



Government of the Republic of Trinidad and Tobago

## MINISTRY OF FINANCE

21 March 2016

### **PRESS RELEASE**

#### **International Monetary Fund Annual Article IV Mission to Trinidad and Tobago**

The International Monetary Fund (IMF) recently concluded its Annual Article IV Mission to Trinidad and Tobago. Consultations were held over the period 3<sup>rd</sup> to 15<sup>th</sup> March, 2016.

The IMF has concluded that despite the great challenges posed by the need to adjust to low prices, Trinidad and Tobago still has enormous strengths, including a well-educated work force and a stable political system.

Further, with substantial financial buffers and low, although rising levels of public debt, Trinidad and Tobago is not in a crisis.

However, in recent years, taking into account the size of energy revenue windfalls, the country has under-saved and under-invested in its future. As a consequence, the imbalances that are now starting to build up could lead the country to uncomfortable levels of debt and external financial cushions unless action is taken.

The IMF noted that since assuming office six months ago, the new Government has already taken some difficult but necessary steps in the face of sharply lower energy revenues, such as widening the VAT base, reducing fuel subsidies, reducing the number of Ministries with a view to streamlining the civil service, as well as instituting spending cuts.

The Government will build on these initial steps by instituting new measures to improve revenue collection, such as improving the collection of taxes from the gaming and betting industry, implementing public procurement legislation to ensure value for money and introducing a fair and equitable property tax system.

The Government has also agreed to conduct a wide-ranging expenditure review, and will seek the assistance of the World Bank to rationalize and reverse the unsustainable increases in spending on transfers and subsidies over the last several years.

The IMF Mission, having reviewed the new measures implemented and proposed by the Ministry of Finance under its new leadership, is clearly of the view that despite our difficult circumstances, the new Government has a workable plan for the recovery of our economy and is on the right track with its policy prescriptions.

Accordingly, the Government will continue to build on the strengths of our well-educated population, cautiously utilise our foreign reserves and other financial buffers, while implementing new policies and measures for revenue collection, economic growth and diversification of our economy.

The population is assured that as the Ministry of Finance considers new policies and programmes, appropriate consultation will be held with all relevant stakeholders to ensure that the most appropriate measures are adopted for the benefit of all citizens.

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