,084.8	39,231.2
Recurrent Expenditure	13,428.0	15,623.0	18,933.6	24,328.4	32,219.5	31,060.5
Wages and Salaries	4,188.9	4,547.7	4,814.8	5,309.2	5,455.6	6,442.0
Goods & Services	1,760.4	2,038.3	2,519.8	3,170.1	3,843.1	4,603.7
Interest Payments of which:-	2,409.0	2,591.9	2,396.3	2,541.5	2,453.3	2,582.4
Domestic	1,585.7	1,834.3	1,657.0	1,875.5	1,852.5	1,874.3
Foreign	823.3	757.6	739.3	666.0	600.8	708.1
Subsidies & Transfers	5,069.7	6,445.1	9,202.7	13,307.6	20,467.5	17,432.4
Capital Expenditure and Net Lending	798.8	968.6	1,740.3	2,905.6	4,865.3	8,170.7
of which:-						
Development Programme (PSIP)	953.0	1,121.8	1,892.6	3,031.9	1,844.4	3,926.1
Infrastructure Development Fund (IDF)	0	0	0	0	3,023.0	3,843.7
Road Improvement Programme	58.1	39.9	46.8	44.1	0.0	0.0
Dollar for Dollar	23.3	35.7	51.0	2.8	0.0	0.0
GATE				102.2	250.0	425.0
Net Lending	-235.6	-228.8	-269.8	-277.5	-271.1	-43.9

Source: Ministry of Finance

r : revised

p : provisional



**Appendix 22**  
**Central Government Financing Transaction**  
**/TT\$ Millions/**

	Oct '01/ Sep '02	Oct '02/ Sep'03	Oct '03/ Sep'04	Oct '04/ Sep'05	Oct '05/ Sep '06 <sup>r</sup>	Oct '06/ Sep '07 <sup>p</sup>
<b>Total Financing</b>	104.3	-775.0	-211.5	-2,413.8	-1,826.1	-1,268.7
<b>Net External</b>	-161.2	11.9	-327.4	-1,273.3	-410.8	24.1
External Borrowings	264.5	471.8	233.0	285.4	195.2	1,323.3
Capital Repayments	-425.7	-466.2	-560.4	-1,558.7	-606.0	-1,299.2
<b>Net Domestic</b>	265.5	-786.9	115.9	-1,140.5	-1,415.3	-1,292.8
Domestic Borrowings	1,196.6	2,096.3	611.2	808.0	10.3	0.0
Capital Repayments	-612.5	-2,505.5	-1,243.4	-1,763.9	-1,075.9	-998.1
Sinking Fund Transfers	-625.6	-630.6	-664.0	-624.9	-635.0	-633.0

Source: Ministry of Finance

r : revised

p : provisional

## Appendices

### Appendix 23 Total Public Debt and Debt Service /TT\$ Millions/

	Oct '01/ Sep '02	Oct '02/ Sep'03	Oct '03/ Sep'04	Oct '04/ Sep'05	Oct '05/ Sep '06 <sup>r</sup>	Oct '06/ Sep '07 <sup>p</sup>
<b>Gross Public Sector Debt</b>	32,794.0	35,491.0	36,910.8	35,857.8	36,781.5	37,396.7
<b>Central Government</b>	20,637.0	21,461.0	22,043.1	20,286.5	19,510.6	21,327.7
Domestic <sup>1</sup>	10,845.0	10,457.0	11,383.0	11,045.6	10,717.9	13,089.5
External	9,792.0	9,938.0	9,660.2	8,373.1	7,953.7	7,467.4
BOLTs and Leases	NA	1,066.0	999.9	867.8	839.0	770.8
<b>Contingent Liabilities</b>	12,157.0	14,030.0	14,867.7	15,571.3	17,271.4	16,069.0
<b>Guaranteed</b>	9,827.0	10,706.0	11,421.5	11,171.6	11,387.7	11,186.0
Statutory Authorities	5,303.0	5,290.0	6,112.0	6,238.4	6,835.8	6,988.7
State Enterprises	4,524.0	5,416.0	5,309.5	4,933.2	4,551.9	4,197.2
<b>Letters of Comfort</b>	2,330.0	3,324.0	3,446.2	4,399.7	5,883.4	4,883.0
Statutory Authorities	135.0	255.0	505.5	1,431.1	1,587.3	2,098.4
State Enterprises	2,195.0	3,069.0	2,940.7	2,968.6	4,296.1	2,784.6
<b>Central Government Debt Service</b>	3,998.0	1,742.0	3,115.4	4,449.4	2,913.6	3,970.0
Domestic	2,753.0	985.0	1,819.4	2,227.6	1,709.2	2,011.7
External	1,245.0	757.0	1,296.0	2,221.8	1,204.4	1,958.3
	(% of GDP)					
<b>Gross Public Sector Debt</b>	58.3	49.9	44.6	37.6	30.5	28.3
<b>Central Government Debt</b>	36.7	30.2	26.6	21.3	16.2	16.1
<b>Contingent Liabilities</b>	21.6	19.7	17.9	16.3	14.3	12.2

Source: Ministry of Finance

1. Treasury Bills and Notes issued for Open Market Operations (OMOs) are not included.

r : revised

p: provisional

**Appendix 24**  
**Trinidad and Tobago - Net Foreign Reserves**  
**/US\$ Millions/**

	Central Bank				Commercial Banks					
	Foreign Assets (1)	Foreign Liabilities (2)	Net Internat. Reserves (3)	Gov't Balances (4)	Foreign Assets (5)	Foreign Liabilities (6)	Net Foreign Position (7)	Gross Foreign Assets (8)	Total Foreign Liabilities (9)	Net Foreign Position (10)
							(1)+(4)+(5)	(2)+(6)	(8)-(9)	
2001	1,875.9	17.5	1,858.4	0.1	579.2	604.6	(25.4)	2,455.2	622.1	1,833.1
2002	1,923.5	16.2	1,907.3	0.1	670.4	616.5	53.9	2,594.0	632.6	1,961.4
2003	2,257.9	16.2	2,241.8	0.1	1,002.2	1,042.2	(39.9)	3,260.3	1,058.3	2,202.0
2004	2,992.9	16.2	2,976.7	0.1	1,262.0	740.5	521.6	4,255.0	756.6	3,498.4
2005										
January	3,019.0	16.2	3,002.9	0.1	1,251.6	665.9	585.6	4,270.7	682.1	3,588.6
February	3,008.7	16.2	2,992.5	0.1	1,250.7	691.7	559.0	4,259.5	707.9	3,551.7
March	3,251.6	16.2	3,235.4	0.1	1,348.4	653.4	694.9	4,600.1	669.6	3,930.4
April	3,375.2	16.2	3,359.0	0.1	1,228.2	609.0	619.2	4,603.5	625.2	3,978.3
May	3,383.1	16.2	3,366.9	0.1	1,293.6	616.6	677.0	4,676.8	632.8	4,044.0
June	3,567.5	16.2	3,551.3	0.1	1,334.7	635.7	699.0	4,902.3	651.9	4,250.4
July	3,763.4	16.2	3,747.2	0.1	1,251.5	720.4	531.2	5,015.1	736.6	4,278.5
August	3,855.6	16.3	3,839.3	0.1	1,413.2	819.9	593.4	5,268.9	836.1	4,432.8
September	4,229.3	16.1	4,213.1	0.1	1,191.7	849.5	342.2	5,421.1	865.6	4,555.5
October	4,227.2	16.3	4,210.9	0.1	1,495.5	1,032.7	462.8	5,722.7	1,048.9	4,673.8
November	4,316.1	16.2	4,299.9	0.1	1,397.6	892.0	505.6	5,713.7	908.1	4,805.6
December	4,787.4	16.1	4,771.3	0.1	1,407.2	956.6	450.6	6,194.7	972.7	5,222.0
2006										
January	5,004.8	16.2	4,988.6	0.1	1,435.9	927.3	508.6	6,440.8	943.4	5,497.3
February	4,930.3	16.2	4,914.1	0.1	1,493.1	837.5	655.6	6,423.5	853.7	5,569.8
March	5,360.7	16.1	5,344.7	0.1	1,650.0	835.7	814.3	7,010.8	851.8	6,159.1
April	5,549.5	16.1	5,533.4	0.1	1,624.0	847.8	776.3	7,173.6	863.8	6,309.7
May	5,720.6	16.2	5,704.5	0.1	1,861.2	874.8	986.4	7,582.0	890.9	6,691.0
June	6,140.4	16.0	6,124.4	0.1	1,750.4	809.6	940.8	7,891.0	825.6	7,065.4
July	6,394.6	16.1	6,378.5	0.1	1,729.2	730.8	998.4	8,123.9	746.9	7,377.0
August	6,400.3	16.2	6,384.1	0.1	1,528.4	772.2	756.2	7,928.8	788.5	7,140.4
September	6,485.3	16.2	6,469.2	0.1	1,579.7	747.9	831.8	8,065.2	764.1	7,301.1
October	6,789.5	16.2	6,773.3	0.1	1,697.7	759.1	938.6	8,487.3	775.3	7,712.0
November	6,635.4	16.1	6,619.3	0.1	1,697.7	773.5	924.1	8,333.2	789.6	7,543.5
December	6,776.6	16.1	6,760.5	0.1	1,945.8 <sup>r</sup>	753.1	1,192.7 <sup>r</sup>	8,722.6 <sup>r</sup>	769.2	7,953.3 <sup>r</sup>
2007										
January	6,657.8	16.1	6,641.7	0.1	1,982.4	778.7	1,203.7	8,640.3	794.8	7,845.5
February	6,936.1	16.1	6,920.0	0.1	2,026.1	796.3	1,229.8	8,962.3	812.4	8,149.9
March <sup>p</sup>	7,224.2	16.0	7,208.2	0.1	2,206.3	719.1	1,487.2	9,430.6	735.1	8,695.5

Source: Ministry of Finance

r : revised

p : provisional

## Appendices

### Appendix 25 Trade with CARICOM Countries /TT\$ Millions/

	Imports	Exports	Balance of Trade	Exports of Petroleum	Imports of Petroleum	Imports Excluding Petroleum	Exports Excluding Petroleum	Balance of Trade Excluding Petroleum
1997	602.2	4,065.5	3,463.3	1,832.2	226.2	376.0	2,233.3	1,857.3
1998	668.8	4,309.9	3,641.1	1,827.6	248.7	420.1	2,482.3	2,062.2
1999	827.9	4,708.1	3,880.2	2,323.3	454.6	373.3	2,384.8	2,011.5
2000	791.2	6,284.4	5,493.2	3,880.3	399.9	391.3	2,404.1	2,012.8
2001	750.8	6,415.2	5,664.4	3,808.7	218.2	532.6	2,606.5	2,073.9
2002	574.4	5,152.0	4,577.6	2,531.9	167.6	406.8	2,620.1	2,213.3
2003r	588.9	6,585.5	5,996.6	4,146.8	69.0	519.9	2,438.7	1,918.8
2004	634.6	5,620.7	4,986.1	2,954.4	87.5	547.1	2,666.3	2,119.2
2005r	700.2	13,153.1	12,452.9	9,931.0	126.6	573.6	3,222.1	2,648.5
2006p	611.9	15,528.7	14,916.8	12,027.2	158.7	453.2	3,501.5	3,048.3
Oct 05 / March 06	308.7	8,122.6	7,813.9	6,665.1	85.7	223.0	1,457.5	1,234.5
Oct 06 / Mar 07 <sup>P</sup>	289.2	7,169.4	6,880.2	5,392.2	54.2	235.0	1,777.2	1,542.2

Source: Ministry of Finance

r : revised

p : provisional

**Appendix 26**  
**Balance of Visible Trade**  
**/TT\$ Millions/**

	2000	2001	2002	2003	2004	2005r	2006p	Oct '05/ Mar '06	Oct '06/ Mar '07 <sup>P</sup>
<b>Total Visible Trade</b>									
Exports	26,930.4	25,748.7	24,062.3	32,600.3	41,049.2	62,629.9	89,298.2	40,689.7	37,812.7
Imports	20,933.2	22,210.8	21,885.4	24,501.4	30,673.2	35,887.9	40,934.2	17,037.9	21,510.9
Balance	5,997.2	3,537.9	2,176.9	8,098.9	10,376.0	26,742.0	48,364.0	23,651.8	16,301.8
<b>Trade Excluding Mineral Fuels</b>									
Exports	9,355.3	10,318.4	9,605.0	10,864.9	16,335.0	19,133.8	21,272.5	10,373.3	12,005.2
Imports	14,180.5	16,473.6	16,548.0	17,835.9	23,263.5	23,404.5	26,604.5	11,269.6	15,080.0
Balance	(4,825.2)	(6,155.2)	(6,943.0)	(6,971.0)	(6,928.5)	(4,270.7)	(5,332.0)	(896.3)	(3,074.8)
<b>Trade Excluding Mineral Fuels U.P.A.</b>									
Exports	22,940.5	23,491.3	24,048.0	32,505.6	41,049.2	62,079.4	89,298.2	40,139.2	37,812.7
Imports	20,789.1	22,147.8	21,835.2	24,432.4	30,609.1	35,781.1	40,810.7	16,979.4	21,565.1
Balance	2,151.4	1,343.5	2,212.8	8,073.2	10,440.1	26,298.3	48,487.5	23,159.8	16,247.6
<b>Trade in Mineral Fuels non - U.P.A.</b>									
Exports	13,585.2	13,172.9	14,443.0	21,640.7	24,714.2	42,945.6	68,025.7	29,765.9	25,807.5
Imports	6,608.6	5,674.2	5,287.2	6,596.5	7,345.6	12,376.6	14,206.2	5,709.8	6,376.7
Balance	6,976.6	7,498.7	9,155.8	15,044.2	17,368.6	30,569.0	53,819.5	24,056.1	19,430.8
<b>Trade in Mineral Fuels UPA</b>									
Exports	3,989.9	2,257.4	14.3	94.7	-	550.5	-	550.5	-
Imports	144.1	63.0	50.2	69.0	64.1	106.8	123.5	58.5	54.2
Balance	3,845.8	2,194.4	(35.9)	25.7	(64.1)	443.7	(123.5)	492.0	(54.2)
<b>Trade in Mineral Fuels</b>									
Exports	17,575.1	15,430.3	14,457.3	21,735.4	24,714.2	43,496.1	68,025.7	30,316.4	25,807.5
Imports	6,752.7	5,737.2	5,337.4	6,665.5	7,409.7	12,483.4	14,329.7	5,768.3	6,430.9
Balance	10,822.4	9,693.1	9,119.9	15,069.9	17,304.5	31,012.7	53,696.0	24,548.1	19,376.6

Source: Ministry of Finance

r : revised

p : provisional

## Notes

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