



Government of the Republic of Trinidad and Tobago

MINISTRY OF FINANCE

CORPORATE COMMUNICATIONS UNIT

IMMEDIATE RELEASE

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MEDIA RELEASE

**IMF PROJECTS RECOVERY FOR THE TT ECONOMY,
PREDICTS POSITIVE GROWTH**

The Government of Trinidad and Tobago received a very positive report from the IMF, yesterday, Friday July 6th, 2018.


An IMF Mission has been in Trinidad and Tobago for the last two weeks for its regular annual Article IV consultation with the Government and published its concluding statement on its website yesterday.


The full statement can be found at the following link <http://www.imf.org/en/News/Articles/2018/07/06/mcs070618-trinidad-and-tobago-staff-concluding-statement> and on the Ministry of Finance's website, www.finance.gov.tt.


The Article IV Mission Statement states explicitly that the Trinidad and Tobago economy is in recovery mode. The report also indicates that the economy has revealed signs of

.../2 ... improvement

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improvement driven by energy sector growth from the second half of 2017. It also projects positive growth in 2018 due to recovery in the non-energy sector, with nominal GDP increasing from \$154.4 billion in 2017 to \$163.9 billion in 2019. Real GDP is projected by the IMF to increase by 1% in 2018, with constant increases thereafter.

The report also notes significant progress on the part of the Government in implementing fiscal consolidation and improved data collection. In short, the measures taken, and initiatives put forward by the Government of Trinidad & Tobago have effected a turnaround in the country's economic outlook.

The IMF's Concluding Statement has recorded evidence of a lower overall deficit in FY2017, the reverse of a 7-year rising trend. The Fund's review of the economy suggests that economic prospects are expected to improve broadly over the medium-term, with modest economic growth. This is attributed to energy projects coming on-stream and recovery in the non-energy sector. The Fund projects near-term growth led by natural gas production due to higher energy prices. The report suggests, a rise in energy prices since 2017 has supported improvements in fiscal and external balances, together with the authorities' ongoing fiscal consolidation efforts. Gradual recovery in non-energy growth is expected to help stabilize growth at 1.5 percent over the medium term, while, the fiscal deficit is expected to narrow to an average 4 percent of GDP as energy revenues rise, non-energy revenues recover, and spending falls with improved efficiency of transfers and subsidies. The Government's current account balance is also expected to move into surplus in the near future.

The IMF also stated that our financial system has remained remarkably stable notwithstanding the deep recession in the past two years. Banks continue to be well-capitalized and profitable and credit quality remains relatively high, with NPL ratios one of the lowest in the region.

The IMF also gave its opinion on our exchange rate and the availability of foreign exchange, and although acknowledging that the tightness in the foreign exchange market has eased in 2018 compared to 2017, it is of the view that the Government should either adjust our exchange rate or make foreign exchange freely available by injecting more of the Government's reserves into the commercial banking sector. However, the Government's remains committed to its managed foreign exchange policy, which is designed to control inflation, **now at 1%, the lowest level for decades**, and to maintain our foreign reserves at a healthy level as a financial buffer.

Given the success of these initiatives, fully supported by the findings of the IMF Report, the Government believes that its policy position of not engaging in any drastic devaluation of the TT dollar is one that will protect the citizens of Trinidad and Tobago by keeping prices in check and maintaining the country's rate of inflation at low levels. While the Government notes the IMF's view, it also is conscious of its responsibility to the economic well-being of each and every citizen of the country.

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