



CENTRAL BANK OF  
TRINIDAD & TOBAGO

2008 ANNUAL ECONOMIC SURVEY



**Central Bank of Trinidad and Tobago**  
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ANNUAL ECONOMIC SURVEY 2008  
Review of the National Economy



CENTRAL BANK OF  
TRINIDAD & TOBAGO

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## Review of the National Economy

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# SELECTED ECONOMIC INDICATORS

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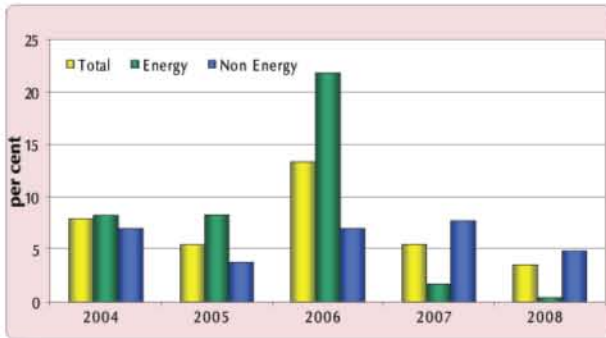


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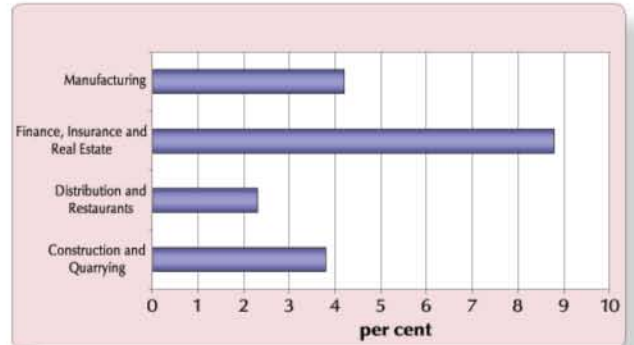


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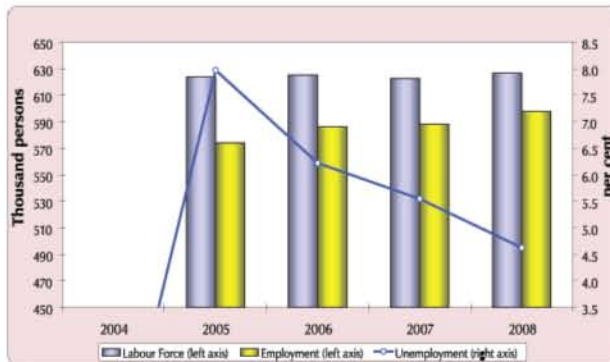


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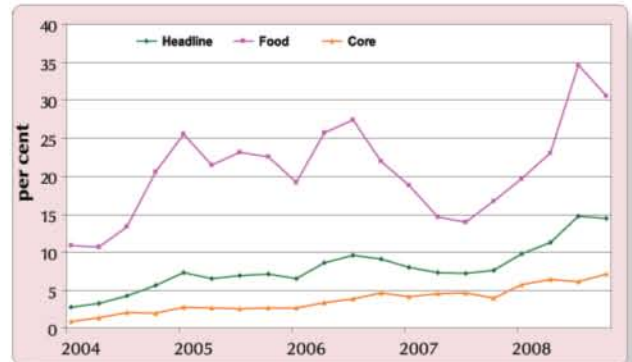


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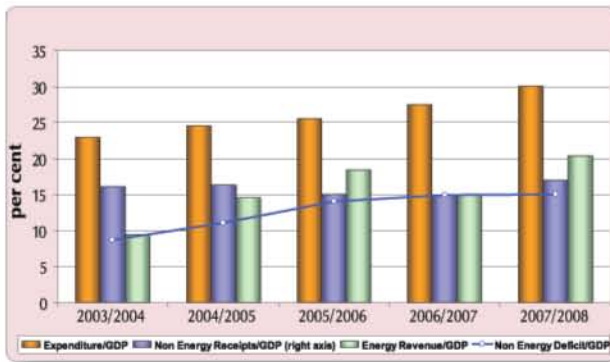


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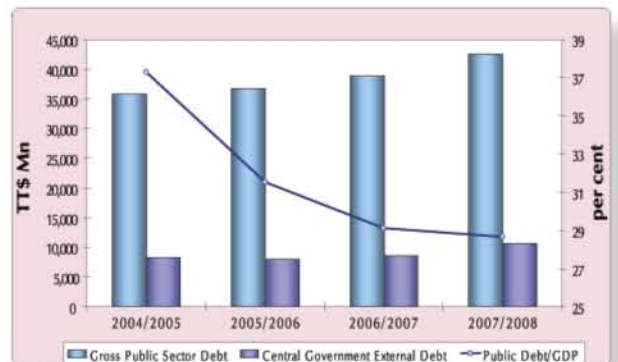


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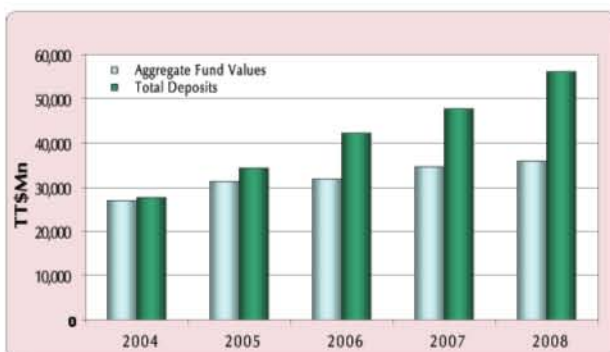
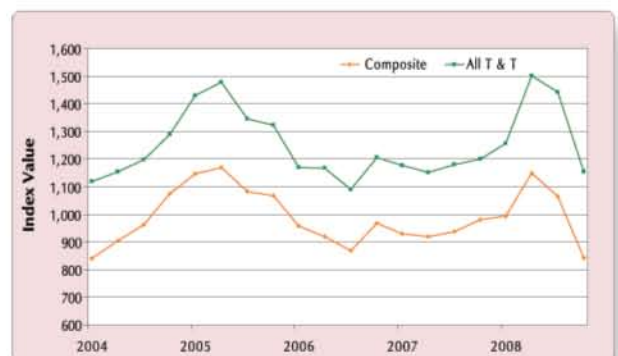


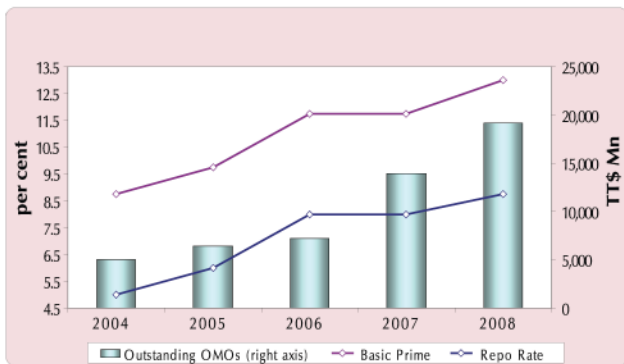
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# SELECTED ECONOMIC INDICATORS CONTINUED

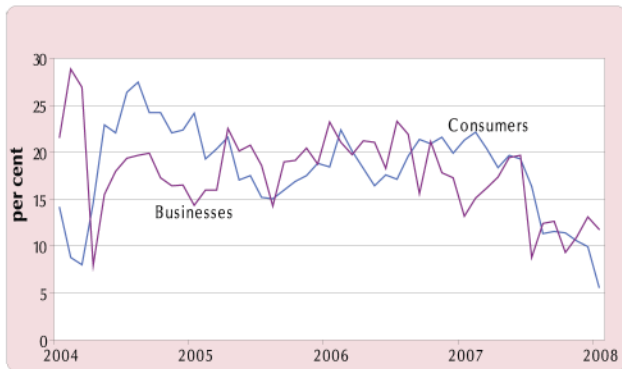
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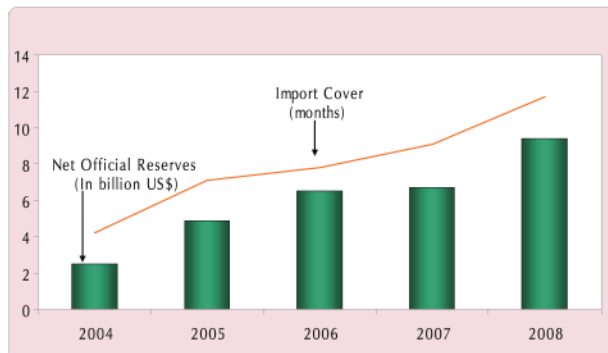
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TRINIDAD AND TOBAGO SUMMARY BALANCE OF PAYMENTS  
(US\$MN)

	2004	2005	2006	2007	2008
Current Account Balance	1,647	3,594	7,271	5,364	8,792
Trade Balance	1,509	3,948	7,700	5,721	9,064
Exports	6,403	9,672	14,217	13,391	18,686
Energy	5,143	8,596	12,955	11,650	16,482
Imports	4,894	5,725	6,517	7,670	9,622
Services (Net)	480	356	451	546	614
Income (Net)	-397	-760	-936	-964	-897
Transfers (Net)	56	50	56	61	10
Capital Account Balance	-1,116	-2,118	-6,152	-3,823	-6,086
Overall Balance	532	1,476	1,119	1,541	2,706
(in per cent of GDP)					
Exports	48.0	60.4	73.1	61.4	76.9
Imports	36.7	35.7	33.5	35.2	39.6
Current Account Balance	12.3	22.4	37.4	24.6	36.2
Capital Account Balance	-8.4	-13.2	-31.6	-17.5	-25.0
Overall Balance	4.0	9.2	5.8	7.1	11.1

## CHART 15

NET OFFICIAL RESERVES AND IMPORT COVER



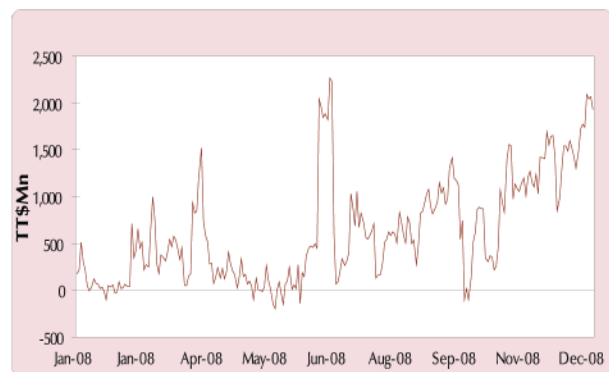
## CHART 10

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Monetary Policy Responses		Monetary Policy Responses	
Liquidity Management Measures		Changes To The Central Bank Policy Rate	
<b>Feb 2008:</b>	The cash reserve requirement applicable to commercial banks was increased by 2 percentage points to 13 per cent of prescribed liabilities from 11 per cent, with effect from February 27, 2008.	<b>Mar 2008:</b>	'Repo' rate maintained at 8.25 per cent.
<b>June 2008:</b>	The commercial banks' deposit of \$500 million that was placed in an interest-bearing account at the Central Bank in June 2006 was rolled over for a second time in June 2008.	<b>April 2008:</b>	'Repo' rate maintained at 8.25 per cent.
<b>July 2008:</b>	A TT\$1,200 million 9-year government bond was issued at a coupon rate of 8.25 per cent on July 2 to absorb the liquidity arising from the sale of RBT1. The total bids received amounted to TT\$1,976 billion as the bond was heavily oversubscribed. With effect from July 30 2008, the primary reserve requirement of the commercial banks was increased to 15 per cent of prescribed liabilities from 13 per cent.	<b>May 2008:</b>	'Repo' rate maintained at 8.25 per cent.
<b>Nov 2008:</b>	The third time for the year, the Central Bank increased the cash reserve requirement of the commercial banks by 2 percentage points, from 15 per cent to 17 per cent, with effect from November 5 2008.	<b>June 2008:</b>	'Repo' rate maintained at 8.25 per cent.
<b>Nov 2008:</b>	A Central Bank 91 day bill for \$500 million was issued on November 28 2008.	<b>July 2008:</b>	'Repo' rate increased to 8.50 per cent.
<b>Dec 2008:</b>	The commercial banks' deposit of \$1 billion in an interest bearing account at the Central bank was rolled over for another year.	<b>Aug 2008:</b>	'Repo' rate maintained at 8.50 per cent.
		<b>Sep 2008:</b>	'Repo' rate increased to 8.75 per cent.
		<b>Oct 2008:</b>	'Repo' rate maintained at 8.75 per cent.
		<b>Nov 2008:</b>	'Repo' rate maintained at 8.75 per cent.
		<b>Dec 2008:</b>	'Repo' rate maintained at 8.75 per cent.

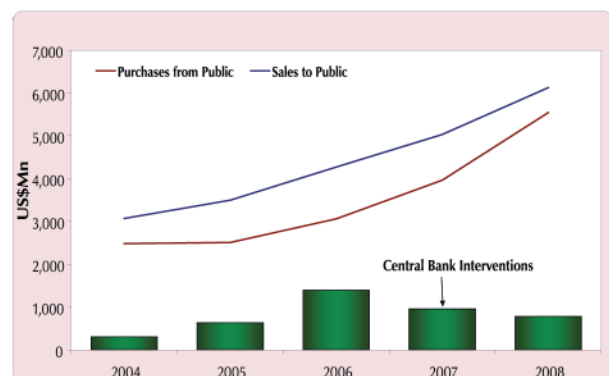
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## CHART 14

COMMERCIAL BANKS PURCHASES AND SALES OF FOREIGN CURRENCY



## CHART 16

STANDARD AND POOR'S CREDIT RATING FOR  
SELECTED CARIBBEAN COUNTRIES

	2004	2005	2006	2007	2008
<b>Jamaica</b>	B	B	B	B	B
<b>Barbados</b>	BBB+	BBB+	BBB+	BBB+	BBB+
<b>Trinidad and Tobago</b>	BBB+	A-	A-	A-	A



## CHAPTER ONE

# OVERVIEW OF ECONOMIC DEVELOPMENTS IN TRINIDAD AND TOBAGO IN 2008

# OVERVIEW OF ECONOMIC DEVELOPMENTS IN TRINIDAD AND TOBAGO IN 2008

The pace of growth of the Trinidad and Tobago economy slowed in 2008. Following relatively strong expansion of 5.5 per cent in 2007, real GDP grew at a more moderate pace of 3.5 per cent<sup>1</sup> in 2008 with much of the fall off occurring in the fourth quarter as the effects of the international economic crisis intensified. Falling crude oil production associated with the natural maturation of oil fields and relatively stagnant growth in petrochemical output led to slower energy sector growth of 0.4 per cent compared to 1.7 per cent in 2007. In contrast, the non-energy sector expanded at a more robust 4.8 per cent largely due to relatively solid performances in the Finance, Insurance and Real Estate (8.8 per cent), Transport, Storage and Communication (8.2 per cent), Manufacturing (4.2 per cent), Construction (3.8 per cent), Agriculture (8.6 per cent) and Hotels and Guest Houses (22.7 per cent) sub-sectors. Good harvests of vegetables and food crops helped to boost agricultural output, while the opening of the Hyatt Regency Hotel provided a fillip to business tourism.

Labour market conditions were favourable and unemployment fell to an average of 4.6 per cent, from 5.5 per cent in 2007. This improvement was achieved despite the slowdown of the economy in the fourth quarter of the year when energy-based enterprises in particular began to shed jobs in response to weakened international demand. Construction activity, both in the public and private sectors, was particularly strong, creating over

6.2 thousand new jobs. At the same time, the services sector absorbed an additional 3.8 thousand jobs.

Inflationary pressures intensified steadily during 2008 posing significant challenges for macroeconomic management. Headline inflation ended the year at 14.5 per cent, compared to 7.6 per cent at the end of 2007. Food prices, a key component of the Index of Retail Prices, remained high in the face of rising global commodity prices that persisted through the first half of 2008, and severe flooding locally. Although commodity prices began to retreat from the highs posted earlier in the year, this did not translate into a commensurate reduction in domestic food prices. By December 2008, the rate of change of food prices was 30.6 per cent, compared to 16.8 per cent at the end of the previous year.

Core inflation, which filters out the impact of food prices, also trended upwards during 2008 rising to 7.1 per cent from 3.9 per cent at end-2007. Several factors contributed to the higher rate of core inflation, including the impact of higher food prices on the cost of dining out; increased electricity rates for residential consumers; and the effect of a rise in the price of premium gasoline on the cost of transportation. The surge in construction activity also contributed to a rise in the costs of materials and services for house repair.

<sup>1</sup> The Central Statistical Office is in the process of revising the GDP estimates for 2008 in light of the intensification of the global economic crisis in the fourth quarter of 2008. Although these revised figures are not yet available, it is possible that economic growth may be considerably slower.

There was a persistent liquidity overhang in the banking system for most of the year. The main factor was the steady rise in the 'net fiscal injection' (the amount of money the government spent locally compared to how much it raised locally) which was 11 per cent higher in 2008 than in 2007. Liquidity conditions were also made easier by inflows related to the purchase of the Royal Bank of Trinidad and Tobago (RBTT) by the Royal Bank of Canada (RBC) towards the middle of the year.

The Central Bank used the full gamut of its monetary policy instruments to tighten monetary conditions during the year. The Bank raised the repo rate on three occasions, each time by 25 basis points to 8.25 per cent in February, 8.50 per cent in July and 8.75 per cent in September 2008. The commercial banks' cash reserve requirement ratio was also increased progressively on three occasions by 200 basis points each, taking the ratio up from 11 per cent in January to 17 per cent by December 2008. At the same time, the Central Bank made more intensive use of open market operations utilizing treasury bills and notes totalling TT\$5.4 billion and sterilizing the proceeds of a special liquidity absorption bond of TT\$1.2 billion issued by the Central Government. Sales of foreign exchange by the Central Bank also withdrew TT\$5.1 billion from the financial system.

The tighter stance of monetary policy in 2008 had a greater impact on interest rates in the longer-term segment of the market as commercial banks increased their prime lending rates to 13 per cent by December 2008 from 11.75 per cent at the start of the year. The weighted average lending rate rose to 11.45 per cent in December 2008 from 10.68 per cent in December 2007, while the weighted average deposit rate moved to 3.14 per cent from 2.76 per cent. Spreads between lending and deposit rates therefore widened to 8.31 per cent in December 2008 from 7.92 per cent one year earlier. The

impact on the shorter segment of the market has been less pronounced especially in light of the persistent liquidity overhang. The inter-bank rate inched up by only 2 basis points, while the three-month treasury bill rate increased from 7.00 per cent to 7.05 per cent in December 2008.

The monetary tightening measures pursued by the Bank along with a more cautious outlook by both businesses and consumers have contributed to a more restrained credit environment especially in the latter half of 2008. Private sector credit by the consolidated financial system, which had been growing at around 18 per cent in the first half of 2008, slowed to 13.7 per cent in December 2008. Consumer and business credit posted slower year-on-year increases in December 2008 of 5.7 per cent and 11.7 per cent, respectively.

Helped by relatively buoyant energy prices, the Central Government recorded an overall budget surplus of TT\$9.8 billion (6.6 per cent of GDP) in fiscal year 2007/2008 (October through September). Energy revenues rose to 21.6 per cent of GDP in FY 2007/2008 from 16.7 per cent of GDP in the previous fiscal year. Total Central Government expenditure (TT\$45,767.2 million) also climbed sharply to 30.8 per cent of GDP in FY 2007/2008 from 28.3 per cent of GDP in the previous fiscal year. The non-energy fiscal deficit, a major source of liquidity injection in the economy, amounted to 14.9 per cent of GDP, around the same level as the previous year. The Central Government transferred TT\$6,587.8 million to the Heritage and Stabilization Fund, bringing the balance in the Fund at the end of the fiscal year to TT\$17,927.7 million.

Despite the decline in energy prices in the fourth quarter, buoyant prices in the first three quarters ensured a favourable outturn on the external accounts in 2008. Preliminary data indicate that for 2008, Trinidad and Tobago recorded a balance of payments surplus of

US\$2.7 billion, with the current account registering an estimated surplus of US\$8.8 billion or 36.1 per cent of GDP. By contrast, the capital account recorded a deficit as private sector outflows, including those of the commercial banks and regional bond issues, reached just over \$4.7 billion. The country's Gross Official Reserves as at December stood at US\$9,380.3 million, representing 11.5 months of prospective imports of goods and services.

## ECONOMIC OUTLOOK FOR THE DOMESTIC ECONOMY IN 2009

In 2009, Trinidad and Tobago will continue to feel the impact of the current global crisis through two main sources – the fall in commodity prices and lower external demand for energy and non-energy exports. The economy is therefore expected to grow at a much slower rate in 2009 (between 0 and 1 per cent). According to the Central Bank's preliminary estimates of real GDP, the economy is estimated to have declined by 3.3 per cent in the first three months of 2009, with the Energy and Non-Energy sectors declining by 2 per cent and 5.4 per cent, respectively. Within the energy sector, there were declines in the production of oil, urea, ammonia and methanol, while falling input in manufacturing (11.7 per cent) and construction (2.7 per cent) contributed to the sharper contraction in non-energy output.

The projected broad-based softening in the real economy has impacted employment especially in the services sector. The latest data for employment provided by the CSO indicate that unemployment rose to 5 per cent in the first quarter of 2009 from 3.9 per

cent in the previous quarter. It is quite likely that for the remainder of the year, the labour market will remain soft as major projects are completed or postponed and as companies revise their expenditure programmes.

Given the slower pace of credit growth, inflationary pressures are expected to subside in 2009 and the rate of inflation should return to single digits in 2009. This deceleration in the inflation rate is partly premised on changing supply and demand considerations, including increased output from the Government's Tucker Valley and PCS Nitrogen model farms and lower international food prices – especially for grains and cereals. Headline inflation has already fallen in the twelve months to May 2009, to 10.3 per cent from 14.5 per cent at the end of 2008. Lower liquidity injections into the financial system as a result of projected cuts in Government's budgeted expenditure along with more cautious consumer spending should also help to contain inflation.

Available figures for the first half of the fiscal year 2008/2009 (October 2008 to March 2009) indicate that the fiscal accounts have been significantly affected by the effects of the global economic slowdown. In the period, central government recorded a deficit of \$2,919 million compared to a surplus of \$1,998 million for the comparable period of in FY2007/08. In the face of an overall slowdown in domestic demand, total revenues were 11.6 per cent lower with petroleum receipts down substantially and Value Added Tax receipts lower by 24.9 per cent. Receipts from non-oil companies also fell by \$145.5 million to \$2,689.3 million. For the remainder of 2009, economic policy management would need to strike the right balance between moderating the pace of the economic slowdown and containing inflationary pressures.

**TABLE 1**  
SELECTED ECONOMIC INDICATORS, 2004 – 2008

ITEM	2004	2005	2006	2007	2008 <sup>p</sup>
	<b>(PER CENT)</b>				
Real GDP Growth (2000=100)	7.9	5.4	13.3	5.5	3.5
<b>Energy Sector</b>	<b>8.2</b>	<b>8.3</b>	<b>21.8</b>	<b>1.7</b>	<b>0.4</b>
<b>Non-energy Sector</b>	<b>7.0</b>	<b>3.8</b>	<b>7.0</b>	<b>7.7</b>	<b>4.8</b>
Agriculture	-34.2	-5.4	-10.1	2.6	8.6
Manufacturing	8.4	13.5	12.4	14.9	4.2
Construction	8.1	16.1	6.2	6.6	3.8
Financial Services	21.7	-2.4	1.6	10.9	8.8
Inflation Rate (%) <sup>1</sup>					
(period average)	3.7	6.9	9.3	7.9	12.0
(end of period )	5.6	7.2	9.1	7.6	14.5
Unemployment Rate (%) <sup>2</sup>	8.4	8.0	6.2	5.5	4.6
	<b>(IN PER CENT OF GDP)</b>				
Overall Central Government					
Surplus(+)/Deficit(-)	1.8	5.0	6.3	1.7	6.5
Current Account Balance					
Surplus(+)/Deficit(-)	12.3	22.4	37.4	24.6	36.2
Overall External Account Balance					
Surplus(+)/Deficit(-)	4.0	9.7	5.8	7.3	11.1
Public Sector Debt	44.6	37.3	31.5	29.1	28.7
<b>Memorandum Items:</b>					
External Public Debt (US\$M)	1,382.1	1,360.6	1,295.2	1,392.3	1,442.8
Debt Service Ratio (%) <sup>3</sup>	4.6	1.8	2.8	1.1	1.0
W.T.I. (US\$/barrel)	41.5	56.5	66.0	72.3	99.6
Gross Official Reserves (US\$M) (net of HSF)	2,993.0	4,885.7	6,530.8	6,673.5	9,380.3

Source: Central Bank of Trinidad and Tobago and Central Statistical Office.

<sup>1</sup> The Index of Retail Prices (RPI) was rebased to January 2003=100.

<sup>2</sup> This represents the average for the four quarters.

<sup>3</sup> This is defined as the ratio of external public sector debt service to exports of goods and non-factor services.

<sup>r</sup> Revised.

<sup>p</sup> Provisional.

**TABLE 2**  
**ECONOMIC CONTRIBUTION OF THE ENERGY SECTOR, 2004 - 2008**  
 / PER CENT /

ITEM	2004	2005	2006	2007	2008 <sup>p</sup>
<b>Share of GDP</b>					
Energy Sector	38.4	39.4	42.4	40.9	39.6
Exploration and Production	21.8	22.9	23.5	22.6	21.4
Refining (including LNG)	9.0	8.7	10.8	10.6	10.7
Petrochemicals	4.3	4.8	4.9	4.6	4.4
Other <sup>1</sup>	3.3	3.0	3.1	3.1	3.2
<b>Share of Government Revenues</b>					
Energy Sector	41.1	52.7	61.9	55.5	57.8
Oil and Gas Exploration and Production	31.6	42.6	54.9	45.9	50.8
Other Taxes <sup>2</sup>	9.5	10.0	6.9	9.7	7.0
<b>Share of Merchandise Export Receipts</b>					
Energy Sector	85.8	85.9	91.0	86.7	88.2
Extracted <sup>3</sup>	15.7	10.7	15.5	11.3	14.0
Refined <sup>4</sup>	53.5	53.5	59.3	54.8	56.0
Processed <sup>5</sup>	16.6	21.7	16.2	20.6	18.2
<b>Share of Total Employment</b>					
	3.6	3.4	3.5	3.7	3.3
<b>Memorandum Items:</b>					
Crude Oil and Condensate Production (millions of barrels)	45.0	52.7	52.1	43.8	41.8
Natural Gas Production (millions of barrels of oil equivalent)	190.3	209.1	251.9	265.7	263.6

Source: Ministry of Finance, Ministry of Energy and Central Bank of Trinidad and Tobago.

<sup>1</sup> Includes Service Contractors, Distribution and Asphalt Production.

<sup>2</sup> Other taxes include: Withholding tax, royalties, oil impost, unemployment levy, excise duties and receipts from signature bonuses for the award of product sharing contracts.

<sup>3</sup> Exports refer only to crude oil.

<sup>4</sup> This includes refined petroleum, liquefied natural gas and natural gas liquids.

<sup>5</sup> This refers to all other energy related exports e.g. petrochemicals.

<sup>p</sup> Provisional.



## CHAPTER TWO

# NATIONAL ACCOUNTS

# NATIONAL ACCOUNTS

## GROSS DOMESTIC PRODUCT

Against the background of the global financial and economic crisis, the Trinidad and Tobago economy expanded at a considerably slower pace in 2008 than in 2007. Preliminary estimates indicate that real GDP grew by 3.5 per cent compared with 5.5 per cent in 2007. The moderation in the rate of growth was primarily due to the weaker performance of the oil sector where the increase in real value added slowed to 0.4 per cent from 1.7 per cent in the previous year. At the same time, however, real growth in the Non-energy sector, which had underpinned the solid growth outturn in the previous year, fell to 4.8 per cent from 7.7 per cent in 2007.

In the Energy sector, production continued to decline as a result of the maturation of producing fields. Falling yields, together with technical problems at major energy plants, including at BHP Billiton, which was one of the more severely affected, caused real output in Exploration and Production to fall by 2 per cent, the first decline since 1997. Crude oil production declined by 4.8 per cent, while natural gas output grew by just 2.7 per cent.

Lower demand for petrochemicals due to recessionary conditions in the advanced economies dampened activity in the local petrochemical sub-sector. As external orders and prices for petrochemicals declined, especially in the second half of the year, several petrochemical plants including Atlas Methanol and PCS Nitrogen brought forward scheduled maintenance or, in some cases, ceased production altogether. The

M5000 Methanol plant and some plants belonging to Methanol Holdings Trinidad Limited were also closed at intervals owing to mechanical problems. On the whole, petrochemical production remained virtually flat, following a contraction of 2.3 per cent in 2007.

Except for Agriculture, there was a generally broad-based slowdown of activity in the non-energy sectors. Though real value added in most sub-sectors rose, substantial decelerations in Manufacturing and Construction weighed down overall gains.

In the Manufacturing sector, real output rose by just 4.2 per cent in 2008, compared with more robust growth of 14.9 per cent in 2007. Within the sector, activity contracted in the Assembly type and Related Industries (9.4 per cent) and Chemical and Non-Metallic Minerals sector (6.3 per cent). In the former, the decline was caused by industrial unrest and the temporary closure of the Mittal DRI plant as demand for iron and steel softened. Output in the Chemical and Non-Metallic Minerals sector tapered off as the production of building materials such as clay bricks, concrete blocks, cement and plastics declined with the slowing of construction activity. In the Construction sector, real value added expanded by 3.8 per cent in 2008, from 6.6 per cent in the previous year, as several large government projects including the Port-of-Spain Waterfront Complex and the Government Campus neared completion. Meanwhile, output in manufacturing was also affected by the temporary suspension of production by the Nutrimix Flour Mills.

Notwithstanding the general slowdown of activity in the Non-energy sector, growth in some sub-sectors was robust. These included Hotels and Guest Houses (22.7 per cent), Finance, Insurance, Real Estate and Business Services (8.8 per cent), Agriculture (8.6 per cent), and Transport, Storage and Communication (8.2 per cent). The expansion of activity in the Hotels and Guest Houses sector was largely attributable to the commissioning of the 428 room Hyatt Regency Hotel, while the outturn in Finance, Insurance, Real Estate and Business Services, indicated that the sub-sector was not immediately impacted by the problems in global financial markets. Higher yields in vegetables and root crops and a rise in the production of refined sugar supported increased agricultural output. Enhanced output from the Transport, Storage and Communications sector resulted from buoyant activity in the Telecommunications sub-sector.

## GROSS DOMESTIC EXPENDITURE

Preliminary data from the Central Statistical Office show that in 2008 the growth in Gross Domestic Expenditure (GDE) decelerated to 7.2 per cent from 18.9 per cent and 11.9 per cent in 2006 and 2007, respectively. As Table 1 shows, the fall off in GDE in 2008 owed much to the slower pace of growth

of private sector consumption. On the other hand, both government's consumption and investment expenditures were significantly higher than in 2007.

Consumption expenditure grew by 6.6 per cent, compared to the robust increases of 15.7 per cent in 2007 and 55.8 per cent in 2006. The decline mainly reflected the deceleration of growth in private consumption expenditure to 4.5 per cent, from 16.6 per cent and 72.4 per cent in 2007 and 2006, respectively. Meanwhile, Government consumption grew by 16.3 per cent in 2008, following an increase of 11.9 per cent the previous year, a development reflective of higher expenditure on compensation to employees, notably due to greater use of workers on contract, and goods and services.

Gross capital formation (GCF) increased by 9.9 per cent and measured 12.8 per cent of GDP in 2008, down from an average of 20.6 per cent over 2002 to 2007. The expansion in GCF is attributable mainly to capital investments in drilling in the Energy sector and Government's execution of an ambitious Public Sector Investment Programme (PSIP). GCF was boosted by continuing work on the Methanol Holdings Trinidad Limited ammonia-urea-melamine plant, the Government Campus Plaza, the Uriah Butler Interchange and Government's mega projects.

TABLE 3  
GROSS DOMESTIC EXPENDITURE AND GROSS NATIONAL PRODUCT, 2004 – 2008  
/ TT\$ MILLION /

ITEM	2004 <sup>r</sup>	2005 <sup>r</sup>	2006 <sup>r</sup>	2007 <sup>r</sup>	2008 <sup>p</sup>
Consumption Expenditure	55,008.5	44,381.5	69,141.3	80,019.0	85,333.3
Private	45,424.0	32,674.5	56,339.4	65,690.9	68,668.1
Government	9,584.5	11,707.0	12,801.9	14,328.1	16,665.2
Gross Capital Formation	16,175.0	29,037.0	18,146.0	17,666.0	19,418.0
<b>Gross Domestic Expenditure</b>	<b>71,183.5</b>	<b>73,418.5</b>	<b>87,287.3</b>	<b>97,685.0</b>	<b>104,751.3</b>
Less: Imports of goods and non-factor services	33,022.6	39,257.1	44,596.9	49,050.5	64,324.1
Plus: Exports of goods and non-factor services	45,491.6	66,224.5	79,417.6	88,792.1	111,688.1
<b>Gross Domestic Product at Market Prices</b>	<b>83,652.5</b>	<b>100,385.9</b>	<b>122,108.0</b>	<b>137,426.7</b>	<b>152,115.2</b>
Less: Net Factor Incomes	(2,491.7)	(4,762.0)	(5,877.7)	(6,072.1)	(5,612.5)
<b>Gross National Product at Market Prices</b>	<b>81,160.8</b>	<b>95,623.9</b>	<b>116,230.3</b>	<b>131,354.6</b>	<b>146,502.7</b>

SOURCE: Central Statistical Office and Central Bank of Trinidad and Tobago.

<sup>r</sup> Revised.

<sup>p</sup> Provisional.

TABLE 4  
GROSS DOMESTIC EXPENDITURE, 2004 – 2008  
/ PERCENTAGE CHANGE /

ITEM	2004 <sup>r</sup>	2005 <sup>r</sup>	2006 <sup>r</sup>	2007 <sup>r</sup>	2008 <sup>p</sup>
Consumption Expenditure	27.4	(19.3)	55.8	15.7	6.6
Private	33.1	(28.1)	72.4	16.6	4.5
Government	6.0	22.1	9.4	11.9	16.3
Gross Capital Formation	(9.8)	79.5	(37.5)	(2.6)	9.9
<b>Gross Domestic Expenditure</b>	<b>16.5</b>	<b>3.1</b>	<b>18.9</b>	<b>11.9</b>	<b>7.2</b>
Less: Imports of goods and non-factor services	23.1	18.9	13.6	10.0	31.1
Plus: Exports of goods and non-factor services	23.3	45.6	19.9	11.8	25.8
<b>Gross Domestic Product at Market Prices</b>	<b>17.5</b>	<b>20.0</b>	<b>21.6</b>	<b>12.5</b>	<b>10.7</b>

SOURCE: Central Statistical Office.

<sup>r</sup> Revised.

<sup>p</sup> Provisional.

TABLE 5  
GROSS DOMESTIC EXPENDITURE, 2004 – 2008  
/ PER CENT OF GDP AT MARKET PRICES /

ITEM	2004 <sup>r</sup>	2005 <sup>r</sup>	2006 <sup>r</sup>	2007 <sup>r</sup>	2008 <sup>p</sup>
Consumption Expenditure	65.8	44.2	56.6	58.2	56.1
Private	54.3	32.5	46.1	47.8	45.1
Government	11.5	11.7	10.5	10.4	11.0
Gross Capital Formation	19.3	28.9	14.9	12.9	12.8
<b>Gross Domestic Expenditure</b>	<b>85.1</b>	<b>73.1</b>	<b>71.5</b>	<b>71.1</b>	<b>68.9</b>
Less: Imports of goods and non-factor services	39.5	39.1	36.5	35.7	42.3
Plus: Exports of goods and non-factor services	54.4	66.0	65.0	64.6	73.4
<b>Gross Domestic Product at Market Prices</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

SOURCE: Central Statistical Office and Central Bank of Trinidad and Tobago.

<sup>r</sup> Revised.

<sup>p</sup> Provisional.

TABLE 6  
SAVINGS AND INVESTMENT, 2004 – 2008  
/ TT\$ MILLION /

ITEM	ACTUAL				
	2004 <sup>r</sup>	2005 <sup>r</sup>	2006 <sup>r</sup>	2007 <sup>r</sup>	2008 <sup>p</sup>
Gross Domestic Savings	28,644.0	56,004.4	52,966.7	57,407.7	66,781.9
LESS: Net Factor Payments	(2,491.7)	(4,762.0)	(5,877.7)	(6,072.1)	(5,612.5)
Net Transfers Abroad	352.5	313.9	293.9	364.2	321.6
Gross National Savings	26,504.8	51,556.3	47,383.0	51,699.8	61,491.0
Gross Capital Formation	16,175.0	29,037.0	18,146.0	17,666.0	19,418.0
External Savings <sup>1</sup>	(10,329.8)	(22,519.3)	(29,237.0)	(34,033.8)	(42,073.0)
<b>MEMO ITEM</b>	<b>(IN PER CENT OF GDP)</b>				
Gross National Savings	31.7	51.4	38.8	37.6	40.4
Gross Capital Formation	19.3	28.9	14.9	12.9	12.8
Use of External Savings <sup>1</sup>	(12.3)	(22.4)	(23.9)	(24.8)	(27.7)

SOURCE: Central Statistical Office and Central Bank of Trinidad and Tobago.

<sup>1</sup> Equivalent to the inverse of the Current Account of the Balance of Payments.

<sup>r</sup> Revised.

<sup>p</sup> Provisional.





## CHAPTER THREE

# DOMESTIC PRODUCTION

# DOMESTIC PRODUCTION

## PETROLEUM AND PETROCHEMICALS

The performance of the energy sector weakened significantly in 2008. Production of a wide range of energy commodities fell, but the steepest declines were in the production of crude oil and petrochemicals. Though the energy sector benefited from buoyant international prices in the first three quarters of 2008, its fortunes worsened dramatically in the fourth quarter when prices fell steeply with the deepening of the international financial crisis. Exploration activity also fell.

### PETROLEUM

#### *Exploration Activity*

Exploration activity, as measured by total depth drilled reached 151.6 thousand metres in 2008, which was 14.9 per cent lower than in the previous year. BPTT and British Gas (Trinidad and Tobago) Limited accounted for almost half (43 per cent) of total drilling activity, but much of this was developmental as opposed to exploratory. The fall off in overall activity in the oil sector was also reflected in a decline in the number of rig days, which averaged 224 per month, 20.7 per cent fewer than in 2007.

Intensifying exploration activity is heavily dependent on the efficiency at which blocks are offered and awarded. In 2008, three Production Sharing Contracts (PSCs) were signed for blocks awarded pursuant to the 2006 bid round whereas in 2007 just 2 contracts were awarded.

#### *Production and Exports*

In 2008, crude oil production amounted to 41.8 million barrels, down 4.8 per cent from a year earlier. Production at most of the upstream producers was stable during the year, except at BGTT, Repsol and EOG Resources Inc.,

where output fell below average levels during the fourth quarter of 2008. Additionally, operational difficulties at BHP Billiton resulted in lower output during April and December 2008. Crude oil exports totalled 21.3 million barrels, which was a reduction of 4.1 per cent from 2007. Most of the decline was attributable to lower loadings at the BHP Billiton terminal during the third quarter of 2008.

#### *Refining*

During the year the Petrotrin Pointe-a-Pierre refining facility achieved a utilization rate of just over 90 per cent. Refinery throughput totalled 55.4 million barrels (151 thousand b/d), representing a slight reduction of 1.3 per cent from 2007. Relatedly, crude oil imported for refining declined by 2.6 per cent.

#### *Natural Gas*

Natural gas production in 2008 averaged 4,152 million standard cubic feet per day (mmscf/d), 1.0 per cent below 2007. Gas utilization also fell, by 1.6 per cent to an average of 3,699 mmscf/d. The marginal decreases in production and utilization reflected reduced operations at the Point Lisas estate during the fourth quarter as well as lower deliveries to ALNG Trains 2 and 3 in the first half of the year.

#### *Liquefied Natural Gas (LNG) and Natural Gas Liquids (NGLs)*

With few disruptions to operations during the year, LNG production at the Atlantic LNG factory held its own, with a marginal increase over the previous year. LNG production totaled 33.0 million cubic meters (m<sup>3</sup>), a rise of 2.7 per cent from the previous year. However, exports of LNG contracted by 3.0 per cent to 12.4 million metric tonnes.

An important feature of this country's international trade in LNG in 2008 was the increasing diversion of product from the traditional US market to Europe and Asia where prices were higher. Exports to the US slumped to 38.5 per cent of total LNG exports compared with 57.7 per cent in 2007, while Spain procured 28.8 per cent, almost double the share a year earlier. Trinidad and Tobago also managed to penetrate new markets such as Argentina, Brazil, Greece, Portugal and Belgium.

There was a moderate increase in the overall production (2.2 per cent) and export (5.7 per cent) of natural gas liquids in 2008, as the increase in output of propane and butane offset a decline in natural gasoline production.

## PETROCHEMICALS

### *Methanol*

Technical operational difficulties, as well as weakening global demand in the latter part of the year, combined to make 2008 a difficult year for the local methanol industry. Following several plant outages in the first half of the year, mechanical problems caused the world-scale M5000 plant to be shut down for all of the last quarter of 2008. The drop in international demand for methanol in late 2008 also led to lower utilization rates at several other local plants. For the year as a whole,

production fell by 4.2 per cent from the prior year's total of 5,686.1 thousand tonnes, while exports contracted by 1.8 per cent to 5,928.2 thousand tonnes.

### *Nitrogenous Fertilizers*

The slowdown in global demand also negatively affected the local nitrogenous fertilizer industry in the latter part of 2008. This followed some industrial unrest and scheduled closings (including for routine maintenance at the PCS Nitrogen plant), which suppressed production during the first three quarters of the year. The production of ammonia totaled 4,966 thousand tonnes, a decline of 4.4 per cent from 2007, while exports contracted by 6.2 per cent to total 4,589 thousand tonnes. The contraction in the urea industry was even more pronounced, with production and exports declining by 10.8 per cent and 17.8 per cent, respectively.

## IRON AND STEEL

Contraction in iron and steel activity occurred across all product lines in 2008. As early as January, operations at the Mittal DRI facility were affected when industrial action caused the temporary closure of the plant. Further interruptions occurred in mid-year, with knock-on effects on other steel commodities for which DRI is an intermediate input. In the fourth quarter activity slowed even further as a result of depressed international demand for the product. The tumultuous year saw DRI production falling by 22.4 per cent and exports by 16.4 per cent. Production and exports of wire rods registered more prominent declines of 46.7 per cent and 41.1 per cent, respectively, while output of billets fell off by 29.6 per cent.

## BOX 1

## DEVELOPMENTS IN THE ENERGY SECTOR IN 2008

*Petroleum*

- There was a setback in exploration activity as (a) Talisman Energy ceased exploratory drilling in the Eastern block after the Zaboca 1 and the Shadon Beni 1 wells failed to discover commercial hydrocarbons; and (b) the bid round for five blocks in the North Coast Marine Area (NCMA) and on the south-east coast was delayed on three occasions.
- In January, the government sold 80 per cent of its interest in the Trintomar oil field to EOG Resources for US\$20 million. Trintomar produces an average of 200 b/d.
- In July, ONGC Mittal Energy Limited signed a production sharing contract (PSC) with the Government for the development of the NCMA Block 2, thereby becoming the first Indian company to operate in the upstream energy sector in the Caribbean region. ONGC Mittal now jointly owns NCMA 2 with Petrotrin and there are plans to drill five exploration wells.
- In August 2008, Trinidad Offshore Fabricators Company Limited completed construction of BGTT's Poinsettia platform. It was the largest platform ever built in Trinidad and Tobago and the biggest ever installed within local maritime boundaries.
- In September, Voyager Energy signed a PSC with the Government and formed a joint venture with Petrotrin and fellow Canadian company Petro Andina November 2008 to undertake exploration in the 180 thousand acre Central Range block. This was the first PSC signed for land acreage in Trinidad and Tobago. The agreement outlined the exploratory work for the next four years. The minimum work programme would include the shooting of a 2D seismic survey, the acquisition of 250 km<sup>2</sup> of 3D seismic and the drilling of four exploratory wells (three shallow wells and one deep well). The projected cost of the work programme was US\$42 million. In fiscal 2009, it is expected that five wells would be drilled at a cost of US\$140 million.

*Natural Gas*

- The Government of Trinidad and Tobago awarded a Production Sharing Contract to Norwegian-based Statoil ASA for exploration and development of Trinidad Deep Atlantic Area (TDAA) 5.

## BOX 1 (CONTINUED)

### DEVELOPMENTS IN THE ENERGY SECTOR IN 2008

- Partners Canadian Superior Energy Incorporated, Challenger Energy Corporation and BG International Limited reported a gas discovery off the east coast of Trinidad. The find was at the Victory Well in the Intrepid Block 5(c) and has an estimated flow rate exceeding 100 million cubic feet per day (mmcf/d).
- Petro-Canada reported a natural gas find 14 miles off Tobago's northwest coast with an estimated 0.6 to 1.3 tcf of contingent resources.
- T&TEC contracted Finland's Wartsila Corporation to construct a 64 megawatt gas-fired power plant in Tobago at a cost of US\$77 million. The plant will be the first natural gas reciprocating engine facility of its kind in the Caribbean.
- In February, the National Gas Company of Trinidad and Tobago (NGC) marked the completion of the Beachfield Upstream Development (BUD) Project. At a cost of US\$225 million, the project entailed the construction of a new slug catcher and a 66 kilometer pipeline from the Cassia B offshore platform to Beachfield, Guayaguayare. The 36-inch pipeline has the capacity to transmit 600 mmcf/d of gas, which brought NGC's transmission capacity to 4.4 billion cubic feet per day (bcf/d). Following this most recent round of expansion, NGC's gas transmission system became the seventh largest in the western hemisphere.
- The findings of the 2008 Ryder-Scott Natural Gas Audit on Trinidad and Tobago's natural gas reserves revealed that proven, probable and possible reserves stood at 16.9 bcf, 7.8 bcf and 5.8 bcf, respectively. Trinidad and Tobago's total reserves decreased from 31.04 bcf in 2007 to 30.76 bcf in 2008. The report also indicated that the reserve replacement ratio was 100 per cent in 2008 and the reserve-to-production ratio based on proven reserves was 13 years.
- Canadian Superior offered Trinidad and Tobago an equity stake in a proposed LNG terminal in New York/New Jersey. To be built in 100 feet of water, Liberty Natural Gas will be a deepwater pipeline system. Canadian Superior hopes that Trinidad and Tobago will supply the system with LNG.
- Due to the impact of the international financial crisis on the energy and steel markets, NGC rescheduled two of its major offshore pipeline projects till 2010. These projects were the Northeast Offshore and Tobago Pipeline and the Union Estate Pipeline.





## CHAPTER FOUR

# LABOUR MARKET

## LABOUR MARKET

In recent years, growth in employment has been impressive and unemployment has fallen to record lows. Though the economy experienced some stress towards the latter part of 2008, activity in the first nine months of the year was sufficiently strong to sustain labour market buoyancy.

During 2008, the unemployment rate averaged 4.6 per cent, slightly below the average of 5.5 per cent recorded in 2007. While the labour force grew marginally, some 10 thousand more jobs were created and the number of unemployed declined by 4.1 thousand. Nevertheless, the participation rate remained relatively unchanged from a year earlier.

Employment gains were generally broad-based, while job losses were highest in the energy sector where output growth has been on the decline. The construction sector led the way in terms of job growth, providing 6.2 thousand additional jobs (or over 60 per cent of new jobs), in part because of intense government construction activity, but also as a result of vibrant private sector residential construction. In the services sector, 3.8 thousand persons found jobs, with the majority being in the Community, Social and Personal Services sector. Meanwhile, the energy sector shed 2.1 thousand jobs in response to declining activity in the upstream petroleum industry where many companies completed their work programmes early in 2008.

TABLE 7  
LABOUR FORCE STATISTICS, 2005 - 2008  
/ THOUSANDS /

	2005	2006	2007	2008
Population (Mid Year) Estimates	1,294.5	1,297.9	1,303.2	1,308.6
Non-Institutional Population - 15 years and over	979.0	978.3	981.6	989.2
Labour Force	623.7	625.2	622.4	626.7
Persons with jobs	574.0	586.2	587.9	597.7
Persons without jobs	49.7	39.0	34.5	29.0
Participation Rate (%)*	63.7	63.9	63.5	63.5
Unemployment Rate (%)*	8.0	6.2	5.5	4.6

Source: Central Statistical Office.

\* Represents average of the four quarters.

TABLE 8  
THE SECTORAL DISTRIBUTION OF EMPLOYMENT, 2005 - 2008  
/ THOUSANDS /

	EMPLOYMENT							
	2005		2006		2007		2008	
	(000)	%	(000)	%	(000)	%	(000)	%
Agriculture	25.0	4.4	25.7	4.4	22.4	3.8	23.0	3.8
Petroleum & Gas (including Mining & Quarrying)	19.3	3.4	20.4	3.5	23.2	4.0	21.1	3.5
Manufacturing	56.6	9.9	55.5	9.5	54.1	9.2	56.0	11.3
Construction (including Electricity & Water)	101.8	17.7	104.5	17.8	110.2	18.7	116.4	19.5
Transport, Storage & Communications	41.8	7.3	42.7	7.3	41.5	7.1	41.1	6.9
Other Services	327.1	57.0	335.6	57.3	336.5	57.2	340.3	56.9
<i>Of which:</i>								
<i>Wholesale &amp; Retail</i>	103.6	18.1	106.6	18.2	108.3	18.4	108.2	18.1
<i>Community, Social &amp; Personal Services</i>	178.5	31.1	181.0	30.9	178.6	30.4	179.5	30.0
<i>Finance, Insurance &amp; Real Estate</i>	45.0	7.8	48.1	8.2	49.6	8.4	52.6	8.8
Not Classified	2.5	0.4	1.6	0.3	0.4	0.0	0.7	0.1
<b>Total Employment</b>	<b>574.0</b>	<b>100.0</b>	<b>586.2</b>	<b>100.0</b>	<b>587.9</b>	<b>100.0</b>	<b>597.7</b>	<b>100.0</b>

Source: Central Statistical Office.

## WAGES

Despite the tight labour market in Trinidad and Tobago in the last few years, wage increases for organised labour have been contained. Nevertheless, anecdotal evidence suggests that in selected industries wage increases have been significant, especially when other aspects of compensation are considered.

Collective agreements registered with the Industrial Court of Trinidad and Tobago provide some broad indication of trends in wages. Agreements registered with the Court in 2007 covering a general three-year contract period showed wage increases averaging 17.7 per cent compared with 18.1 per cent for agreements registered in the previous year. Moreover, the median yearly increase also declined slightly to 4.8 per cent, compared with 5.0 per cent in 2006.

When for these same agreements increases for 2008 were isolated, a similar pattern of wage moderation emerged. For the contract year 2008, the average wage increase was 4.7 per cent compared with 6.8 per cent for 2007. Larger wage increases occurred

predominantly in the Construction and Personal Services sectors where collective agreements were settled for as high as 42 per cent and 34 per cent, respectively. The robust activity and intense competition for workers in the construction sector may explain the sizeable wage increases in the sector. The energy sector recorded smaller wage adjustments ranging from 6 per cent to 11.7 per cent over a three-year period.

A different picture emerges when one examines the CSO's Index of Average Weekly Earnings, which is based on weekly earnings in the manufacturing sector. According to the Index, nominal wages rose by 11.7 per cent in 2008, compared with 2.7 per cent one year earlier. There were sizeable wage increases in the Chemical and Non-Metallic Products (24.9 per cent) and the Wood Products (19.8 per cent) industries. With the exception of the sugar industry, the only other industry that experienced a decline in wages was Food Processing (10.4 per cent).

### TABLE 9

SUMMARY OF INDUSTRIAL AGREEMENTS REGISTERED IN 2007  
FOR THE PERIOD, 2005 – 2010

PERIOD OF AGREEMENT	NUMBER OF AGREEMENTS	MEDIAN YEARLY WAGE INCREASE (%)	RANGE OF AVERAGE YEARLY INCREASES (%)
2005-2007	5	4.3	3.0-17.0
2005-2008	11	5.0	1.5-12.3
2006-2008	13	5.0	3.3-17.0
2006-2009	9	5.0	3.0-11.4
2007-2009	3	4.0	3.0-17.0
2007-2010	5	4.8	3.7-11.4

SOURCE: Industrial Court of Trinidad and Tobago.

TABLE 10  
AGREEMENTS REGISTERED IN 2007 BY SECTOR

SECTOR	DURATION OF AGREEMENTS	NO. OF AGREEMENTS	RANGE OF YEARLY INCREASES (%)
Energy	2003-2006	1	1.50-3.00
	2004-2007	3	1.50-6.90
	2005-2008	2	1.50-6.90
Agriculture	2002-2004	1	2.00-10.00
Utility	2002-2004	1	2.00-10.00
Manufacturing	2003-2005	1	3.73-15.75
	2003-2006	2	3.73-15.75
	2004-2007	2	3.73-8.20
	2005-2007	4	3.73-6.63
	2005-2008	2	3.73-6.63
	2006-2008	1	5.16-6.63
	2006-2009	5	5.16-6.63
	2007-2010	3	5.16-6.63
Distribution	2003-2006	1	3.00-5.00
	2004-2007	1	3.00-5.00
	2005-2008	2	3.00-5.25
	2006-2009	2	3.00-7.00
Construction	2006-2008	2	11.00-17.00
	2007-2009	1	3.00-17.00
Transport, Storage & Communications	2003-2006	1	3.50-10.50
	2004-2007	1	3.50-5.33
	2005-2008	2	3.33-5.33
	2007-2009	1	3.00-3.33
Finance, Insurance & Business Services	2002-2005	1	0.00-8.30
	2003-2005	3	4.64-8.30
	2003-2006	1	4.64-8.30
	2004-2007	3	4.64-7.00
	2005-2008	1	4.60-7.00
	2006-2009	7	3.25-7.00
	2007-2009	1	3.25-4.60
Education	2005-2007	1	3.00-17.00
Personal Services	1998-2000	1	0.00-3.00
	1999-2002	1	3.00
	2005-2008	2	10.33-12.25
	2006-2008	2	3.66-11.38
	2006-2009	2	3.66-11.38
	2007-2010	2	3.66-11.38

SOURCE: Industrial Court of Trinidad & Tobago.

TABLE 11  
THE MANUFACTURING SECTOR  
CHANGES IN KEY INDICATORS  
/ PER CENT /

	EXPLORATION & PRODUCTION OF OIL & NATURAL GAS		MANUFACTURING (EXCLUDING ENERGY)		ALL INDUSTRIES	
	2007	2008	2007	2008	2007	2008
Production	(9.0)	(1.7)	16.7	7.0	10.5	7.0
Hours Worked	(46.7)	(2.8)	3.0	(0.8)	0.8	(1.4)
Nominal Earnings	(5.3)	12.7	4.4	10.6	2.7	11.7
Real Earnings	(5.8)	8.6	3.9	6.6	2.3	7.6

Source: Central Statistical Office.

## PRODUCTIVITY

Preliminary data for 2008 indicate that productivity growth may have remained flat during the year. According to the Index of Productivity (the Index of Domestic Production divided by the Index of Man Hours Worked), during 2008, productivity in the manufacturing sector increased by 8.5 per cent, which was a slight decline in growth registered for the similar period of 2007. However, when the results for the energy and sugar manufacturing sectors were excluded, growth in productivity measured 7.8 per cent.

Some industries in the non-energy sector recorded significant enhancements in productivity. For example, productivity gains in the Food Processing industry were estimated at 19.6 per cent, thanks mainly to increases in the fruits and vegetables processing industry group (22.2 per cent). Other noteworthy results were in Textiles, Garments and Footwear (26.3 per cent); Wood Products

(30.1 per cent) and Drink and Tobacco (21.3 per cent). In the latter, continuous operational improvements at the nation's sole manufacturer of cigarettes and at the various breweries contributed to the increase.

Declines in productivity were observed in Assembly-Type and Related Industries (12.6 per cent); Printing, Packaging and Paper Converters (10.2 per cent) and Chemical and Non-Metallic Products (3.7 per cent). A large falloff in productivity (40.7 per cent) in the manufacture of metal building materials was, for the most part, responsible for the decline observed in the Assembly-Type and Related Industries group.

In 2008, a National Productivity Council was established with a mandate to undertake preparatory work for the National Productivity Centre, propose research and undertake a public awareness programme.



## CHAPTER FIVE

PRICES

## PRICES

### CONSUMER PRICES

In 2008, local and international developments continued to influence the domestic inflationary environment. The persistent liquidity overhang in the financial system was a constant catalyst to movements in the retail prices index, while on the supply side, adverse weather conditions and flooding in several key agricultural regions led to shortfalls in locally produced food supplies. In addition, the steady rise in global food prices in the first half of the year was an important source of inflationary pressures. Though, internationally, food commodity prices began softening in the third quarter, price corrections were slower in filtering into domestic prices.

Headline inflation averaged 12.0 per cent in 2008, which was a substantial climb from the 7.9 per cent the previous year. In the twelve months to December 2008, however, the rate measured 14.5 per cent which substantially overshoot the government's implicit year-end target of 7 per cent.

At the start of the year, in January, headline inflation measured 10 per cent but moderated in the three succeeding months, mainly because food price inflation abated, but also because of slower price increases for housing and health. However, by May, headline inflation had regained momentum to reach 10 per cent before rising steadily to a monthly high of 15.4 per cent in October and easing to 14.5 per cent towards year end.

Throughout 2008, escalating food prices were mainly responsible for the volatility in prices, accounting for almost two-thirds of the changes observed in headline inflation. The Food and Non-Alcoholic

Beverages sub-index rose on average by 25.6 per cent in 2008 compared with 17.5 per cent in 2007. This was the highest average annual increase since 1974 when food prices soared by 30 per cent.

Looking more closely at food inflation, the Bread and Cereals category recorded the largest increase – 43.7 per cent – as higher international grain prices fed through to the domestic market. Hikes in the price of imported grain caused the National Flour Mills to raise the price of flour on three occasions during the year, in February, April and again in July. In addition, for a short period during the first half of the year, domestic supplies of flour were curtailed as the country's second flour mill, Nutrimix Limited, was closed for upgrade. Given these developments, the price of flour soared by 68.3 per cent in 2008. Along with this, the price of rice rose by 49.1 per cent. Other food categories which showed large upward price movements included Oils and Fats (23.3 per cent) and Milk, Cheese and Eggs (21.4 per cent). The Association of Trinidad and Tobago Table Egg Producers has cited the persistent increase in the price of animal feed as the main reason for an increase of 34.4 per cent in the price of eggs during the year.

Fruit and vegetable prices were also up significantly from in the previous year – 33.3 per cent and 27.9 per cent, respectively. Floods and adverse weather conditions significantly affected the output of these items, although production picked up markedly towards the end of the year. Local supplies were augmented by increased imports from Guyana.

Since the winding down of sugar cane production in 2007, Trinidad and Tobago has had to import raw sugar from Guyana, at international prices, for processing locally. This was reflected in increases in the prices of sugar and sugar-based products such as chocolate and confectionery.

Core inflation climbed in 2008, averaging 6.2 per cent compared with 4.3 per cent the previous year, with much of the ascent taking place in the second half of 2008. After fluctuating between 5 per cent and 6 per cent on a year-on-year basis in the first half of 2008, core inflation reached as high as 7.4 per cent on a year-on-year basis to October 2008.

Several factors were influential in driving up core inflation. In line with the rise in food prices, the cost of dining out went up and contributed to an increase of 19.9 per cent in the Hotels, Cafes and Restaurants category. Education costs escalated as external education from U.K institutions became costlier as the UK pound strengthened vis à vis the Trinidad and Tobago

dollar. Electricity costs rose by an average of 14.3 per cent as the Trinidad and Tobago Electricity Commission (T&TEC) raised rates for residential customers, while housing costs also rose as items used in house repair, as well as charges for house repair services, increased.

### WHOLESALE PRICES

With many locally produced goods having high import content, the surge in global commodity prices heavily influenced wholesale price movements. According to the Central Statistical Office, the Index of Producers' Prices (PPI) increased by 10 per cent compared with 6.9 per cent in 2007. Increases were most notable in the Food Processing (20.2 per cent) and Drink and Tobacco industries (16.7 per cent). Within the Food Processing industry group the increase of wheat prices to record levels led to a rise of 82.8 per cent in flour milling costs. Also, the producers of vegetable oils and animal fats saw the prices in this industry group rising by 26.7 per cent. Prices also rose substantially for the Chemical and Non-Metallic Products industry, by 9.8 per cent, due mainly to increases in the price of Readymix concrete.





## FISCAL OPERATIONS

### CENTRAL GOVERNMENT FISCAL OPERATIONS

*(For the Period October 2007 to September 2008)*

The Central Government's accounts strengthened in fiscal 2008, with the overall surplus rising to \$9.8 billion or 6.5 per cent of GDP from 1.7 per cent of GDP in fiscal 2007. Strong growth in energy revenues supported primarily by high international oil prices and a solid performance of non-energy revenues provided the basis for the higher surplus, despite a significant ramping up of expenditures. The Government was able to transfer \$6.6 billion to the Heritage and Stabilization Fund (HSF), bringing the accumulated balance in the Fund to \$18.1 billion. The non-energy fiscal deficit rose slightly to 15 per cent of GDP compared with 14.9 per cent of GDP in the previous year.

Total revenues of \$55.6 billion were up 27 per cent from fiscal 2007. Energy revenues (\$32.1 billion) reached 21.6 per cent of GDP from 16.7 per cent of GDP in fiscal 2007 as higher energy prices more than offset a fall in oil production levels.

The trend of higher non-energy revenues that arose in recent years continued into fiscal 2008, in keeping with the strengthening economy. The payment of arrears of income to teachers led to a boost in personal income taxes, while tax receipts also benefited – to the tune of \$553 million – from an amnesty on interest penalties on tax arrears. Additionally, ongoing reforms within the Board of Inland Revenue including the phased introduction of the Integrated Tax System (GENTAX) helped improve tax compliance and revenues. The reduction in the Common External Tariff on selected food items did not significantly affect revenue receipts.

Central government expenditure continued to grow in fiscal 2008 and at \$45.8 billion was 21.2 per cent higher than in the previous year. On two

occasions in the year, budgeted estimates were hiked through supplementary appropriations, first by \$3.5 billion and subsequently by \$3.9 billion.

Spending increases were spread across all major categories of expenditure. Spending on wages and salaries rose by 13.9 per cent, as government completed retroactive payments relating to wage agreements for the period 2006-2008. Expenditure on goods and services grew by 17.1 per cent owing to the increased cost of rent and higher spending on short-term employment and security services. Transfers and subsidies, which is the single largest component of expenditure, rose by 22.6 per cent and measured 13.5 per cent of GDP. Much of the increase in transfers resulted from higher pension and gratuity payments, rising petroleum subsidy payments and transfers to state enterprises and statutory boards. Capital expenditure grew by \$2,298.2 million to \$10,080.1 million for the period under review as central government's development programme gathered momentum.

The central government amortized debt amounting to \$1,397.6 million. These debt obligations were largely financed through the overall surplus and project related external borrowing (\$1,137.3 million). Domestic borrowing in fiscal year 2008 amounted to \$1,200 million through the issuance of liquidity absorption bonds.

Though central government accounts were solid in fiscal year 2008, in the last quarter of calendar year 2008 (October-December), the fiscal position worsened dramatically as global energy prices fell precipitously. The government was forced to reduce the oil price upon which it based its budget for FY 2009 to US\$55

from the original estimate of US\$70 made in August. At that time the government estimated that lower expected prices for oil and natural gas would induce a budget deficit of US\$3 billion. The oil price estimate was further revised to US\$45 dollars in November 2009.

### **PUBLIC SECTOR EXTERNAL DEBT** *(Data in this Section are in US dollars)*

During 2008, Trinidad and Tobago's external public sector debt rose by US\$50.5 million or 3.5 per cent above the outstanding sum in the previous year. Nevertheless, total public sector external debt remained just below 6 per cent of GDP. At the end of 2008, total public sector debt outstanding stood at \$1,442.8 million.

Disbursements during the year totaled \$116.7 million with much of this coming from the Inter American Development Bank for projects in education (\$16.5 million), national settlements (\$14.8 million), highway development (\$11.2 million) and health (\$7.4 million). However, sizeable financing (47 per cent of the total amount disbursed) also came from Lloyd's TSB Offshore of London for the purchase of patrol vessels and other related services. In April 2008, the GOTT entered into a 10-year agreement with the Australia and New Zealand Banking Group (ANZ Bank) and the official Export Credit Agency in Australia (EFIC), for the supply of six fast patrol vessels. The financing amounts to AUD75.34 million (\$398.9 million) and includes contracts for shipbuilding, maintenance services and the training of personnel. This is the second export /supply credit agreement authorized by GOTT in the recent past.

External debt service increased moderately in 2008 to \$162.7 million from \$150.9 million in the previous year. This was made up of \$66.2 million in amortization and \$96.5 million in interest payments. The major principal repayments were to the IDB (\$44.4 million), the World Bank (\$12.2 million) and the Caribbean Development

Bank (\$6.3 million). In 2008, Eurobond interest accounted for 68.3 per cent of the total paid (\$96.5 million). The balance was directed to commercial debt (\$26.7 million) and to multilateral creditors (\$3.9 million).

### **CENTRAL GOVERNMENT DOMESTIC DEBT**

In 2008, Central Government domestic debt fell, both in absolute terms and as a per centage of GDP. At the end of the year, domestic debt outstanding was recorded at \$14,002.4 million or 9.2 per cent of GDP compared with \$14,064 million or 10.2 per cent of GDP at the end of 2007. In 2008, domestic borrowings included two auctions: the first of \$1,200 million was for liquidity absorption purposes, while the second of \$700 million by the HDC was for housing development. Gross domestic borrowings amounted to \$1,900 million, \$208.7 million more than in 2007.

Central government debt service on domestic debt also rose, to \$1,164 million in 2008, from \$1,118 million in 2007. Interest payments, which had been mounting in recent years, amounted to \$817 million and included payments of \$45.1 million on the US\$150 million domestic bond issued in 1998. Principal repayments increased by \$33.4 million from the previous year to \$347.5 million. The total represented development bond amortization, payments on public sector non-interest bearing bonds and the maturity of Series 1 (\$100 million) of a three series \$500 million development bond which was contracted in 2003.

In respect of outstanding contingent liabilities of the central government, the stock increased to \$17,541 million at December 2008 from \$16,666 million at the end of 2007, reflecting new government guaranteed debt of \$12 billion and letters of comfort of \$5.56 billion. Letters of comfort were approved for three statutory bodies, the Trinidad and Tobago Electricity

Commission (\$478.8 million), the Water and Sewerage Authority (\$300 million) and The Public Transport Service Corporation (\$14 million). Letters of Comfort to state enterprises, totaled \$1,671 million and included for UdeCott (\$830 million), e-Teck (\$220 million) and the TDC (\$116.3 million). This was significantly higher than the amount approved in 2007 (\$463.3 million).

TABLE 12

SUMMARY OF CENTRAL GOVERNMENT FINANCES, 2005/2006 - 2008/2009  
/ TT\$ MILLION /

	2005/2006	2006/2007	2007/2008 <sup>p</sup>	2008/2009 <sup>b</sup>
Current Revenue	38,906.9	40,034.8	55,546.4	49,417.9
Current Expenditure	26,582.6	29,984.0	35,687.1	40,170.3
<b>Current Surplus (+)/Deficit (-)</b>	<b>12,324.3</b>	<b>10,050.8</b>	<b>19,859.3</b>	<b>9,247.6</b>
Capital Receipts	4.0	29.6	38.0	26.0
Capital Expenditure and Net Lending	4,615.3	7,781.9	10,080.1	9,254.1
<b>Overall Surplus (+)/Deficit (-)</b>	<b>7,713.0</b>	<b>2,298.5</b>	<b>9,817.2</b>	<b>19.5</b>
Financing	-7,713.0	2,298.5	-9,817.2	-19.5
External (Net)	-300.1	688.3	767.4	431.8
Domestic (Net)	-7,413.0	-2,986.8	-10,584.6	-451.3
<b>SURPLUS (+)/DEFICIT(-) AS A PER CENT OF GDP (CURRENT MARKET PRICES)</b>				
Current Surplus (+)/Deficit (-)	10.1	7.3	13.1	5.6
Overall Surplus (+)/Deficit (-)	6.3	1.7	6.5	0.0

Source: Appendix Table A.16.

<sup>b</sup> Budgeted.

<sup>p</sup> Provisional.

**TABLE 13**  
**SUMMARY OF CENTRAL GOVERNMENT FINANCES, 2005/2006 - 2008/2009**  
**/ PER CENT /**

	2005/2006	2006/2007	2007/2008 <sup>a</sup>	2008/2009 <sup>b</sup>
<b>PER CENT OF RECURRENT REVENUE</b>				
<b>A. Recurrent Revenue</b>				
Oil Revenue	55.0	50.2	54.5	41.2
Non-Oil Revenue	45.0	49.8	45.5	58.8
Income Taxes	20.4	22.2	21.3	24.4
Property Taxes	0.2	0.2	0.2	0.2
Taxes on Goods and Services	14.4	15.7	14.8	20.1
International Trade Taxes	4.7	5.0	4.3	5.1
Non-Tax Revenue	5.3	6.7	4.8	9.0
Total Recurrent Revenue	100.0	100.0	100.0	100.0
<b>PER CENT OF RECURRENT EXPENDITURE</b>				
<b>B. Recurrent Expenditure</b>				
Wages and Salaries	20.5	20.7	19.9	17.9
Goods and Services	14.5	14.3	14.1	17.4
Interest	9.2	9.0	8.5	8.1
Transfers and Subsidies	55.8	56.0	57.6	56.6
Total Recurrent Expenditure	100.0	100.0	100.0	100.0

Source: Appendix Tables A.17 and A.18.

<sup>b</sup> Budgeted.

<sup>a</sup> Provisional.

TABLE 14  
SUMMARY OF CENTRAL GOVERNMENT FISCAL OPERATIONS  
/ TT\$ MILLION /

	2004/2005	2005/2006	2006/2007	2007/2008 <sup>p</sup>	2008/2009 <sup>b</sup>
<b>Revenue</b>	<b>29,647.9</b>	<b>38,910.9</b>	<b>40,064.4</b>	<b>55,584.4</b>	<b>49,443.9</b>
Energy	15,614.0	24,069.0	22,248.5	32,113.2	19,924.6
Non-energy	14,033.9	14,841.9	17,815.9	23,471.2	29,519.3
<b>Expenditure</b>	<b>24,641.0</b>	<b>31,197.9</b>	<b>37,765.9</b>	<b>45,767.2</b>	<b>49,424.4</b>
Current	21,842.4	26,582.6	29,984.0	35,687.1	40,170.3
Wages and salaries	5,309.2	5,455.6	6,221.3	7,084.3	7,186.2
Goods and services	3,170.1	3,843.3	4,283.8	5,015.8	6,985.5
Interest payments	2,541.5	2,453.3	2,698.1	3,016.1	3,247.2
Transfers & subsidies	10,821.6	14,830.4	16,780.8	20,570.9	22,751.4
Capital expenditure & net lending	2,798.6	4,615.3	7,781.9	10,080.1	9,254.1
<b>Overall non-energy balance</b>	<b>-10,607.1</b>	<b>-16,356.0</b>	<b>-19,950.0</b>	<b>-22,296.0</b>	<b>-19,905.1</b>
<b>Overall balance</b>	<b>5,006.9</b>	<b>7,713.0</b>	<b>2,298.5</b>	<b>9,817.2</b>	<b>19.5</b>
<b>Total financing</b>	<b>-5,006.9</b>	<b>-7,713.0</b>	<b>-2,298.5</b>	<b>-9,817.2</b>	<b>-19.5</b>
Foreign financing	-1,273.0	-410.8	688.3	706.5	431.8
Domestic financing	-3,733.9	-7,302.2	-2,986.8	-10,523.7	-451.3
Of which: transfers to Heritage & Stabilization Fund	-2,593.0	-3,160.0	-2,030.2	-6,587.8	0.0
<b>(IN PER CENT OF GDP)</b>					
<b>Revenue</b>	30.8	33.3	30.0	37.4	30.4
Energy	16.2	20.6	16.7	21.6	12.3
Non-energy	14.6	12.7	13.3	15.8	18.2
<b>Expenditure</b>	25.6	26.7	28.3	30.8	30.4
Current	22.7	22.8	22.4	24.0	24.7
Wages and salaries	5.5	4.7	4.7	4.8	4.4
Goods and services	3.3	3.3	3.2	3.4	4.3
Interest payments	2.6	2.1	2.0	2.0	2.0
Transfers & subsidies	11.2	12.7	12.6	13.9	14.0
Capital expenditure & net lending	2.9	4.0	5.8	6.8	5.7
<b>Overall non-energy balance</b>	<b>-11.0</b>	<b>-14.0</b>	<b>-14.9</b>	<b>-15.0</b>	<b>-12.2</b>
<b>Overall balance</b>	<b>5.2</b>	<b>6.6</b>	<b>1.7</b>	<b>6.6</b>	<b>0.0</b>
<b>Total financing</b>	<b>-5.2</b>	<b>-6.6</b>	<b>-1.7</b>	<b>-6.6</b>	<b>0.0</b>
Foreign financing	-1.3	-0.4	0.5	0.5	0.3
Domestic financing	-3.9	-6.3	-2.2	-7.1	-0.3
Of which: transfers to Heritage & Stabilization Fund	-2.7	-2.7	-1.5	-4.4	0.0

Source: Ministry of Finance.

<sup>p</sup> Provisional.<sup>b</sup> Budgeted.

**TABLE 15**  
ENERGY-BASED GOVERNMENT REVENUES, 2004/2005 - 2007/2008  
/ PER CENT OF GOVERNMENT REVENUE /

	2004/2005	2005/2006	2006/2007	2007/2008 <sup>p</sup>
<b>Energy Sector</b>	<b>52.7</b>	<b>61.9</b>	<b>55.5</b>	<b>57.8</b>
Corporation Tax	36.4	45.3	40.5	47.5
Royalties	4.2	4.3	4.2	3.3
Unemployment levy	3.1	3.4	2.8	2.2
Withholding tax	1.6	1.6	2.3	1.2
Excise duty	2.1	0.3	0.2	0.2
Other Companies	5.2	6.8	5.4	3.3
Oil Impost	0.1	0.2	0.2	0.1
(IN PER CENT OF GDP)				
<b>Energy Sector</b>	<b>15.6</b>	<b>19.7</b>	<b>16.2</b>	<b>21.1</b>
Corporation Tax	10.8	14.4	11.8	17.4
Royalties	1.2	1.4	1.2	1.2
Unemployment levy	0.9	1.1	0.8	0.8
Withholding tax	0.5	0.5	0.7	0.4
Excise duty	0.6	0.1	0.1	0.1
Other Companies	1.5	2.2	1.6	1.2
Oil Impost	0.0	0.1	0.0	0.0

Source: Ministry of Finance.

<sup>p</sup> Provisional.

**TABLE 16**  
CENTRAL GOVERNMENT FISCAL OPERATIONS, 2005/2006 - 2007/2008  
/ IN PER CENT OF GDP /

	2005/2006	2006/2007	2007/2008 <sup>p</sup>
<b>Total Revenue</b>	33.3	30.0	37.4
Of which			
Energy Sector	20.6	16.7	21.6
Non-Energy Sector	12.7	13.3	15.8
<b>Total Expenditure</b>	26.7	28.3	30.8
Current Expenditure	22.8	22.4	24.0
Capital Expenditure	4.0	5.8	6.8
<b>Overall Surplus/Deficit</b>	6.6	1.7	6.6
<b>Non-energy Deficit</b>	-14.0	-14.9	-15.0

Source: Ministry of Finance.

<sup>p</sup> Provisional.

**TABLE 17**  
CENTRAL GOVERNMENT EXPENDITURE: A FUNCTIONAL CLASSIFICATION<sup>1</sup>  
2002/2003 - 2007/2008  
/ TT\$ MILLION /

	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007 <sup>r</sup>	2007/2008
<b>Economic Services</b>	<b>1,488.9</b>	<b>2,132.8</b>	<b>2,570.1</b>	<b>3,836.3</b>	<b>3,502.0</b>	<b>3,427.6</b>
Energy	254.5	763.3	1,009.7	1,755.2	1,187.3	1,291.3
Agriculture, Land and Marine Resources	364.9	377.7	362.9	436.1	502.8	525.8
Transport	869.5	991.8	1,197.5	1,645.0	1,811.9	1,610.5
<b>Social Services</b>	<b>3,946.0</b>	<b>4,690.3</b>	<b>5,967.9</b>	<b>7,986.2</b>	<b>9,195.1</b>	<b>10,927.9</b>
Education <sup>2</sup>	2,363.8	2,861.3	3,355.6	3,850.9	4,268.3	5,037.4
Health	1,259.8	1,435.3	1,995.7	1,987.4	2,371.4	2,881.3
Housing	73.8	116.7	134.3	157.2	169.8	238.0
Small & Micro-Enterprise Development	31.6	46.7	133.8	96.3	127.3	129.5
Social Services <sup>3</sup>	217.0	230.3	348.5	1,894.4	2,258.3	2,641.7
<b>Public Services</b>	<b>1,651.9</b>	<b>1,874.5</b>	<b>2,215.2</b>	<b>2,569.0</b>	<b>3,158.5</b>	<b>3,557.7</b>
National Security	1,651.9	1,874.5	2,215.2	2,569.0	3,158.5	3,557.7
<b>Other<sup>4</sup></b>	<b>7,088.6</b>	<b>8,619.5</b>	<b>12,070.4</b>	<b>19,662.3</b>	<b>17,034.5</b>	16,710.0
<b>Total Recurrent Expenditure</b>	<b>14,175.4</b>	<b>17,317.1</b>	<b>22,823.6</b>	<b>34,053.8</b>	<b>32,890.1</b>	<b>34,623.2</b>

Source: Ministry of Finance.

<sup>1</sup> Classified according to recurrent expenditure allocated to the respective Ministry head.

<sup>2</sup> Includes Ministries of Education and Science, Technology and Tertiary Education.

<sup>3</sup> Includes Ministries of Community Development and Culture and Gender Affairs, Social Development and Sport and Youth Affairs.

<sup>4</sup> Includes Office of the President, Auditor General, Judiciary, Industrial Court, Parliament, Service Commissions, Statutory Authorities, Elections and Boundaries Commission, Tax Appeal Board, Registration, Recognition and Certification Board, Public Service Appeal Board, Office of the Prime Minister, Tobago House of Assembly, Central Administrative Services, Tobago and all other Ministries. Other excludes Charges on Account of the Public Debt.

<sup>r</sup> Revised.

<sup>p</sup> Provisional.



## CHAPTER SEVEN

# MONETARY AND FINANCIAL DEVELOPMENTS

# MONETARY AND FINANCIAL DEVELOPMENTS

## MONEY, CREDIT AND INTEREST RATES

In 2008, the Bank tightened monetary policy in the face of strong inflationary pressures which were driven by excessive levels of liquidity, robust credit growth, and rising international commodity prices. Despite the tightening, headline inflation peaked at 15.4 per cent (year-on-year) in October, the highest level in over fourteen years and averaged 12 per cent for the whole year. During the year, the Bank employed the full range of its monetary policy tools to dampen credit expansion, subdue inflation expectations and contain inflationary pressures.

In the first five months of the year, liquidity levels were well contained with commercial banks' excess reserves averaging \$258 million. However, between June and December 2008 excess reserves averaged \$900 million, bringing the whole year average to \$632.6 million, more than double that for 2007. Much of the additional liquidity came from Government's net fiscal injections, which grew by 11 per cent in 2008. The injection of \$2.6 billion into the financial system in June 2008 from the sale of RBTT to the Royal Bank of Canada also added to liquidity pressures.

To signal its tight monetary stance, the Bank raised its policy rate - the "repo rate" - in February, July and September, by 25 basis points on each occasion. Each rise in the repo rate was accompanied by a 200 basis points increase in the reserve requirement ratio of commercial banks. At the end of 2008, the repo rate stood at 8.75 per cent while the commercial

bank reserve requirement, which had not been changed since 2004, stood at 17 per cent. The 6-percentage point increase in the banks' primary reserve requirement ratio in 2008 removed \$2,159 million from the banking system.

To further contain liquidity, a special liquidity absorption government bond in an amount of \$1,200 million was issued in July 2008, the proceeds of which were sterilized at the Central Bank. Later on in the year (in November), the Bank also issued a 91-day Central Bank bill worth \$500 million. These measures were complemented by intensive open market operations which removed \$5,334.8 million from the financial system. Central Bank sales of foreign exchange to the market also assisted in removing an additional \$5,130 million.

The tighter monetary policy stance by the Bank impacted commercial banks' prime interest rates, which rose to 13 per cent by the end of 2008 from 11.75 per cent at the start of the year. The weighted average lending rate rose to 11.45 per cent in December 2008 from 10.68 per cent in December 2007, while the weighted average deposit rate moved to 3.14 per cent from 2.76 per cent. Spreads between lending and deposit rates therefore widened to 8.31 per cent in December 2008 from 7.92 per cent one year earlier.

There was nonetheless little movement in domestic short-term market rates. The inter-bank rate inched up by only 2 basis points to an average of 7.25 per cent in 2008, while the three-month treasury bill rate rose by a mere

4 basis points to 7.04 per cent. In the US, the discount rate on the US three month treasury bill plummeted to 0.05 per cent in December 2008 from 3.31 per cent in December 2007 as the financial turmoil caused a 'flight to safety' among international investors and drove up the price of US treasury securities. Despite the slight uptick in domestic short-term rates, the dramatic fall in US short-term rates led to a widening in the interest rate differential between TT and US three-month treasuries. By December 2008, this interest rate differential had widened to 7.00 per cent from 3.69 per cent a year earlier.

During 2008, rapid credit growth, which was reflective of a generally vibrant demand environment, proved a major challenge for the Bank. After reaching 16.1 per cent in December 2007, growth in total private sector credit remained strong in the first five months of 2008, as measures taken by the Central Bank to restrain its expansion took some time to feed into the system. By May, total year-on-year private sector credit growth had increased to 19.2 per cent.

As the year progressed, however, the cumulative measures adopted by the Bank, including interest rate revisions, began to take effect. In addition, later on in the year, both consumers and businesses became more cautious as the global economic outlook worsened. By December 2008, the growth in credit extended to the private sector by the commercial banks had slowed to 13.7 per cent compared with 21.7 per cent in 2007. This deceleration was primarily due to a sharp slowdown in consumer credit growth which measured 5.7 per cent – the lowest rate since December 2003 – compared to 21.3 per cent in December 2007. Meanwhile, growth in business credit also slowed, to 11.7 per cent in December 2008 from 13.2 per cent a year earlier. Real estate mortgage lending, however, remained robust, increasing by 17.2 per cent in December 2008, marginally lower than the 17.5 per cent rise recorded in 2007.

During 2008, the monetary aggregates grew strongly, which was symptomatic of the ample liquidity in the financial system. Narrow money (M-1A), which is defined as currency in active circulation plus demand deposits grew at a monthly average of 17.8 per cent compared with 7.6 per cent in 2007. While the growth of currency in active circulation remained at about the same level as in 2007, the growth of commercial banks' demand deposits accelerated to 18 per cent compared with 5.3 per cent in 2007. The broader definition of the money supply (M-2), consisting of M-1A plus savings and time deposits, also grew at a faster pace. On a year-on-year basis, M-2 rose on average by 17.4 per cent in 2008 compared with 13.3 per cent in 2007. Quasi-money, defined as time deposits plus savings deposits increased by 17.1 per cent, and 17 per cent in 2008 and 2007 respectively. There was some moderation in the growth in foreign currency deposits which slowed to 21.3 per cent in 2008 from 37.3 per cent in 2007.

Conditions in the foreign exchange market eased in 2008, largely on account of relatively significant conversions by energy sector companies for the payment of taxes, and to the foreign inflows arising from the RBTT/RBC transaction. In the context of the higher inflows, the Central Bank sold less foreign exchange (US\$822.8 million) to authorized dealers in the foreign exchange market than in 2007 (US\$1,020 million). As a result of the higher inflows, the TT dollar appreciated marginally vis-à-vis the US dollar. The weighted average selling rate for the US dollar strengthened to TT\$6.2875 in December 2008 from TT\$6.3354 at the beginning of the year.

## INSTITUTIONAL DEVELOPMENTS

The passage of the Financial Institutions Act, 2008 and the acquisition of RBTT Bank (RBTT) by the Royal Bank of Canada in March were two of the major institutional developments in the financial system during 2008.

Following extensive consultation with the industry and a public consultation, the Financial Institutions Act, 2008 became law on December 19, 2008. This Act, inter-alia, (i) formalizes consolidated supervision in order to identify and evaluate group risk and the risk of contagion; (ii) addresses related-party lending and upgrades governance structures for licensed institutions; and (iii) gives more authority to the Bank to take early corrective and preventative action to protect depositors. Many provisions which existed under the Financial Institutions Act, 1993, were retained since they remain relevant, while some other facets of the earlier legislation were modified to provide greater clarity or to strengthen them. In addition, some provisions of the FIA 2008 simply formalize existing practices. Examples of these are sections 38 and 64 of FIA 2008, which now explicitly provide for prior consultation on proposed regulations with persons who may be affected by them, except in urgent circumstances. However, the FIA 2008 also introduces a number of new reforms which have become necessary given the rapidly changing financial

sector environment. Some of these provisions relate to: -

- (i) Consolidated supervision
- (ii) The establishment of a Financial Holding Company
- (iii) Statements of Objectives of the Central Bank under FIA 2008
- (iv) Approval of New Products (by process of "no objection")
- (v) Regulation of "electronic money"
- (vi) Updating of criminal penalties and inclusion of administrative fines

In March 2008, the Royal Bank of Canada (RBC) acquired RBTT Holding Ltd. for approximately \$13.8 billion when the majority of RBTT's shareholders voted in favor of the acquisition. Shareholders received \$40.00 for each RBTT share, of which \$24.00 was obtained in cash and \$16.00 in shares. In all, the transaction resulted in a disbursement to shareholders of TT\$8.3 billion in cash and TT\$5.5 billion in shares.

TABLE 18

FACTORS INFLUENCING CHANGES IN THE MONEY SUPPLY, 2004 - 2008  
/ TT\$ MILLION /

	2004	2005	2006	2007	2008
Net Domestic Budget Deficit	1,168	-2,883	3,926	-3031	-513
Increase in Credit to the Private Sector	3,837	4,714.0	4,377	6,302	5,469
Bal. of Payments Deficit of Private Sector	5,052	-2,381	5,093	11,133	12,726
Changes in Net Unclassified Assets	2,295	2,960	1,639	12,312	12,625
Central Bank	3,695	2,848	4,763	10,471	10,641
Commercial Bank	-1,400	112	-3,125	1,841	1,984
Change in Money Supply (M-2)	2,248	7,171	4,848	4,450	4,854
Change in Money Supply (M-1A)	1,069	3,938	1,192	1,614	1,531
Change in Quasi-Money	1,179	3,233	3,656	2,836	3,323
<b>Memo Items:</b>					
Money Supply (M-2)					
Annual Growth (%)	6.2	23.7	24.3	13.3	17.2
Total Composition (%)	100.0	100.0	100.0	100.0	100.0
Money	40.2	40.3	39.3	37.3	37.5
Quasi-Money	59.8	59.7	60.7	62.7	62.5

Source: Central Bank of Trinidad and Tobago.

TABLE 19  
FINANCIAL SYSTEM – TOTAL ASSETS 2004 – 2008  
/ TT\$ MILLION /

	2004	2005	2006	2007	2008 <sup>P</sup>
1. Central Bank	22,884	35,703	47,239	47,480	64,383
External Assets	19,580	31,100	42,677	44,164	60,555
Domestic Assets	3,304	4,603	4,562	4,797	5,881
2. Commercial Banks	48,426	58,847	67,906	75,745	88,074
3. Finance Companies & Merchant Banks	12,422	13,970	17,284	17,817	18,225
4. Trust & Mortgage Finance Companies	10,324	10,083	7,723	10,307	8,894
5. Thrift Institutions <sup>1</sup>	67	65	74	77	80
6. Development Finance Institutions	2,140	2,262	2,544	2,630	3,649
7. Deposit Insurance Corporation	743	842	957	1,126	1,286
8. Home Mortgage Bank	1,749	1,944	1,924	2,078	2,035
9. Life Insurance Companies	24,211	22,044	25,285	28,640	31,850
10. National Insurance Board	11,829	13,651	14,363	15,296	17,060
11. Unit Trust Corporation	14,278	16,828	17,477	18,975	19,908

Source: Central Bank of Trinidad and Tobago.

<sup>1</sup> These include Building and Loans Societies and Friendly Societies.

<sup>P</sup> Provisional.





## CHAPTER EIGHT

# CAPITAL MARKETS

## CAPITAL MARKETS

### EQUITIES

But for a brief period during the first half of the year, stock market performance in 2008 was dismal. The market ended the year significantly down on the out-turn in 2007, which itself was a bad year that also saw the market declining. To be sure, domestic economic conditions were not always supportive of strong stock market activity and this was especially so in the final quarter of the year when negative sentiments about the global economy may have affected investors view of local prospects.

The lethargy on the stock market which had characterized the performance in 2008 continued into the first quarter of 2008 and the Composite Price Index (CPI 1983=100) generally maintained its level from at the end of 2007. However, at the start of the second quarter the market surged briefly when in April the Trinidad and Tobago Stock Exchange increased the number of trading days from three days per week to five. The volume of shares traded during the month of April increased by 129.1 per cent to 17.4 million, from 7.6 million in March 2008. Meanwhile, the CPI and the All Trinidad and Tobago Index (ATI 1999=100) gained 72.6 and 112 points, respectively over the same period.

From the end of July, however, earlier bullish sentiment turned bearish, in part because of growing investor pessimism as a result of the dismal global economic outlook. During the last five months of the year, 41.8 million shares were traded compared with 73.6 million in the previous five months and 63.4 million in the corresponding period in 2007. By the end of 2008, both the CPI and ATI had relinquished all the gains during the first seven months of the year, to close 2008 in negative

territory. The CPI stood at 842.9, 139.1 points below its level at year-end 2007, while the ATI was 1,154.8, 45.9 points lower than at the end of year 2007. At a sectoral level, the banking, manufacturing and the non-banking finance sectors shed the most points during the year.

In 2008, overall market capitalization declined by TT\$21.6 billion, falling to TT\$76.4 billion from TT\$98.2 billion in 2007. In addition to the fall in stock prices during the year, market capitalization was also affected by two significant events in the banking sector. First was the removal of RBTT Financial Holdings Limited shares from the exchange following the RBTT/RBC amalgamation, which effectively reduced the banking sector market capitalization by almost TT\$13 billion. Also adversely impacting the banking sector market capitalization was three trades of Republic Bank Limited (RBL) shares on October 6, 2008, which resulted in a \$TT1.5 million decrease in the bank's market capitalization. These trades triggered the implementation of a new trial-rule by the Stock Exchange to minimize the impact of small trades on a stock's closing price. On the positive side, market capitalization was boosted slightly by the cross-listing of the shares of Supreme Ventures in October which carried a market capitalization of TT\$0.6 billion.

On the regional front, the Jamaican Stock Exchange Market Index (JSEMI) and the Barbados Stock Exchange Local Index (BSELI) exhibited similar trends to their Trinidad and Tobago counterpart. The JSEMI closed 2008 on 80,152 points, 25.8 per cent below the level it started the year while the BLI fall-off was not as sharp, as the index declined 11.8 per cent from its level at year-end 2007.

TABLE 20  
STOCK MARKET PERFORMANCES: SELECTED EQUITY INDICES  
/ 2008 /

COUNTRY	EQUITY INDICES	PERFORMANCE
<b>Trinidad and Tobago</b>	Composite Price Index	-14.2%
	All T&T Index	-3.8%
<b>Jamaica</b>	JSE Market Index	-25.8%
	JSE Select Index	-32.2%
	All Jamaican Composite	-30.7%
<b>Barbados</b>	BSE Local Index	-11.9%
	BSE Cross-list Index	-7.5%
<b>USA</b>	Dow Jones Industrial Average	-33.8%
	NASDAQ Composite	-40.5%
	S&P 500	-38.5%
<b>Japan</b>	Nikkei	-42.9%
<b>Europe</b>	London FTSE 100	-31.3%
	German DAX	-40.4%
<b>China</b>	HANG SENG	-48.3%
<b>India</b>	SENSEX	-51.2%
<b>Brazil</b>	BOVESPA	-40.2%
<b>Russia</b>	MICEX	-67.6%

Source: Bloomberg, Barbados Stock Exchange, Jamaica Stock Exchange and Trinidad & Tobago Stock Exchange.

TABLE 21  
STOCK MARKET INDICES  
MARCH 2004 – DECEMBER 2008

	INDEX VALUES		QUARTERLY CHANGE (%)		YEAR ON YEAR CHANGE (%)	
	COMPOSITE	ALL T&T	COMPOSITE	ALL T&T	COMPOSITE	ALL T&T
Mar-04	839.4	1118.3	20.9	22.6	48.8	62.4
Jun-04	904.7	1155.5	7.8	3.3	61.5	67.2
Sep-04	962.7	1197.7	6.4	3.7	60.5	57.8
Dec-04	1074.6	1290.1	11.6	7.7	54.8	41.5
Mar-05	1148.5	1432.2	6.9	11.0	36.8	28.1
Jun-05	1170.3	1480.0	1.9	3.3	29.4	28.1
Sep-05	1082.9	1345.9	-7.5	-9.1	12.5	12.4
Dec-05	1067.4	1323.0	-1.4	-1.7	-0.7	2.5
Mar-06	958.6	1170.4	-10.2	-11.5	-16.5	-18.3
Jun-06	920.3	1168.4	-4.0	-0.2	-21.4	-21.1
Sep-06	868.8	1090.3	-5.6	-6.7	-19.8	-19.0
Dec-06	969.2	1205.7	11.6	10.6	-9.2	-8.9
Mar-07	929.1	1178.2	-4.1	-2.3	-3.1	0.7
Jun-07	918.8	1152.4	-1.1	-2.2	-0.2	-1.4
Sep-07	936.6	1179.6	1.9	2.4	7.8	8.2
Dec-07	982.0	1200.7	4.9	1.8	1.3	-0.4
Mar-08	992.9	1256.6	1.1	4.7	6.9	6.7
Jun-08	1150.2	1502.1	15.9	19.5	25.2	30.3
Sep-08	1066.0	1444.0	-7.4	-3.9	13.8	22.4
Dec-08	842.9	1154.8	-20.9	-20.0	-14.2	-3.8

Source: Central Bank of Trinidad and Tobago.

## BOND MARKET

During 2008, twenty bonds were issued on the local primary bond about the same as in 2007, although the total face value was substantially higher – TT\$6,034 million compared to TT\$4,845 million in 2007. A noticeable feature of the market was the marked reduction in the number and value of bonds placed in US dollars, with three bonds with a total value of US\$150 million issued in 2008 compared with eleven bonds valued at US\$357 million in the previous year. Also evident, was the increased number of bonds issued by licensed financial institutions. There were three placements by

regional sovereigns on the primary bond market, two denominated in US dollars and the other in EC dollars.

The Government of Trinidad and Tobago was the largest borrower during the year, with the issuance of a TT\$1,200 million liquidity absorption bond following the conclusion of the RBTT/RBC amalgamation. The issue, which attracted bids amounting to TT\$1,976 million, was intended to soak up some of the excess liquidity generated by the RBTT/RBC amalgamation. The bond had a nine-year term to maturity and carried a coupon rate of 8.25 per cent.

TABLE 22  
PRIMARY BOND MARKET ISSUANCE  
JANUARY- DECEMBER 2008

MONTH OF ISSUE	BORROWER	FACE VALUE (\$MN) IN \$TT UNLESS OTHERWISE STATED	PERIOD TO MATURITY	INTEREST RATE	PLACEMENT TYPE
February	Angostura Limited	25.50 (US)	3 yrs.	Fixed rate 11.00% p.a.	Private
	Republic Bank	1,000.00	10 yrs.	Fixed rate 8.55% p.a.	Private
	Trinidad Cement Limited	100.00	10 yrs.	Fixed rate 8.50% p.a.	Private
March	Government of St. Kitts and Nevis Class A Bonds	110.00 (EC)	12 yrs.	Fixed rate 8.25% p.a.	Private
	Government of St. Kitts and Nevis Class B Bonds	14.80 (US)	12 yrs.	Fixed rate 8.25% p.a.	Private
	Government of St. Vincent and the Grenadines	25.00 (US)	10 yrs.	Fixed rate 8.50% p.a.	Private
	Gulf City Limited	300.00	10 yrs.	Fixed rate 10.50% p.a.	Private
April	Home Mortgage Bank	64.30	2 yrs.	Fixed rate 8.00% p.a.	Private
	Home Mortgage Bank	14.49	5 yrs.	Fixed rate, Tax-free 6.75% p.a.	Private
	Guardian Holdings Limited	300.00	8 yrs.	Fixed rate 9.40% p.a.	Private
	Prestige Holdings Limited	80.00	10 yrs.	Fixed rate 9.40% p.a.	Private
	Trincity Commercial Centre Limited	84.00	10 yrs.	Floating rate 180 day T-Bill rate plus 2%	Private
July	Government of Trinidad and Tobago	1,200.00	9 yrs.	Fixed rate 8.25% p.a.	Auction
August	Scotiabank Trinidad & Tobago Limited	500.00	6.5 yrs.	Fixed rate 8.35% p.a.	Private
	Scotiabank Trinidad & Tobago Limited	300.00	7 yrs.	Fixed rate 8.45% p.a.	Private
September	Housing Development Corporation (HDC)	700.00	15 yrs.	Fixed rate 8.70% p.a.	Auction
	Home Mortgage Bank	40.10	6 yrs.	Fixed rate 8.25% p.a.	Private
	Home Mortgage Bank	39.28	9 yrs.	Fixed rate 8.25% p.a., Tax-free	Private
October	First Citizens Bank	500.00	7 yrs.	Fixed rate 8.45% p.a.	Private
December	TCL Leasing Limited	187.00	9 yrs.	Fixed rate 8.75% p.a.	Private

Source: Central Bank of Trinidad and Tobago.

## MUTUAL FUNDS

During the first half of 2008, the mutual funds market was buoyant as investor sentiments reflected optimism and confidence in the prospects for the domestic economy. However, with the deepening of the global financial crisis and the subsequent downturn of the local stock market, mutual fund activity also slowed. By the end of the year, the pace of growth in aggregate funds under management when measured on a year-on-year basis lagged behind the growth rate for the corresponding period in 2007. The total value of these funds stood at TT\$36,154 million, an increase of 4.7 per cent compared with TT\$34,546 million at the end of 2007.

The bulk of the slowdown in the mutual funds activity reflected the fall-off in equity-based investments, which experienced negative net sales for each of the four quarters of 2008. Between the end of 2007 and 2008, the value of equity funds plummeted by 25 per cent, representing the sharpest decline in this segment of the market over the last decade. This decline is compared with negligible growth of 1.1 per cent in 2007.

However, growth in the money market segment continued to keep pace with the rate in 2007, measuring approximately 10 per cent, as investors shied away from equity based funds which were perceived as more risky. The more attractive rates of return on money market funds also contributed to the fairly robust growth in these short term investments. In the fourth quarter of 2008, the rates of return on equity funds ranged from -3.93 per cent to -15.79 per cent compared with a range of -1.29 per cent and 2.14 per cent in 2007. The money market segment yielded returns ranging from 4.25 per cent to 7.67 per cent in 2008 compared with 5.05 per cent and 7.43 per cent one year earlier.

An analysis of mutual funds disaggregated by currency revealed that both US and TT dollar-denominated funds registered similar growth rates in the region of 4.7 per cent during 2008. This compares with growth of 10.9 per cent and 7.8 per cent for US dollar funds and TT dollar funds, respectively, one year earlier.

TABLE 23  
MUTUAL FUNDS UNDER MANAGEMENT BY TYPE OF FUND  
MARCH 2004 – DECEMBER 2008

	FUNDS UNDER MANAGEMENT (TT\$ MILLION)			QUARTERLY PERCENTAGE CHANGE (%)			YEAR-ON-YEAR PERCENTAGE CHANGE (%)		
	AGGREGATE FUND VALUE	MONEY MARKET	EQUITY	AGGREGATE FUND VALUE	MONEY MARKET	EQUITY	AGGREGATE FUND VALUE	MONEY MARKET	EQUITY
Mar-04	22,927.77	18,551.23	4,376.54	17.5	17.2	18.7	53.7	46.5	94.2
Jun-04	24,278.61	19,694.98	4,583.63	5.9	6.2	4.7	92.0	91.4	94.6
Sep-04	25,213.95	20,089.28	5,124.67	3.9	2.0	11.8	39.8	33.2	73.2
Dec-04	26,970.40	21,205.50	5,764.90	7.0	5.6	12.5	38.2	34.0	56.3
Mar-05	28,140.66	21,462.21	6,678.45	4.3	1.2	15.8	22.7	15.7	52.6
Jun-05	29,821.36	22,955.65	6,865.71	6.0	7.0	2.8	22.8	16.6	49.8
Sep-05	31,110.89	24,554.75	6,556.14	4.3	7.0	-4.5	23.4	22.2	27.9
Dec-05	31,304.82	25,029.62	6,275.20	0.6	1.9	-4.3	16.1	18.0	8.9
Mar-06	31,477.52	25,742.18	5,735.34	0.6	2.8	-8.6	11.9	19.9	-14.1
Jun-06	31,071.82	25,498.85	5,572.97	-1.3	-0.9	-2.8	4.2	11.1	-18.8
Sep-06	31,039.68	25,627.01	5,412.67	-0.1	0.5	-2.9	-0.2	4.4	-17.4
Dec-06	31,834.88	26,145.44	5,689.44	2.6	2.0	5.1	1.7	4.5	-9.3
Mar-07	32,172.25	26,441.20	5,731.05	1.1	1.1	0.7	2.2	2.7	-0.1
Jun-07	31,893.44	26,397.62	5,495.82	-0.9	-0.2	-4.1	2.6	3.5	-1.4
Sep-07	33,284.84	27,556.99	5,727.85	4.4	4.4	4.2	7.2	7.5	5.8
Dec-07	34,545.56	28,794.65	5,750.91	3.8	4.5	0.4	8.5	10.1	1.1
Mar-08	34,940.23	29,121.13	5,502.45	1.1	1.1	-4.3	8.6	10.1	-4.0
Jun-08	36,806.96	30,717.73	5,733.47	5.3	5.5	4.2	15.4	16.4	4.3
Sep-08	36,627.16	31,373.90	4,941.86	-0.5	2.1	-13.8	10.0	13.9	-13.7
Dec-08	36,154.62	31,528.35	4,315.63	-1.3	0.5	-12.7	4.7	9.5	-25.0

Source: Central Bank of Trinidad and Tobago.



## CHAPTER NINE

# INTERNATIONAL TRADE AND PAYMENTS

# INTERNATIONAL TRADE AND PAYMENTS

*(All values in this section are expressed in US dollars)*

## BALANCE OF PAYMENTS

Despite falling volumes of energy exports and substantially lower energy product prices in the fourth quarter, soaring energy prices for most of the year underpinned a favourable out-turn on the external accounts in 2008. Preliminary data indicate that for 2008 Trinidad and Tobago recorded a balance of payments surplus of \$2.7 billion, with the current account registering an estimated surplus of \$8.8 billion or 36.2 per cent of GDP. The out-turn on the current account was due largely to a merchandise trade surplus of \$9.1 billion compared with \$5.7 billion a year earlier. By contrast, the capital account recorded a deficit as private sector outflows, including those of the commercial banks and regional bond issues, reached just over \$4.7 billion. In addition, \$1.1 billion was deposited to the Heritage and Stabilization Fund.

## CURRENT ACCOUNT

Though energy commodity prices fell precipitously during the latter part of 2008, energy export revenues grew by 41.5 per cent. This was the main driver behind the increase in total exports to \$18.7 billion, which was 39.5 per cent higher than in the previous year. Higher prices for ammonia, urea and methanol saw chemical exports grow by almost 23 per cent. However, non-energy exports also rose impressively, by 26.6 per cent, with exports of manufactured goods garnering 23 per cent higher revenues in 2008.

Total imports (\$9,622 million) rose by over 25 per cent in 2008, reflecting increases in both energy (60.8 per cent) and non-energy imports (7.7 per cent). Consumer goods imports climbed by 41 per cent, while buoyant crude oil prices were reflected in an increase in crude oil purchases from \$2,569 million to \$4,130 million. Capital goods, imports rose by 21.0 per cent, boosted in part by the intensification of the Government's infrastructural development programme.

## CAPITAL ACCOUNT

The large current account surplus was partly offset by a deficit on the capital account as private sector outflows reached \$4.7 billion. On a net basis, foreign direct investment reached \$1.9 billion and this included inflows related to the acquisition of the local conglomerate RBTT Bank by the Royal Bank of Canada. Outflows arising from the issuance of bonds on the local market by regional institutions fell off markedly, to \$82 million after exceeding \$200 million annually in the previous three years. This may be accounted for by the emergence of the Eastern Caribbean Securities as a viable funding option in the region. The commercial bank's net foreign position rose to \$42.2 million. "Other private" capital flows remained high as the private sector continued to diversify its portfolio and spread its risk by holding assets abroad.

Official capital transactions during 2008 led to a net outflow of \$1,059 million, compared with one of \$215 million a year earlier. Principal repayments on existing external debt fell from \$239 million to \$115 million in the reporting year. Interest payments amounted to \$117.1 million resulting in total debt service of \$183.3 million. Consequently, the debt service ratio for the year 2008 stood at 1 per cent compared with 1.1 per cent in 2007.

Trinidad and Tobago's gross foreign assets amounted to \$11,583.8 million at the end of December 2008, \$2,950.6 million above the level at the end of the previous year. The country's net foreign reserves position as at December stood at \$10,821.3 million, an increase of \$670.9 million from the end of 2007. This comprised an increase of \$2,705.5 million in the Central Bank's net international reserves and an increase of \$352.7 million in the net foreign position of commercial banks.

TABLE 24  
SUMMARY BALANCE OF PAYMENTS, 2004 – 2008  
/ US\$ MILLION /

	2004 <sup>r</sup>	2005 <sup>r</sup>	2006 <sup>r</sup>	2007 <sup>r</sup>	2008 <sup>p</sup>
<b>Current Account</b>	<b>1,647.1</b>	<b>3,594.0</b>	<b>7,270.5</b>	<b>5,364.3</b>	<b>8,791.9</b>
Merchandise	1,508.7	3,947.7	7,700.2	5,721.4	9,064.4
Services	479.5	356.2	450.9	546.4	614.4
Income	-397.3	-760.0	-935.8	-963.7	-897.1
Transfers	56.2	50.1	55.2	60.2	10.2
<b>Capital Account</b>	<b>-1,115.5</b>	<b>-2,118.1</b>	<b>-6,151.7</b>	<b>-3,823.2</b>	<b>-6,086.4</b>
Official	-389.0	-438.0	-591.0	-215.0	-1,059.0
State Enterprises	-10.7	-10.7	-10.7	-10.5	-10.7
Private Sector	-576.0	-1,148.0	-4,947.0	-3,243.1	-4,652.3
Errors and Omissions	-139.8	-521.4	-603.0	-354.6	-364.4
<b>Overall Surplus / Deficit</b>	<b>531.6</b>	<b>1,475.9</b>	<b>1,118.8</b>	<b>1,541.1</b>	<b>2,705.5</b>
<b>Change in Reserves Increase (-) / decrease (+)</b>	<b>-531.6</b>	<b>-1,475.9</b>	<b>-1,118.8</b>	<b>-1,541.1</b>	<b>-2,705.5</b>
<b>Exports:</b>					
Non-energy	1,260.0	1,076.0	1,262.0	1,741.0	2,204.0
Energy	5,143.0	8,596.0	12,955.0	11,650.0	16,482.0
Gross Official Reserves	2,993.0	4,885.7	6,530.8	6,673.5	9,380.3
Import Cover (months)	6.9	8.9	9.9	9.4	11.5

Source: Central Bank of Trinidad and Tobago.

<sup>p</sup> Provisional.

<sup>r</sup> Revised.

## EFFECTIVE EXCHANGE RATES

### *(Trade Weighted Real Effective Exchange Rate)*

Trinidad and Tobago's international price competitiveness, as measured by the trade-weighted real effective exchange rate (TWREER) index, deteriorated at an accelerated pace during 2008. This meant that locally produced goods became increasingly less attractive on the international market relative to those goods from the country's major trading partners. In 2008, the TWREER index increased for the fourth consecutive year, by 6.7 per cent, the greatest loss of competitiveness since 2001. The unfavourable movements in the TWREER index mainly reflected the rise in inflation in the domestic economy throughout 2008, but especially in the latter half of the year. Also contributing to the erosion of competitiveness, were both the direct and indirect appreciation of the TT dollar against the US dollar, as well as against other major currencies.

In 2008, domestic inflation averaged 12 per cent. The combination of movements in the inflation rate for Trinidad and Tobago and the weighted average rate for trading partners resulted in a widening of the inflation

differential. As such, the trade-weighted effective inflation rate (TWEIR) increased to 6.5 per cent, from 4.4 per cent in 2007.

Following four consecutive years of depreciation, the trade-weighted nominal effective exchange rate (TWNEER) index appreciated marginally in 2008, by 0.1 per cent. This reversal started in June when the weighted average selling rate of the local currency appreciated to TT\$6.1573=US\$1 from TT\$6.3412 at the beginning of 2008. Towards the latter part of the year, the unfavourable movement in the TWNEER index became even more pronounced when the US dollar rebounded strongly against other major currencies, including the Euro and Pound Sterling. After reaching their highest values relative to the US dollar in July, the Euro and Pound lost 14.4 per cent and 37 per cent, respectively, of their value by the end of the year. These movements resulted in an indirect appreciation of the TT dollar vis-à-vis these major currencies and contributed to an overall negative exchange rate effect on the country's international price competitiveness during 2008.

TABLE 25  
EFFECTIVE EXCHANGE RATES, 2004 - 2008

PERIOD AVERAGE	REER	NEER	EFFECTIVE INFLATION RATE
<b>INDEX (2000=100)</b>			
2004	106.26	101.60	104.59
2005	108.93	101.28	107.56
2006	113.26	100.73	112.44
2007	115.92	98.79	117.36
2008	123.69	98.84	125.05
<b>PER CENTAGE CHANGE</b>			
2004	-1.29	-1.55	0.26
2005	2.51	-0.32	2.83
2006	3.97	-0.54	4.55
2007	2.35	-1.93	4.37
2008	6.70	0.05	6.55

Source: Central Bank of Trinidad and Tobago.



## APPENDIX ONE

# INTERNATIONAL COMMODITY MARKETS

# INTERNATIONAL COMMODITY MARKETS

## AGRICULTURAL COMMODITIES

The prices of agricultural commodities on international markets rose steeply for most of 2008 but tumbled in the last four months of the year. Early in the year, agricultural commodity prices were extremely buoyant because of rising demand, particularly from emerging China and India, and persistently low inventories. Moreover, with rising uncertainty in the stock markets due to the financial crisis, investors increasingly turned to the agricultural commodity futures, further driving up the prices.

At the same time, world agricultural output struggled to keep pace with demand owing to poor harvests and the diversion of agricultural products to alternative uses. Global supplies were further curtailed when some producing countries imposed export bans and reduced import tariffs in order to secure supplies for their home markets. The eventual unravelling of the global stock markets when the financial crisis deepened triggered a mass sell-off of commodity futures as investors sought to cover losses in other asset classes. As a result, the price of agricultural commodities fell, in some cases, by more than 50 per cent of their peak values registered a few months earlier. These price adjustments were most evident in grains such as wheat, corn and soybeans.

In 2008, **wheat futures** on the Chicago Board of Trade averaged US\$8.11/bushel compared with US\$5.86/bushel the previous year. However, prices reached as high as US\$12.57/bushel in March 2008 before falling to US\$4.58/bushel in December 2008. Concerning output, global production of wheat was 677 million tonnes in

2008, an increase of 11 per cent from the previous year. This facilitated the replenishment of depressed wheat inventories. World wheat production is forecasted to reach record highs in the 2008/2009 season because of larger crops in Europe, North America and Oceania.

**Corn futures** averaged US\$5.50/bushel compared with US\$3.97/bushel in 2007, an increase of 38.5 per cent. Increased use of the crop in the production of ethanol provided a fillip to corn prices but the slide in crude oil prices during the fourth quarter of 2008 helped ease the demand for corn for alternative energy uses. Corn production hit a record high of 798 million tonnes in 2008, an increase of 2 per cent from 2007. A large proportion of the increase came from Europe where production recovered after the drought conditions of 2007. Soybean futures rose to US\$12.17/bushel in 2008, an increase of 31.5 per cent from the previous year. In early 2008, soybean inventories were at their lowest in four years. However, poor demand and higher production during the second half of 2008 caused prices to soften. The prices for other commodities such as rice, sugar, dairy and meat all weakened during the second half of 2008.

The high price environment for most of 2008 encouraged increased plantings, and favourable weather conditions facilitated higher output of several commodities. With the availability of adequate export supplies, several countries lifted export restrictions causing prices to soften. Despite falling food prices and a decline in freight rates, global expenditure on

imported food was forecasted to exceed US\$1 trillion in 2008. This represented an estimated increase of 23 per cent from 2007. In 2009, the global economic slowdown is expected to depress agricultural commodity prices further because of falling import demand, projected higher production for several commodities, difficulties by traders in accessing credit for importing and possible problems farmers may experience in accessing credit to finance new plantings.

## CRUDE OIL

In 2008, the crude oil market displayed unprecedented volatility. Over the year, crude oil prices (WTI) averaged US\$99.63 per barrel (bbl), an increase of 37.9 per cent from the previous year. After reaching US\$100/bbl on January 2, crude oil prices skyrocketed to an all-time high of US\$147/bbl in July 2008. The surge in prices came against a background of moderate geopolitical tensions, negligible disruptions due to weather and generally weaker market fundamentals. During the first half of 2008, geopolitical influences included ongoing civil unrest in Nigeria, the standoff between Iran and the West over the country's nuclear ambitions, and threats by Venezuela to halt its oil exports to the United States (US), following a US court order to freeze over US\$12 billion of Petroleos de Venezuela's (PDVSA) assets. Meanwhile, despite some production shut-ins in the Gulf of Mexico, the 2008 Atlantic hurricane season passed without any significant damage to the basin's oil infrastructure.

Indeed, the trajectory in crude oil prices seemed not to be supported by market fundamentals. Data from the energy statistical agencies all pointed towards waning oil demand in the advanced economies. In particular, weaker economic fundamentals in the US significantly curbed oil use by the world's largest consumer. According to the International Energy

Agency (IEA), global crude oil demand averaged an estimated 85.8 million barrels per day (b/d) in 2008, a fall of 0.3 per cent from 2007. Oil demand in OECD countries suffered the largest reduction, falling by 3.3 per cent to an estimated 47.5 million b/d. However, robust demand persisted in the Middle East and China, where oil demand rose by an estimated 6.8 per cent and 4.2 per cent, respectively. Meanwhile, however, as demand fell, the market seemed more than adequately supplied as global oil output reached an estimated 86.6 million b/d, an increase of 1 million b/d from the previous year.

Despite ample global supplies, US oil inventory levels were tight at various junctures during 2008. In January 2008, US commercial crude stocks reached their lowest level in four years (282.8 million barrels) because of a decline in imports and higher refinery throughput. During the second quarter of 2008, US crude imports were uncharacteristically low and there was a counter-seasonal stock-draw again on account of higher refinery utilization rates. US oil stocks closed 2008 at 318.7 million barrels, as falling consumption combined with higher imports facilitated the replenishment of inventories. At the end of September 2008, total OECD stocks were at 56 days forward cover – the highest since 1994.

In light of the softer market fundamentals, the surge in oil prices was perplexing. A possible explanation for the extremely high prices observed up to August 2008 was the activity of speculators on the commodity futures market. As the US stock market slowed and the US dollar depreciated, investors sank more funds into commodities, including crude oil as a hedge against inflation. The paper-to-physical barrel ratio on the New York Mercantile Exchange stood at 18:1 in 2008, compared with 6:1 in 2003 and the ratio

was even higher for unregulated exchanges. It was estimated that there was in excess of US\$260 billion invested in the oil futures market and that the activities of non-commercials (includes hedge funds) added a premium of 25-40 per cent to oil prices. OPEC estimated that without speculation, prices would have been around US\$70/bbl and approximately US\$40/bbl was attributable to the depreciation of the US dollar. In July, the Commodity Futures Trading Commission (CTFC) released a report citing that there was no clear evidence that speculation had systematically led to the pick-up in prices, but many remained unconvinced.

As the US financial crisis unfolded, oil prices started to decline in August 2008. As contagion effects from the US financial crisis spread, crude oil prices plummeted to an average of US\$57.12/bbl during November, a fall of almost US\$100/bbl since prices peaked in July and nearly US\$50/bbl in a two-month period. Crude oil prices ended the year at an average of US\$41.45/bbl for December 2008. Movements in the equity markets are used as a proxy for future oil demand. Deleveraging in the commodity futures market and significant demand destruction heavily influenced the steep decline. As investors moved to cover losses in other asset classes, there was a sharp sell-off of crude oil futures and this sparked the ensuing tumble in prices. In an attempt to stem falling prices, OPEC intervened on two occasions during the last three months of 2008. After maintaining the production target of 29.67 million b/d at its March 5 meeting, OPEC cut output by a cumulative 4.2 million b/d during the fourth quarter of 2008. On October 24, OPEC met in an emergency session where a decision was taken to cut the production target by 1.5 million b/d effective November 01, 2008, following the removal of excess supplies in the amount of 500 thousand b/d.

On December 17, 2008, OPEC agreed to cut production by an additional 2.2 million b/d, effective January 01, 2009. OPEC also sought the cooperation of non-OPEC producers, particularly Russia, in coordinating output cuts. The actions of OPEC did little to stabilise the market, as prices reached as low as US\$31.41/bbl in December 2008. This was the lowest prices recorded in five years.

Lower prices have changed the dynamics of the international oil market. Some oil companies have delayed or abandoned investment plans because of the credit crunch. Physical oil trading was also affected as some oil companies refused to transact business with financial institutions or oil trading firms that appeared weak. New credit relationships emerged, with letters of credit and prepayments becoming the new standard.

The future of the oil market is uncertain. Some analysts project that the economic contagion from OECD countries will worsen in 2009, affecting countries such as China. Oil prices are projected to average US\$30-40/bbl in 2009. Others view the current pause in global demand growth as temporary because the underlying factors point towards future price and supply shocks. Some of these factors include; the rapid depletion of existing large oilfields and poor reserve replacement ratios, delays in refinery upgrades and the continued industrialisation thrust of developing economies. The impact of speculators may be limited following the advancement of the CTFC Reauthorization Act of 2008. The proposal seeks to extend the CTFC's oversight to contracts which serve a significant price discovery function and are traded on exempt commercial markets (ECMs).

## NATURAL GAS

A relatively volatile natural gas market prevailed in the US in 2008. While the gas price increased in the first half of the year due to a relatively cold winter withdrawal season and a fall in US imports, prices fell in the last six months of the year because of a phenomenal increase in non-conventional gas output and the worsening global economy. The natural gas price at the Henry Hub ended the year at an average of \$8.86 per million British thermal units (mmbtu). This reflected an increase of 27.0 per cent from the previous year.

Exceptionally cold weather in the early months of the year prompted strong demand and record breaking withdrawals from US gas storage. The storage level in the US at the end of the 2008 gas withdrawal season stood at 1.3 trillion cubic feet (tcf), 20 per cent lower than the previous year. The growth of spot LNG trade was substantial during the year given differing prices across global markets. Spot trade, recently driven in the main by Japan, increased to 20 per cent of global LNG trade in 2008 from around 2 per cent in 2000. In the last few months of the year the spot trade was curtailed as the international banking crisis engendered uncertainty among traders in the market.

## METHANOL

The methanol market was bearish in 2008 as prices receded from a high of \$753.00 per tonne (fob Rotterdam) in March to \$374.00 per tonne (fob Rotterdam) in December. However, over the year, prices averaged \$504.33 per tonne (fob Rotterdam), which was 16.2 per cent higher than in 2007. The higher average price in 2008 reflected the effects of supply

problems which began in mid 2007 and carried over to April 2008. A sharp fall-off of housing construction and consumer spending resulted in stifled demand for items such as formaldehyde-based resins, paints, coatings and other derivatives of methanol and acetic acid. Increasing availability of material in the second half the year, coupled with falling demand especially from derivative markets continued to pull methanol prices down throughout the rest of the period. Late in the year, a progressively deteriorating global environment brought on by the credit crunch spurred a drying up of demand as buyers largely retreated from the market.

## NITROGENOUS FERTILIZERS

Fertilizer prices shot up sharply for most of 2008, before experiencing an even more protracted fall in the last three months of the year. Ammonia prices averaged \$545.13 per tonne (fob Caribbean) over the period, an increase of 87.3 per cent over 2007. Urea prices displayed similar increases as the 2008 price of \$564.03 per tonne (fob Caribbean) was 74.0 per cent above the previous year's price. During the first half of the year, high crop and energy prices kept fertilizer prices elevated, and even pushed prices over record levels set in 1974. Despite falling energy prices in the second half of the year, the increase in fertilizer prices became more acute in the third quarter on the back of soaring demand and an extremely tight supply situation. Export plants were down for various regions in areas such as Trinidad and Tobago, North Africa, Ukraine, Russia and Australia. During the period, experts had estimated that up to 20 per cent of the global seaborne trade was curtailed due to plant closures. Inflated prices failed to induce any demand destruction as elevated

crop prices still allowed producers a substantial profit margin. Both urea and ammonia, which had begun the year at around \$400 per tonne (for Caribbean), reached in excess of \$800 per tonne by August/September.

Fertilizer prices peaked in September, setting new records in the process. However, prices crashed within a matter of weeks thereafter with the intensification of the global economic crisis and ammonia traded below \$100 per tonne (fob Caribbean) in December. Fertilizer demand for all end-uses dissolved and the slide in prices failed to rescue producers whose inventories mounted. Some producers in some areas such as Trinidad and Tobago, Ukraine, Russia, Indonesia, Europe and the United States were therefore forced to cut back production or in many cases halt operations completely.

### IRON AND STEEL

In the first half of 2008 iron steel prices were driven by exceptional demand and vast increases in raw material prices. Additional upward pressure was brought about by the declining exports from China which began late in 2007. However, beginning July slowing demand engendered a plummeting of market activity and by the fourth quarter of 2008 many international producers had begun to make deep production cuts. Despite the reversal in the fortunes of the iron and steel market in the latter part of 2008, however, average annual prices still showed sizeable increases over the prices of 2007. Billet prices increased to \$862.82 per tonne (fob Latin America), in 2008 a leap of 74.7 per cent while wire rod prices rose by 118.1 per cent to an average of \$1,155.10 per tonne (fob Latin America).



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r - revised

n.a. - not available

p - provisional

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TABLE A.1

GROSS DOMESTIC PRODUCT AT CONSTANT (2000) PRICES  
BY SECTOR OF ORIGIN, 2004 - 2008<sup>1</sup>  
/ ANNUAL PERCENTAGE CHANGE /

SECTOR	2004 <sup>r</sup>	2005 <sup>r</sup>	2006 <sup>r</sup>	2007 <sup>r</sup>	2008 <sup>p</sup>
Agriculture	-34.2	-5.4	-10.1	2.6	8.6
Petroleum	8.2	8.3	21.8	1.7	0.4
Manufacturing	8.4	13.5	12.4	14.9	4.2
Electricity and Water	3.2	6.2	-0.4	6.5	1.4
Construction	8.1	16.1	6.2	6.6	3.8
Transport, Storage and Communication	-0.8	-2.4	9.5	11.1	8.2
Distribution	3.2	4.5	15.1	3.3	2.3
Finance, Insurance and Real Estate	21.7	-2.4	1.6	10.9	8.8
Government	0.6	1.9	-1.5	3.2	1.7
Other Services <sup>2</sup>	4.2	-0.2	4.8	-1.3	-0.2
FISIM <sup>3</sup>	16.7	-5.8	21.7	-2.9	-6.0
Value Added Tax	31.1	-7.9	34.5	7.5	8.1
<b>TOTAL</b>	<b>7.9</b>	<b>5.4</b>	<b>13.3</b>	<b>5.5</b>	<b>3.5</b>

SOURCE: Central Statistical Office.

<sup>1</sup> In 2004 the GDP was rebased to a base year of 2000 = 100 from 1985 = 100 and the statistical methodology amended.

<sup>2</sup> Includes Hotels and Guest Houses, Education and Community Services and Personal Services.

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

TABLE A.2

GROSS DOMESTIC PRODUCT AT CURRENT MARKET PRICES  
BY SECTOR OF ORIGIN, 2004 - 2008  
/ TT\$MILLION /

SECTOR	2004 <sup>r</sup>	2005 <sup>r</sup>	2006 <sup>r</sup>	2007 <sup>r</sup>	2008 <sup>p</sup>
Agriculture	637.0	487.3	657.3	510.1	466.6
Petroleum	32,344.6	46,188.4	60,047.9	62,895.7	70,454.0
Manufacturing	6,250.2	5,317.6	6,241.8	8,001.5	7,959.0
Electricity and Water	946.8	889.9	981.5	1,534.4	1,392.9
Construction	5,938.8	7,452.5	8,576.9	11,468.7	14,308.7
Transport, Storage and Communication	5,432.8	5,634.5	5,045.9	6,925.0	7,314.3
Distribution	10,623.5	11,970.5	15,081.2	16,925.1	17,334.0
Finance, Insurance and Real Estate	11,695.2	11,642.6	13,752.9	14,985.5	16,865.8
Government	5,963.8	6,675.3	6,987.5	8,783.5	9,455.0
Other Services <sup>1</sup>	3,667.4	4,088.9	4,421.4	4,615.2	5,274.4
FISIM <sup>2</sup>	(3,018.5)	(3,040.7)	(4,010.4)	(4,803.0)	(4,342.5)
PLUS: Value Added Tax	3,170.9	3,079.1	4,324.1	4,985.0	5,633.0
<b>GROSS DOMESTIC PRODUCT AT MARKET PRICES</b>	<b>83,652.5</b>	<b>100,385.9</b>	<b>122,108.0</b>	<b>137,426.7</b>	<b>152,115.2</b>

SOURCE: Central Statistical Office.

<sup>1</sup> Includes Hotels and Guest Houses, Education and Community Services and Personal Services.

<sup>2</sup> Financial Intermediation Services Indirectly Measured.

TABLE A.3

ANNUAL CHANGES IN G.D.P. AT CURRENT MARKET PRICES  
BY SECTOR OF ORIGIN, 2004 - 2008  
/ ANNUAL PERCENTAGE CHANGE /

SECTOR	2004 <sup>r</sup>	2005 <sup>r</sup>	2006 <sup>r</sup>	2007 <sup>r</sup>	2008 <sup>p</sup>
Agriculture	-5.6	-23.5	34.9	-22.4	-8.5
Petroleum	26.3	42.8	30.0	4.7	12.0
Manufacturing	26.4	-14.9	17.4	28.2	-0.5
Electricity and Water	5.6	-6.0	10.3	56.3	-9.2
Construction	14.3	25.5	15.1	33.7	24.8
Transport, Storage and Communication	-4.2	3.7	-10.4	37.2	5.6
Distribution	7.3	12.7	26.0	12.2	2.4
Finance, Insurance and Real Estate	27.4	-0.4	18.1	9.0	12.5
Government	7.3	11.9	4.7	25.7	7.6
Other Services <sup>1</sup>	0.2	11.5	8.1	4.4	14.3
FISIM <sup>2</sup>	-21.1	-0.7	-31.9	-4.8	-3.3
PLUS: Value Added Tax	34.1	-2.9	40.4	15.3	13.0
<b>TOTAL</b>	<b>17.5</b>	<b>20.0</b>	<b>21.6</b>	<b>12.5</b>	<b>10.7</b>

SOURCE: Table A.2.

<sup>1</sup> Includes Hotels and Guest Houses, Education and Community Services and Personal Services.

<sup>2</sup> Financial Intermediation Services Indirectly Measured.

**TABLE A.4**  
**SECTORAL COMPOSITION OF G.D.P.**  
**AT CURRENT MARKET PRICES, 2004 - 2008**  
**/ PER CENT /**

<b>SECTOR</b>	<b>2004<sup>r</sup></b>	<b>2005<sup>r</sup></b>	<b>2006<sup>r</sup></b>	<b>2007<sup>r</sup></b>	<b>2008<sup>p</sup></b>
Agriculture	0.8	0.5	0.5	0.4	0.3
Petroleum	38.7	46.0	49.2	45.8	46.3
Manufacturing	7.5	5.3	5.1	5.8	5.2
Electricity and Water	1.1	0.9	0.8	1.1	0.9
Construction	7.1	7.4	7.0	8.3	9.4
Transport, Storage and Communication	6.5	5.6	4.1	5.0	4.8
Distribution	12.7	11.9	12.4	12.3	11.4
Finance, Insurance and Real Estate	14.0	11.6	11.3	10.9	11.1
Government	7.1	6.6	5.7	6.4	6.2
Other Services <sup>1</sup>	4.4	4.1	3.6	3.4	3.5
FISIM <sup>2</sup>	-3.6	-3.0	-3.3	-3.5	2.9
PLUS: Value Added Tax	3.8	3.1	3.5	3.6	3.7
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

SOURCE: Table A.2.

<sup>1</sup> Includes Hotels and Guest Houses, Education and Community Services and Personal Services.

<sup>2</sup> Financial Intermediation Services Indirectly Measured.

TABLE A.5

## MAJOR AGRICULTURAL COMMODITIES, 2004 - 2008

PRODUCTS	2004	2005 <sup>r</sup>	2006 <sup>r</sup>	2007	2008
<b>SUGAR</b>					
Cane Production (000 tonnes)					
Estates	83	92	78	n.a	n.a
Farmers	528	454	427	358	n.a
Production of raw sugar (000 tonnes)*	43	33	35	25	0
Production of refined sugar (000 tonnes)	42	56	45	41	38
Sales (000 tonnes)					
Exports	44	33	35	25	0
Local**	54	50	48	39	40
Estate Canes Reaped (hectare/acre)	2,232	8,425	7,074	n.a	n.a
Estate Canes Yield (tonnes/acre)	37	27	18	n.a	n.a
Conversion Factor (tonnes cane/ tonnes sugar)	15	15	16	14	n.a
<b>COCOA</b> (000 kgs)					
Production	1,321	1,146	569	598	724
Exports* *	728	738	779	710	200
Local Sales* * *	65	27	665	537	155
<b>COFFEE</b> (000 kgs)					
Production	109	102	94	237	42
Exports	2	2	34	22	n.a
Local Sales* * *	320	205	237	154	103
<b>CITRUS</b> (000 kgs)* *					
Production	3,148	167	978	758	1,933
Exports	-	-	-	-	-

SOURCE: Central Statistical Office.

\* Includes production of wash grey sugar.

\*\* Includes data to 2nd Quarter 2008.

\*\*\* Includes data to 3rd Quarter 2008.

TABLE A.6

PRODUCTION OF SELECTED FOOD CROPS, 2004 - 2008  
/ 000 KGS /

CROP	2004	2005	2006	2007*	2008
Tomato	1,748	1,645	1,781	3,465	1,728
Cabbage	1,575	991	921	937	763
Cucumber	1,889	4,590	2,194	2,176	1,242
Dasheen	4,814	4,239	2,100	2,643	2,194
Rice	1,720	2,082	1,555	2,413	n.a
Pigeon Peas	1,487	954	1,554	713	1,260
Pumpkin	4,862	2,172	2,030	2,226	2,277
Melongene	2,976	2,232	1,293	2,856	1,597

SOURCE: Central Statistical Office.

\* Some data were revised.

TABLE A.7

LOCAL PRODUCTION AND IMPORTS OF SELECTED  
MEAT AND DAIRY PRODUCTS, 2004 - 2008

PRODUCTS	2004	2005	2006 <sup>1</sup>	2007	2008
<b>Total Meat Supply (000 kgs)</b> (excluding poultry)	<b>12,461</b>	<b>12,318</b>	<b>13,783</b>	<b>17,451</b>	<b>9,022</b>
Production	3,236	2,982	2,599	4,302	3,937
Imports	9,225	9,336	11,184	13,149	5,085
<b>Beef and Veal (000 kgs)</b>	<b>5,093</b>	<b>4,648</b>	<b>4,790</b>	<b>4,439</b>	<b>2,525</b>
Production	707	606	414	420	184
Imports	4,386	4,042	4,376	4,019	2,341
<b>Pork (000 kgs)</b>	<b>6,191</b>	<b>6,563</b>	<b>6,711</b>	<b>8,234</b>	<b>5,246</b>
Production	2,513	2,362	2,171	3,866	3,735
Imports	3,678	4,201	4,540	4,368	1,511
<b>Mutton (000 kgs)</b>	<b>1,177</b>	<b>1,107</b>	<b>2,282</b>	<b>4,778</b>	<b>1,251</b>
Production	16	14	14	16	18
Imports	1,161	1,093	2,268	4,762	1,233
<b>Broilers (000 birds)<sup>1</sup></b>	<b>32,057</b>	<b>29,550</b>	<b>31,918</b>	<b>32,640</b>	<b>37,075</b>
Production					
<b>Table Eggs (000 doz)<sup>1</sup></b>	<b>5,582</b>	<b>7,018</b>	<b>5,748</b>	<b>6,642</b>	<b>7,618</b>
Production					
<b>Milk (000 litres)</b>	<b>7,438</b>	<b>9,188</b>	<b>6,866</b>	<b>6,034</b>	<b>5,255</b>
Production	7,438	9,188	6,866	6,034	5,255

SOURCE: Central Statistical Office.

<sup>1</sup> Imports of broilers and table eggs are negligible.

TABLE A.8

## PRODUCTION AND UTILIZATION OF CRUDE OIL AND RELATED PRODUCTS AND PETROCHEMICALS, 2004 - 2008

COMMODITY GROUP	2004	2005	2006	2007	2008
<b>Crude Oil</b>					
Exploration (meters)					
Depth Drilled	154,613	117,311	164,199	178,175	151,630
of which: Exploration	23,968	17,868	38,363	44,187	34,660
Production (000 barrels)					
Crude Oil and Condensates	44,985	52,740	52,105	43,807	41,826
of which: Condensates					
Daily Average (b/d)	122,933	144,442	142,777	120,028	114,279
Imports (000 barrels)					
Crude Oil Imports	22,772	34,200	29,728	34,315	33,415
of which: u.p.a.	298	346	275	369	264
Refining (000 barrels)					
Refinery Throughput	47,838	60,088	55,602	56,132	55,398
Refinery Output	46,349 <sup>p</sup>	55,219	57,585	54,872	53,312
Capacity Utilization (%) <sup>1</sup>	79.2	94.1	92.3	93.1	91.5
Exports (000 barrels)					
Crude Oil Exports	20,467	27,488	28,391	22,204	21,300
Petroleum Products	48,095	47,030	47,521	48,098	46,830 <sup>e</sup>
<b>Natural Gas (Mn cubic feet/day)</b>					
Production	2,929	3,219	3,878	4,057	4,048
Utilization <sup>2</sup>	2,850	3,033	3,674	3,744	3,699
of which: Petrochemicals	818	944	1,101	1,093	1,036
Electricity Generation	239	246	251	278	266
LNG	1,567	1,585	2,093	2,156	2,196
<b>Natural Gas Liquids (000 barrels)</b>					
Production	10,687	9,889	11,251	12,450	12,720
Exports	10,184	10,413	11,609	12,138	12,827
Local Sales	0.0	55.3	81.1	88.2	84.9
Closing Stock	503	223	180	303	368
<b>Fertilizers (000 tonnes)</b>					
Production	5,336	5,936	5,799	5,902	5,599
Exports	4,919	5,445	5,353	5,617	5,186
Local Sales	7.7	8.0	7.3	8.0	7.0
Stock Change	409	483	438.4	320.9	406.0
<b>Methanol (000 tonnes)</b>					
Production	3,418	4,695	6,016	5,933	5,686
Exports	3,344	4,618	5,872	6,037	5,928
Local Sales	21.6	19.4	18.3	15.5	19.0
Stock Change	52.4	57.4	125	-166.4	-261

SOURCE: Ministry of Energy; Central Bank of Trinidad and Tobago.

<sup>1</sup> Refinery capacity is estimated at 165,000 barrels per day from 1995.

<sup>2</sup> Utilization refers to gas sales, and does not include natural gas used in own consumption.

TABLE A.9

PRODUCTION OF IRON AND STEEL PRODUCTS AND CEMENT, 2004 - 2008

COMMODITY	2004	2005	2006	2007	2008
<b>Steel Products (000 tonnes)</b>					
(i) Direct Reduced Iron					
Production	<b>2,336.5</b>	<b>2,055.0</b>	<b>2,071.5</b>	<b>2,062.8</b>	<b>1,601.0</b>
Exports	1,268.3	1,267.9	1,218.8	1,300.1	1,086.9
Local Sales	0.0	0.0	0.0	0.0	0.0
Own Consumption	888.0	785.1	731.1	721.4	446.1
(ii) Billets					
Production	<b>789.8</b>	<b>712.0</b>	<b>673.0</b>	<b>694.6</b>	<b>489.6</b>
Exports	0.0	0.0	0.0	0.0	0.0
Local Sales	125.2	237.1	198.9	142.4	193.1
Own Consumption	642.7	497.0	507.2	544.8	289.0
(iii) Wire Rods					
Production	<b>616.2</b>	<b>472.1</b>	<b>485.7</b>	<b>510.3</b>	<b>272.0</b>
Exports	548.0	443.5	448.4	441.8	260.2
Local Sales	39.3	40.5	46.6	51.9	50.9
Own Consumption	1.5	1.0	0.9	1.6	103.0
<b>Cement (000 tonnes)</b>					
Production	<b>768.5</b>	<b>686.4</b>	<b>883.0</b>	<b>901.8</b>	<b>957.6</b>
Imports	0.0	12.5	0.0	0.0	0.0
Local Sales	525.2	564.8	648.4	673.1	668.1
Exports	244.8	136.5	260.8	229.6	261.6

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.10

INDEX OF DOMESTIC PRODUCTION (1995=100), 2004 - 2008<sup>1</sup>

INDUSTRY	WEIGHT	2004	2005	2006	2007	2008
Food Processing	58	294.7	358.9	320.1	396.2	482.3
Drink and Tobacco	63	350.9	423.9	548.5	755.6	849.0
Textiles, Garments and Footwear	6	1,147.7	1,687.9	1,802.9	1,853.2	2,289.7
Printing, Publishing and Paper Converters	27	233.3	233.4	304.3	379.8	334.8
Wood and Related Products	7	644.5	655.8	651.6	774.0	937.9
Chemicals and Non-Metallic Minerals	43	320.7	365.5	378.0	375.8	348.1
Assembly-Type and Related Industries	61	478.0	480.7	636.9	675.2	664.4
Miscellaneous Manufacturing Industries	10	214.4	211.3	186.0	158.5	159.1
Electricity	40	119.5	125.3	127.2	137.4	138.1
Water	6	145.4	146.5	150.6	150.9	155.7
Sugar	-1	66.6	60.8	41.6	36.5	29.4
<b>All Industry Index</b> (excluding petrochem, oil & natural gas, explor. product & refining)	<b>320</b>	<b>337.2</b>	<b>374.7</b>	<b>430.9</b>	<b>502.8</b>	<b>537.9</b>
Explor. & product of oil, natural gas, etc.	445	149.2	157.1	164.7	149.9	147.3
Petrochemicals	182	150.4	167.7	166.2	235.2	221.1
<b>Oil &amp; natural gas refining</b>	<b>53</b>	<b>318.2</b>	<b>375.9</b>	<b>388.1</b>	<b>432.6</b>	<b>599.7</b>
<b>All Industry Index</b> (including petrochem, oil & natural gas, explor. product & refining)	<b>1,000</b>	<b>218.8</b>	<b>240.2</b>	<b>261.9</b>	<b>289.3</b>	<b>309.6</b>

SOURCE: Central Statistical Office.

<sup>1</sup> Indices are computed as averages of the four quarters for each year.

TABLE A.11

ANNUAL CHANGES IN THE INDICES OF PRODUCTION AND  
HOURS WORKED (ALL EMPLOYEES), 2006 - 2008<sup>1</sup>  
/ PER CENT /

INDUSTRY	INDEX OF DOMESTIC PRODUCTION <sup>2</sup>			INDEX OF HOURS WORKED <sup>2</sup>		
	2006	2007	2008	2006	2007	2008
Food Processing	-10.8	23.8	21.7	3.1	2.4	1.8
Drink and Tobacco	29.4	37.8	12.4	-3.0	-2.9	-7.4
Textiles, Garments and Footwear	6.8	2.8	23.6	-0.3	0.1	-0.7
Printing, Publishing and Paper Converters	30.4	24.8	-11.9	3.6	2.9	-1.8
Wood and Related Products	-0.7	18.8	21.2	3.8	9.0	-6.8
Chemicals and Non-Metallic Minerals	3.4	-0.6	-7.4	10.3	7.6	-3.8
Assembly-Type and Related Industries	32.5	6.0	-1.6	4.8	14.8	12.6
Miscellaneous Manufacturing Industries	-12.0	-14.8	0.4	0.3	-7.4	-4.4
Electricity	1.5	8.0	0.5	0.21	-0.2	7.4
Water	2.8	0.2	3.2	1.3	2.9	4.6
Sugar	-31.7	-12.2	29.4	-31.0	-11.5	-39.3
<b>All Industry Index</b> (excluding petrochem, oil, natural gas, explor. product & refining etc.)	15.0	16.7	7.0	1.4	3.0	-0.8
Explor. & product of oil, natural gas, etc.	4.8	-8.9	-1.7	-1.1	-46.7	-2.8
Petrochemicals	-0.9	41.6	-6.0	-3.5	-1.6	2.1
Oil & natural gas refining	3.2	11.5	36.6	2.0	0.4	3.8
<b>All Industry Index</b> (including petrochem, oil & natural gas, explor. product & refining etc.)	9.0	10.5	7.0	1.3	0.8	-1.4

SOURCE: Central Statistical Office.

<sup>1</sup> Indices are computed as quarterly averages for the year.

<sup>2</sup> Percentage changes over the corresponding period.

TABLE A.12

ANNUAL CHANGES IN THE INDICES OF AVERAGE  
WEEKLY EARNINGS AND EMPLOYMENT  
(ALL EMPLOYEES), 2006 - 2008<sup>1</sup>  
/ ANNUAL PERCENTAGE CHANGE /

INDUSTRY	AVERAGE WEEKLY EARNINGS			EMPLOYMENT		
	2006 <sup>r</sup>	2007 <sup>r</sup>	2008	2006	2007	2008
Food Processing	2.1	1.0	-10.4	-0.9	-6.9	0.6
Drink and Tobacco	1.3	7.0	2.0	-15.0	0.6	-0.7
Textiles, Garments and Footwear	-5.2	4.2	14.3	-4.2	-3.0	-7.8
Printing, Publishing and Paper Converters	3.7	7.1	2.5	10.4	0.0	-3.1
Wood and Related Products	6.8	6.4	19.8	0.9	9.1	7.6
Chemicals and Non-Metallic Minerals	5.3	7.7	24.9	-1.3	2.7	1.9
Assembly-Type and Related Industries	29.5	11.3	9.4	2.8	2.1	-2.0
Miscellaneous Manufacturing Industries	6.0	1.6	-0.7	-1.6	-3.3	-1.1
Electricity	10.9	-8.0	38.0	2.0	1.3	6.2
Water	21.8	10.8	4.6	1.5	5.1	5.5
Sugar	-39.7	-12.9	13.7	-32.4	-12.2	-38.7
<b>All Industry Index</b> (excluding petrochem, oil, natural gas, explor. product & refining etc.)	10.3	4.4	10.6	-3.2	-1.0	-1.0

SOURCE: Central Statistical Office.

<sup>1</sup> Indices are computed as averages of the four quarters for each year.

TABLE A.13  
ANNUAL CHANGES IN THE INDICES OF REAL EARNINGS AND  
OUTPUT PER MAN HOUR WORKED (ALL EMPLOYEES), 2006 - 2008<sup>1</sup>  
/ PER CENT /

INDUSTRY	REAL EARNINGS <sup>2</sup>			INDEX OF OUTPUT PER MAN HOUR WORKED <sup>2</sup>		
	2006 <sup>1</sup>	2007	2008	2006 <sup>1</sup>	2007	2008
Food Processing	-5.7	-6.4	-19.7	-13.5	20.9	19.6
Drink and Tobacco	-6.4	-1.0	-9.0	33.4	41.9	21.3
Textiles, Garments and Footwear	-7.5	-3.1	-2.1	8.0	4.4	26.3
Printing, Publishing and Paper Converters	-4.3	-0.8	-8.4	25.8	21.3	-10.2
Wood and Related Products	-1.5	-1.4	7.0	-4.3	9.0	30.1
Chemical and Non-Metallic Minerals	-3.2	-0.2	11.5	-6.2	-7.6	-3.7
Assembly-Type and Related Industries	19.6	3.4	-2.4	26.5	-7.6	-12.6
Miscellaneous Manufacturing Industries	-2.1	-5.8	-11.2	-12.2	-8.0	5.0
Electricity	2.5	-15.5	24.5	1.3	8.2	-6.4
Water	12.4	2.6	-6.5	1.5	-2.6	-1.3
Sugar	-44.7	-18.8	1.1	-1.0	-0.7	32.7
<b>All Industry Index</b> (excluding petrochem, oil, natural gas, explor. product & refining)	1.9	-3.4	-1.0	13.4	13.3	7.8
Explor. & product of oil, natural gas, etc.	-42.9	-12.5	0.7	6.0	70.8	1.1
Petrochemicals	1.0	-1.2	7.3	2.7	43.8	-7.9
Oil & natural gas refining	7.9	-6.8	-0.1	1.2	11.1	44.1
<b>All Industry Index</b> (including petrochem, oil & natural gas, explor. product & refining)	-0.3	-4.9	-0.2	7.6	9.6	8.5

SOURCE: Central Statistical Office.

<sup>1</sup> Indices are computed as quarterly averages for the year.

<sup>2</sup> Percentage changes over the corresponding period.

TABLE A.14

RETAIL PRICES INDEX FOR MAJOR EXPENDITURE CATEGORIES, 2005-2008  
/ JANUARY 2003=100 /

SECTIONS	WEIGHTS	2005	2006	2007	2008	2 0 0 8			
						I	II	III	IV
<b>All Items</b>	<b>1000</b>	<b>112.9</b>	<b>122.3</b>	<b>132.0</b>	<b>147.1</b>	<b>140.0</b>	<b>143.3</b>	<b>151.6</b>	<b>156.6</b>
<b>Inflation Rate (%)<sup>1</sup></b>		<b>6.9</b>	<b>8.3</b>	<b>7.9</b>	<b>12.0</b>	<b>2.6</b>	<b>2.3</b>	<b>5.8</b>	<b>3.3</b>
(i) Food	180	150.5	185.4	217.7	274.1	243.2	254.7	289.0	309.0
		<b>23.0</b>	<b>23.2</b>	<b>17.4</b>	<b>25.9</b>	<b>3.3</b>	<b>4.7</b>	<b>13.5</b>	<b>6.9</b>
(ii) Clothing	53	91.8	91.3	93.3	95.8	95.0	95.8	96.4	96.2
		<b>-1.7</b>	<b>-0.5</b>	<b>2.2</b>	<b>2.7</b>	<b>0.7</b>	<b>0.8</b>	<b>0.6</b>	<b>-0.2</b>
(iii) Transport	167	108.3	110.1	114.4	117.6	116.7	116.8	117.8	120.0
		<b>2.9</b>	<b>1.7</b>	<b>3.9</b>	<b>2.9</b>	<b>0.8</b>	<b>0.1</b>	<b>0.9</b>	<b>1.9</b>
(iv) Housing	262	105.8	108.9	113.3	119.8	115.3	117.5	122.2	124.1
		<b>2.5</b>	<b>2.9</b>	<b>4.3</b>	<b>5.5</b>	<b>0.3</b>	<b>1.9</b>	<b>4.0</b>	<b>1.5</b>
(v) Others <sup>2</sup>	338	104.1	110.1	115.5	125.4	122.7	124.5	126.3	128.1
		<b>3.1</b>	<b>5.8</b>	<b>4.8</b>	<b>8.6</b>	<b>4.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
<b>Per Cent Contribution To Change In Index</b>									
(i) Food	180	68.5	60.9	60.8	58.8	42.7	59.4	86.0	46.9
(ii) Clothing	53	-0.1	-0.1	4.3	0.2	0.2	0.8	0.6	-0.9
(iii) Transportation	167	3.5	5.8	4.8	4.9	4.3	0.3	2.0	13.1
(iv) Housing	262	4.0	11.4	17.4	14.1	3.7	26.7	3.4	22.5
(v) Others <sup>2</sup>	338	24.1	22.0	12.6	23.0	50.5	12.1	7.3	22.3
<b>Memorandum:</b>									
All Items (Sept. 1993=100)		<b>170.4</b>	<b>184.6</b>	<b>199.1</b>	<b>149.2</b>	<b>140.5</b>	<b>145.5</b>	<b>154.0</b>	<b>156.8</b>

SOURCE: Central Statistical Office.

<sup>1</sup> The figures represent the percentage change over the average for the previous year/quarter.<sup>2</sup> Includes Hotels, Cafés and Restaurants (30), Alcohol, Beverages and Tobacco (25), Furnishings, Household Equipment and Routine Maintenance (54), Health (51), Recreation and Culture (85), Education (16), Communication (41) and Miscellaneous goods and services (36). Figures in parentheses in this footnote are section weights.

TABLE A.15  
INDEX OF PRODUCERS' PRICES, 2005 - 2008  
/ OCT. 1978=100 /

INDUSTRY	WEIGHTS	2005	2006	2007	2008	2 0 0 8			
						I	II	III	IV
Food Processing <sup>1</sup>	191	459.3 <i>1.2</i>	473.2 <i>3.0</i>	506.4 <i>7.0</i>	608.5 <i>20.2</i>	560.0 <i>4.5</i>	602.2 <i>7.6</i>	632.8 <i>5.1</i>	638.6 <i>0.9</i>
Drink and Tobacco	121	573.9 <i>5.5</i>	627.1 <i>9.3</i>	720.6 <i>14.9</i>	841.1 <i>16.7</i>	822.5 <i>10.4</i>	827.0 <i>0.6</i>	826.9 <i>0.0</i>	887.5 <i>7.3</i>
Textiles, Garments and Footwear	101	295.9 <i>0.3</i>	298.0 <i>0.7</i>	298.4 <i>0.1</i>	298.4 <i>1.0</i>	298.4 <i>0.0</i>	298.4 <i>0.0</i>	298.4 <i>0.0</i>	298.4 <i>0.0</i>
Printing, Publishing & Paper Converters	93	325.5 <i>0.5</i>	329.0 <i>1.1</i>	333.1 <i>1.2</i>	337.1 <i>1.2</i>	333.5 <i>0.0</i>	337.2 <i>1.1</i>	337.2 <i>0.0</i>	340.6 <i>1.0</i>
Wood & Related Products	89	299.9 <i>2.2</i>	309.0 <i>3.0</i>	332.3 <i>4.3</i>	331.3 <i>2.8</i>	329.4 <i>0.0</i>	329.4 <i>0.0</i>	333.1 <i>1.1</i>	333.1 <i>0.0</i>
Chemicals and Non-Metallic Minerals	148	435.3 <i>2.4</i>	479.4 <i>10.2</i>	522.7 <i>9.0</i>	574.0 <i>9.8</i>	565.3 <i>7.2</i>	568.0 <i>0.5</i>	574.8 <i>1.2</i>	587.5 <i>2.2</i>
Assembly-Type and Related Industries	257	321.4 <i>2.1</i>	325.5 <i>1.3</i>	335.1 <i>3.0</i>	338.0 <i>0.9</i>	335.7 <i>-0.9</i>	337.9 <i>0.7</i>	339.0 <i>0.3</i>	339.4 <i>0.1</i>
All Industry	1000	391.0 <i>2.3</i>	409.1 <i>4.6</i>	437.2 <i>6.9</i>	480.8 <i>10.0</i>	466.9 <i>4.2</i>	476.8 <i>2.1</i>	484.3 <i>1.6</i>	495.0 <i>2.2</i>

SOURCE: Central Statistical Office.

<sup>1</sup> The figures in italics represent the percentage change over the average for the previous year/quarter.

TABLE A.16

CENTRAL GOVERNMENT FISCAL OPERATIONS, 2004 - 2008<sup>1</sup>  
/ TT\$MILLION /

EXPENDITURE	FISCAL YEARS <sup>2</sup>				
	2004	2005	2006	2007	2008 <sup>P</sup>
Current Revenue	20,625.6	29,638.8	38,906.9	40,034.8	55,546.4
Current Expenditure <sup>3</sup>	17,498.5	21,842.4	26,582.6	29,984.0	35,687.1
<b>Current Account Surplus(+)/Deficit(-)</b>	<b>3,127.1</b>	<b>7,796.4</b>	<b>12,324.3</b>	<b>10,050.8</b>	<b>19,859.3</b>
Capital Revenue	4.1	9.1	4.0	29.6	38.0
Capital Expenditure and Net lending <sup>4</sup>	1,621.1	2,798.6	4,615.3	7,781.9	10,080.1
<b>Overall Surplus(+)/Deficit(-)</b>	<b>1,510.1</b>	<b>5,006.9</b>	<b>7,713.0</b>	<b>2,298.5</b>	<b>9,817.2</b>
<b>Total Financing (net)</b>	<b>-1,510.1</b>	<b>-5,006.9</b>	<b>-7,713.0</b>	<b>-2,298.5</b>	<b>-9,817.2</b>
<b>External Financing (Net)</b>	<b>-278.8</b>	<b>-1,273.3</b>	<b>-300.1</b>	<b>688.3</b>	<b>767.4</b>
Net External Borrowing	-278.8	-1,273.3	-300.1	688.3	767.4
Disbursements	211.0	285.4	305.9	1,944.7	1,137.3
Repayments <sup>5</sup>	489.7	1,558.7	606.0	1,256.4	369.9
Divestment Proceeds	0.0	0.0	0.0	0.0	0.0
<b>Domestic Financing (Net)</b>	<b>-1,231.4</b>	<b>-3,733.6</b>	<b>-7,413.0</b>	<b>-2986.8</b>	<b>-10,584.6</b>
Treasury Bills(Net)	0.0	0.0	0.0	0.0	0.0
Bonds(Net)	907.0	-955.9	-1,041.8	1,281.4	172.3
Disbursements	1,756.0	808.0	0.0	2,403.6	1,200.0
Repayments	849.0	1,763.9	1,041.8	1,122.2	1,027.7
Divestment Proceeds	0.0	0.0	0.0	0.0	0.0
Uncashed Balances (Net) <sup>6</sup>	-2,138.4	-2,777.7	-6,371.2	-4,268.2	-10,756.9
<b>Memo Items</b>					
<b>Primary Balance<sup>7</sup></b>	<b>3,874.3</b>	<b>7,548.4</b>	<b>10,166.3</b>	<b>4,996.6</b>	<b>12,833.3</b>
<b>Surplus(+)/Deficit(-) as a Percentage of GDP (current market prices)</b>					
Current Account Surplus(+)/Deficit(-)	3.7	7.8	10.1	7.3	13.1
Overall Surplus(+)/Deficit(-)	1.8	5.0	6.3	1.7	6.5
Primary Surplus(+)/Deficit(-)	4.6	7.5	8.3	3.6	8.4

SOURCE: Ministry of Finance: Review of Fiscal Measures, various years. Review of the Economy.  
Central Bank of Trinidad and Tobago: Monthly Statistical Digest, various issues.

<sup>P</sup> Provisional

<sup>1</sup> Refers to accounts of Consolidated Fund, Unemployment Fund, Road Improvement Fund and the Infrastructure Development Fund.

<sup>2</sup> Represents the period October 01 - September 30.

<sup>3</sup> Includes an adjustment for transfers to the Heritage and Stabilization Fund and the Infrastructure Development Fund.

<sup>4</sup> Includes an adjustment for Repayment of Past Lending and acquisition of physical capital assets.

<sup>5</sup> Figures do not include repayments of loans from the IDB and the EIB received by the Central Government for onlending to the energy sector.

<sup>6</sup> Includes errors and omissions, advances from the Central Bank and drawdowns from the treasury deposit accounts. Negative numbers represent an increase in deposits at the Central Bank.

<sup>7</sup> The primary balance, also known as the non-interest balance, is equal to the overall balance exclusive of interest payments.

TABLE A.17

CENTRAL GOVERNMENT REVENUE, 2004 - 2008<sup>1</sup>  
/ TT\$MILLION /

REVENUE	FISCAL YEARS <sup>2</sup>				
	2004	2005	2006 <sup>r</sup>	2007 <sup>r</sup>	2008 <sup>p</sup>
<b>A. Oil Sector</b>	<b>7,641.7</b>	<b>13,961.3</b>	<b>21,416.0</b>	<b>20,079.2</b>	<b>30,287.0</b>
Corporation	5,428.3	10,805.6	17,614.8	16,206.2	26,410.8
Withholding Tax	200.7	429.2	614.3	928.7	668.8
Royalties	1,094.5	1,228.5	1,679.3	1,681.0	1,851.5
Oil impost	36.8	42.7	65.9	63.9	65.6
Unemployment levy	294.2	820.4	1,311.3	1,111.0	1,202.1
Excise duties	587.2	634.8	130.4	88.4	88.2
Other <sup>3</sup>	0.0	0.0	0.0	0.0	0.0
<b>B. Non Oil Sector</b>	<b>12,983.9</b>	<b>15,677.4</b>	<b>17,490.9</b>	<b>19,955.6</b>	<b>25,259.4</b>
<b>Taxes on Income</b>	<b>6,304.5</b>	<b>8,141.2</b>	<b>7,922.5</b>	<b>8,888.1</b>	<b>11,858.8</b>
Companies	2,308.3	3,166.2	3,965.6	4,796.9	6,752.7
Individuals	3,280.8	4,250.1	3,153.3	3,239.2	4,148.1
Unemployment Levy	115.9	84.6	0.0	0.1	0.1
Health Surcharge	164.8	187.0	168.4	170.2	223.0
Other	434.7	453.3	635.2	681.7	734.9
<b>Taxes on Property</b>	<b>85.4</b>	<b>62.7</b>	<b>64.4</b>	<b>83.7</b>	<b>86.6</b>
Lands and Buildings Taxes	85.4	62.7	64.4	83.7	86.6
<b>Taxes on Goods and Services</b>	<b>4,103.0</b>	<b>4,200.8</b>	<b>5,591.1</b>	<b>6,288.5</b>	<b>8,221.1</b>
Purchase Tax	0.1	0.1	0.1	0.1	0.1
Excise Duties	403.2	436.4	444.9	525.1	579.8
Motor Vehicles	173.2	217.0	248.8	338.5	319.0
Value Added Tax	3,021.2	2,962.5	4,184.2	4,829.0	6,628.0
Other	505.3	584.8	713.1	595.7	694.2
<b>Taxes on International Trade</b>	<b>1,242.7</b>	<b>1,473.5</b>	<b>1,836.3</b>	<b>2,006.5</b>	<b>2,414.9</b>
Import Duties	1,242.7	1,473.5	1,836.2	2,004.4	2,410.9
Other	0.0	0.0	0.1	2.1	4.0
<b>Non-Tax Revenue</b>	<b>1,248.2</b>	<b>1,799.1</b>	<b>2,076.6</b>	<b>2,688.8</b>	<b>2,678.0</b>
National Lottery	127.0	127.0	95.5	75.5	180.0
Interest	86.2	137.4	303.4	283.4	85.9
Central Bank	96.2	161.5	161.9	749.7	1,655.3
Other	938.8	1,373.2	1,515.8	1,580.2	756.8
<b>TOTAL CURRENT REVENUE</b>	<b>20,625.6</b>	<b>29,638.8</b>	<b>38,906.9</b>	<b>40,034.8</b>	<b>55,546.4</b>
Capital Revenue	4.1	9.1	4.0	29.6	38.0
<b>TOTAL REVENUE</b>	<b>20,629.7</b>	<b>29,647.9</b>	<b>38,910.9</b>	<b>40,064.4</b>	<b>55,584.4</b>

SOURCE: Ministry of Finance. Review of Fiscal Measures, various issues.  
Estimates of Revenue, various issues.

<sup>1</sup> Refers to accounts of Consolidated Fund, Unemployment Fund, Road Improvement Fund and the Infrastructure Development Fund.

<sup>2</sup> Represents the period October 01 – September 30.

<sup>3</sup> Includes receipts from signature bonuses for the award of production sharing contracts.

TABLE A.18

CENTRAL GOVERNMENT EXPENDITURE<sup>1</sup> 2004 - 2008  
/ TT\$MILLION /

EXPENDITURE	FISCAL YEARS <sup>2</sup>				
	2004	2005	2006	2007	2008 <sup>P</sup>
<b>Current Expenditure<sup>2</sup></b>	17,498.5	21,842.4	26,582.6	29,984.0	35,687.1
Wages and Salaries	4,849.2	5,309.2	5,455.6	6,221.3	7,084.3
Goods and Services	2,374.5	3,170.1	3,843.2	4,283.8	5,015.8
Interest	2,364.2	2,541.5	2,453.3	2,698.1	3,016.1
External	726.1	666.0	600.8	2,094.0	2,381.6
Domestic	1,638.2	1,875.5	1,852.5	604.1	634.5
Transfers and Subsidies	7,910.6	10,821.6	14,830.4	16,780.8	20,570.9
of which:					
Loans & Grants to Statutory Boards and State Enterprises	2,448.7	2,481.6	3,760.9	4,014.7	3,990.0
Households	2,173.0	2,601.2	4,341.2	4,956.5	6,816.7
<b>Capital Expenditure and Net-Lending<sup>3</sup></b>	1,621.1	2,798.6	4,615.3	7,781.9	10,080.1
<b>TOTAL EXPENDITURE</b>	19,119.6	24,641.0	31,197.9	37,765.9	45,767.2
(as a % of GDP at current market prices)	22.9	24.5	25.5	27.5	30.1
<b>Memo Items (%)</b>					
Current Expenditure	91.5	88.6	85.2	79.4	78.0
Capital Expenditure and Net-Lending	8.5	11.4	14.8	20.6	22.0
Total Expenditure	100.0	100.0	100.1	100.0	100.0

SOURCE: Ministry of Finance. Review of Fiscal Measures, various issues.  
Estimates of Revenue, various issues.

<sup>1</sup> Refers to accounts of Consolidated Fund, Unemployment Fund, Road Improvement Fund and the Infrastructure Development Fund.

<sup>2</sup> Represents the period October 01 – September 30.

<sup>3</sup> See footnotes to Table A.16.

TABLE A.19(A)

PUBLIC SECTOR EXTERNAL DEBT, 2004 - 2008  
/ US\$MILLION /

SECTOR	2004	2005	2006	2007	2008
<b>CENTRAL GOVERNMENT</b>					
Receipts	40.3	70.8	181.9	210.0	116.7
<i>of which: Leases</i>	0.0	0.0	0.0	0.0	0.0
Amortization	226.1	92.3	247.3	61.9	66.2
<i>of which: Leases</i>	0.0	0.0	0.0	0.0	0.0
<i>Debt Conversion</i>	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	0.0	0.0	0.0	0.0	0.0
Balance Outstanding	1,331.1	1,309.6	1,244.2	1,392.3	1,442.8
<i>of which: Leases</i>	0.0	0.0	0.0	0.0	0.0
Interest	109.9	93.6	103.8	89.0	96.5
<b>NON-GOVERNMENT PUBLIC SECTOR<sup>1</sup></b>					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	0.0	0.0	0.0	0.0
Rescheduling <sup>2</sup>	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	0.0	0.0	0.0	0.0	0.0
Balance Outstanding <sup>3</sup>	51.0	51.0	51.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>					
Receipts	40.3	70.8	181.9	210.0	116.7
Amortization	226.1	92.3	247.3	61.9	66.2
<i>of which: Debt Conversion</i>	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	0.3	0.0	0.0	0.0	0.0
Balance Outstanding	1,382.1	1,360.6	1,295.2	1,392.3	1,442.8
Interest	109.9	93.6	103.8	89.0	96.5

SOURCE: Central Bank of Trinidad and Tobago.

<sup>1</sup> Comprises state enterprises and Central Bank external debt. See Table A.19(b).<sup>2</sup> Once rescheduled, the external debt of the state enterprises becomes the external liability of the central government.<sup>3</sup> A portion of this debt is no longer defined as government-guaranteed debt.

TABLE A.19(B)

NON-GOVERNMENT PUBLIC SECTOR EXTERNAL DEBT, 2004 - 2008  
/ US\$MILLION /

SECTOR	END OF PERIOD				
	2004	2005	2006	2007	2008
<b>GOVERNMENT-GUARANTEED<sup>1</sup></b>					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Balance Outstanding	47.0	47.0	47.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
<b>NON-GOVERNMENT GUARANTEED<sup>2</sup></b>					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	0.0	0.0	0.0	0.0
Balance Outstanding	4.0	4.0	4.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
<b>CENTRAL BANK</b>					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	0.0	0.0	0.0	0.0
Balance Outstanding	0.0	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustments	0.0	0.0	0.0	0.0	0.0
Balance Outstanding	51.0	51.0	51.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0

SOURCE: Central Bank of Trinidad and Tobago.

<sup>1</sup> External debt of state enterprises and public utilities guaranteed by the government of the Republic of Trinidad and Tobago.<sup>2</sup> Non-guaranteed debt of state enterprises and public utilities.

TABLE A.20(A)

COMMERCIAL BANKS\*: SELECTED DATA, 2004 - 2008  
/ TT\$MILLION /

	END OF PERIOD				
	2004	2005 <sup>r</sup>	2006 <sup>r</sup>	2007	2008
<b>A. Outstanding</b>					
1. <b>Aggregate Deposits</b> (adj.)	<b>25,871.5</b>	<b>32,949.3</b>	<b>40,711.1</b>	<b>46,050.6</b>	<b>54,833.4</b>
Demand Deposits (adj.) <sup>1</sup>	6,420.2	9,890.7	10,853.5	11,939.3	13,219.8
Time Deposits (adj.) <sup>2</sup>	3,511.1	5,729.0	7,828.4	9,199.3	11,680.2
Savings Deposits (adj.) <sup>3</sup>	8,952.4	9,967.3	11,523.7	13,001.7	13,830.6
Foreign Currency Deposits (adj.) <sup>4</sup>	6,987.8	7,362.3	10,505.5	11,923.5	16,102.8
2. <b>Gross Bank Credit</b> <sup>5</sup>	<b>20,545.3</b>	<b>27,143.3</b>	<b>31,515.7</b>	<b>37,378.6<sup>r</sup></b>	<b>42,820.0</b>
<i>of which:</i>					
Business purposes	10,178.6	11,699.5	14,749.6	17,619.7 <sup>r</sup>	20,655.0
Corporate	9,149.4	10,244.7	13,447.4	16,332.6	19,198.4
Non-corporate	1,029.2	1,454.8	1,302.2	1,286.5	1,456.2
3. <b>Investments</b>	<b>10,243.9</b>	<b>11,543.2</b>	<b>11,668.1</b>	<b>13,163.2</b>	13,262.9
Government Securities	3,415.4	4,029.7	3,326.5	3,607.2	4,033.3
Other Investments <sup>6</sup>	6,828.5	7,513.5	8,341.6	9,556.0	9,229.6
<i>of which:</i>					
Special Deposits <sup>7</sup>	660.9	-	-	-	-
Interest-bearing Special Deposit Facility <sup>7</sup>	n.a.	1,000.0	1,500.0	1,500.0	1,500.0
<b>B. Annual Change</b>					
1. <b>Aggregate Deposits</b> (adj.)	<b>4,717.8</b>	<b>7,077.8</b>	<b>7,761.8</b>	<b>5,352.7</b>	<b>8,782.8</b>
Demand Deposits (adj.)	819.4	3,470.5	926.8	1,085.8	1,280.4
Time Deposits (adj.)	491.5	2,217.9	2,099.4	1,370.9	2,494.1
Savings Deposits (adj.)	688.2	1,014.9	1,556.4	1,478.0	828.9
Foreign Currency Deposits (adj.)	2,691.7	374.5	3,143.2	1,418.0	4,179.3
2. <b>Gross Bank Credit</b>	<b>4,197.2</b>	<b>6,598.0</b>	<b>4,372.4</b>	<b>6,040.9</b>	<b>5,442.0</b>
<i>of which:</i>					
Business purposes	2,247.2	1,520.9	3,050.1	2,869.4 <sup>r</sup>	3,036.0
Corporate	2,079.3	1,095.3	3,202.7	2,990.2 <sup>r</sup>	2,865.8
Non-Corporate	167.9	425.6	-152.6	-15.7	169.7
3. <b>Investments</b>	<b>353.6</b>	<b>219.9</b>	<b>124.9</b>	<b>1,495.1</b>	<b>99.7</b>
Government Securities	95.0	614.3	-703.2	280.7	426.1
Other Investments	258.6	685.0	828.1	1,214.4	-326.4
<i>of which:</i>					
Special Deposits	39.4	-660.9	-	-	-
Interest-bearing Special Deposit Facility	n.a.	1,000.0	500.0	-	-

SOURCE: Central Bank of Trinidad and Tobago.

<sup>1</sup> Total demand deposits *minus* non-residents' and Central Government's demand deposits, cash items in process of collection on other banks, and branch clearings, plus cashiers and branch clearings.<sup>2</sup> Total time deposits *minus* Central Government's deposits and deposits of non-residents.<sup>3</sup> Total savings deposits *minus* Central Government's deposits and deposits of non-residents.<sup>4</sup> Total demand, savings and time deposits in foreign currency *minus* those of non-residents.<sup>5</sup> Total loans excluding loans to non-residents and central government.<sup>6</sup> Special deposits, other interest-bearing deposits at the Central bank, other local and foreign securities, and equity in subsidiaries and affiliates.<sup>7</sup> In December 2005, the interest rate paid on special deposits was reduced to zero and the commercial banks were required to place in aggregate a total of TT\$1.0 billion in a special interest-bearing deposit account at the Central Bank for a minimum of one year. In June 2006, an additional TT\$500 million was placed by the commercial banks into the account.

\* During 2007 the number of commercial banks increased from 6 to 8 as FirstCaribbean International Bank (Trinidad and Tobago) Limited and Bank of Baroda (Trinidad and Tobago) Limited were granted licenses to conduct business of a financial nature with effect from May 28 and October 3, 2007, respectively.

TABLE A.20(B)

SUMMARY ACCOUNTS OF THE MONETARY SYSTEM, 2004 - 2008  
/ TT\$MILLION /

	END OF PERIOD				
	2004	2005 <sup>1</sup>	2006 <sup>1</sup>	2007	2008
<b>Net Foreign Assets<sup>1</sup></b>	<b>22,209</b>	<b>33,687</b>	<b>48,925</b>	<b>48,331</b>	<b>67,678</b>
Monetary Authorities	18,929	31,326	40,776	41,797	58,512
Commercial Banks <sup>2</sup>	3,280	2,361	8,149	6,534	9,166
<b>Net Domestic Assets</b>	<b>10,330</b>	<b>4,271</b>	<b>-4,737</b>	<b>236</b>	<b>-11,035</b>
Net claims on public sector	-10,244	-16,295	-26,545	-23,742	-35,930
Central Government (net)	-10,115	-16,939	-24,603	-20,971	-31,636
Treasury bills	1,828	1,883	1,935	2,320	2,144
Other government securities	1,588	2,147	1,392	1,478	1,900
Other credit (net)	-13,530	-20,969	-27,930	-24,769	-35,679
Local government (net)	-166	-238	-385	-318	-334
Statutory bodies (net)	432	517	-650	-298	-538
Public enterprises (net)	-395	366	-907	-2,155	-3,422
Official capital and surplus	-2,207	-2,351	-1,530	-3,634	-3,298
Credit to Other Financial Institutions (net)	44	-1,865	-3,599	-3,369	-4,167
Credit to private sector	19,805	24,662	29,330	35,753	40,452
Interbank float	457	1,589	658	-72	-69
Other assets (net)	2,474	-1,470	-3,052	-4,699	-8,023
<b>Liabilities to private sector (M3)</b>	<b>32,540</b>	<b>37,958</b>	<b>44,188</b>	<b>48,567</b>	<b>56,643</b>
Money and quasi-money	23,792	28,943	33,649	37,021	43,108
Money	8,823	11,495	12,597	13,805	16,156
Currency in circulation	1,957	2,425	2,654	3,183	3,434
Demand deposits	6,866	9,069	9,943	10,622	12,722
Quasi-Money	14,969	17,449	21,052	23,216	26,952
Time deposits	3,858	4,722	5,832	6,360	7,901
Savings deposits	11,111	12,727	15,220	16,856	19,051
Securitized Instruments	1,800	1,674	2,395	1,680	1,180
Private capital and surplus	6,948	7,341	8,143	9,867	12,355
	<b>Changes as a percent of beginning-of-period M3</b>				
<b>Net Foreign Assets</b>	<b>29.6</b>	<b>35.3</b>	<b>40.1</b>	<b>-1.3</b>	<b>39.8</b>
Net Domestic Assets	-11.3	-18.6	-23.7	11.3	-23.2
Net Claims on public Sector	-19.3	-18.6	-27.0	6.3	-25.1
Of which: Central Government	-18.4	-21.0	-20.2	8.2	-22.0
Credit to private sector	16.6	14.9	12.3	14.5	-0.4
Other assets (net)	-2.9	-12.1	-4.2	-4.0	0.9
<b>Liabilities to private sector (M3)</b>	<b>18.3</b>	<b>16.7</b>	<b>16.4</b>	<b>9.9</b>	<b>16.6</b>
Memorandum items:					
Net Domestic Assets (Net of HSF)	13,176	9,756	4,055	236	-11,035
Net claims on public sector (Net of HSF)	-7,398	-10,810	-17,752	-23,742	-35,930
Central Government (Net of HSF)	-7,269	-11,455	-15,811	-20,971	-31,636
Credit to the private sector (12-month increase)	30.0	24.5	18.9	21.9	13.1
M3 Velocity	2.5	2.5	2.7	2.7	2.7

Source: Central Bank of Trinidad and Tobago.

<sup>1</sup> Effective March 15th, 2007, the Heritage and Stabilization Fund (HSF) was no longer included as part of the Bank's assets.<sup>2</sup> With effect from June 2007, the data include two new commercial banks, FirstCaribbean International Bank (Trinidad and Tobago) Limited and Bank of Baroda (Trinidad and Tobago) Limited.

TABLE A.21  
LIQUIDITY POSITION OF COMMERCIAL BANKS, 2006:IV - 2008:IV  
/ TT\$MILLION /

	END OF PERIOD								
	2006	2007				2008			
	IV	I	II	III	IV	I	II	III	IV
<b>Legal Reserves Position</b>									
Required Reserves <sup>1</sup>	3,649.2	3,701.0	3,806.3	4,110.5	4,284.0	5,075.0	5,229.0	6,044.2	7,171.6
Cash Reserves	4,188.0	4,285.7	4,667.7	4,881.3	4,586.6	6,295.8	7,493.7	6,801.4	9,107.6
Excess (+) or Shortage (-) <sup>2</sup>	538.8	584.7	861.4	770.8	302.6	1,220.8	2,264.7	757.2	1,936.0
Average Excess(+) or Shortage(-) <sup>3</sup>	359.6	276.4	393.1	210.4	226.5	453.6	619.6	1,012.1	1,541.5
<b>Liquid Assets</b>									
Cash Reserves	4,188.0	4,285.7	4,667.7	4,881.3	4,586.6	6,295.8	7,493.7	6,801.4	9,107.6
Special Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deposits at Central Bank <sup>4</sup>	4,188.0	4,285.7	4,667.7	4,881.3	4,586.6	6,295.8	7,493.7	6,801.4	9,107.6
Local Cash in Hand	906.0	522.5	503.8	505.3	1,022.5	627.2	538.8	721.1	1,051.9
Treasury Bills	561.5	265.6	86.4	588.1	567.4	630.9	753.9	762.4	819.7
<b>TOTAL LIQUID ASSETS</b>	<b>5,655.5</b>	<b>5,073.8</b>	<b>5,257.9</b>	<b>5,974.7</b>	<b>6,176.5</b>	<b>7,553.9</b>	<b>8,786.4</b>	<b>8,284.9</b>	<b>10,979.2</b>
Total Deposit/Liabilities (adj.)	28,070.9	28,469.1	29,294.5	31,619.1	32,958.2	33,833.1	34,860.0	35,554.0	37,745.3
<i>As a percentage of Total Deposit Liabilities (adj.)</i>									
<b>Legal Reserves Position</b>									
Required Reserves	13.0	13.0	13.0	13.0	13.0	15.0	15.0	17.0	19.0
Actual Reserves	14.9	15.1	15.9	15.4	13.9	18.6	21.5	19.1	24.1
Excess (+) or Shortage (-)	1.9	2.1	2.9	2.4	0.9	3.6	6.5	2.1	5.1
Average Excess(+) or Shortage(-)	1.3	1.0	1.3	0.7	0.7	1.3	1.8	2.8	4.1
<b>Liquid Assets</b>									
Cash Reserves	14.9	13.1	13.9	13.4	11.9	18.6	21.5	19.1	24.1
Special Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deposits at Central Bank	14.9	15.1	15.9	15.4	13.9	18.6	21.5	19.1	24.1
Local Cash in Hand	3.2	1.8	1.7	1.6	3.1	1.9	1.5	2.0	2.8
Treasury Bills	2.0	0.9	0.3	1.9	1.7	1.9	2.2	2.1	2.1
<b>TOTAL LIQUID ASSETS</b>	<b>20.1</b>	<b>17.8</b>	<b>17.9</b>	<b>18.9</b>	<b>18.7</b>	<b>22.3</b>	<b>25.2</b>	<b>23.3</b>	<b>29.1</b>

SOURCE: Central Bank of Trinidad and Tobago.

<sup>1</sup> Required reserves comprise the statutory cash reserves requirement which was reduced from 14 per cent in 2003 to 11 per cent effective September 15, 2004. In Q1, 2008, the rate was increased to 13 per cent, with further increases in Q3, 2008, to 15 per cent and then in Q4, 2008, to 17 per cent. Additionally, a secondary reserve requirement of 2 per cent was introduced on a temporary basis, effective October 4, 2006.

<sup>2</sup> Represents the excess/shortage for the end of the month.

<sup>3</sup> Represents the excess/shortage as an average through the month.

<sup>4</sup> Central Bank of Trinidad and Tobago.

TABLE A.22

COMMERCIAL BANKS:  
DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR, 2004 - 2008  
/ TT\$MILLION /

SECTORS	END OF PERIOD				
	2004	2005	2006	2007	2008
Central & Local Government	10.1	11.5	64.7	1.2 <sup>f</sup>	1.3
Agriculture	115.8	92.1	66.2	84.0	141.0
Petroleum	632.0	808.9	1,274.9	1,126.0	1,495.9
Manufacturing	1,912.0	2,020.2	2,575.8	2,463.5	3,318.2
Construction	1,381.5	1,685.7	2,164.6	2,433.4	3,067.2
Distributive Trades	1,312.9	2,068.2	2,177.0	2,743.7	3,427.1
Hotels and Guest Houses	442.3	483.7	650.8	478.4	737.3
Transport, Storage and Communication	773.1	775.2	953.8	1,111.8	805.1
Finance, Insurance and Real Estate	3,825.6	4,853.4	5,296.7	8,979.1	8,999.0
Education, Cultural and Community Services	75.1	41.9	98.1	108.2	96.9
Personal Services	994.7	1,001.8	1,328.0	402.9	577.3
Electricity and Water	552.5	1,869.7	1,463.9	1,464.2	1,348.7
Consumers	6,842.3	8,585.9	10,088.4	12,240.0	12,947.3
<b>TOTAL (excluding Real Estate Mortgage Loans)</b>	<b>18,869.9</b>	<b>24,298.2</b>	<b>28,202.9</b>	<b>33,636.8</b>	<b>36,962.3</b>
Real Estate Mortgage Loans & Lease Financing	2,359.9	4,450.8	5,400.2	6,774.0	8,288.5
<b>TOTAL LOANS</b>	<b>21,229.8</b>	<b>28,749.0</b>	<b>33,603.1</b>	<b>40,410.8</b>	<b>45,250.8</b>

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.23

COMMERCIAL BANKS:  
PERCENTAGE DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR, 2004 - 2008<sup>1</sup>  
/ PER CENT /

SECTOR	END OF PERIOD				
	2004	2005	2006	2007	2008
Central Government	0.1	0.1	0.2	0.0	0.0
Agriculture	0.5	0.3	0.2	0.2	0.3
Petroleum	3.0	2.7	3.8	2.8	3.3
Manufacturing	9.0	7.0	7.7	6.0	7.3
Construction	6.5	5.9	6.4	6.0	6.8
Distributive Trades	6.2	7.2	6.5	6.8	7.6
Hotels and Guest Houses	2.1	1.7	1.9	1.2	1.6
Transport, Storage and Communication	3.6	2.7	2.8	2.8	2.1
Finance, Insurance and Real Estate	18.0	16.9	15.8	22.2	19.9
Education, Cultural and Community Services	0.4	0.1	0.3	0.3	0.2
Personal Services	4.7	3.5	4.0	1.0	1.3
Electricity and Water	2.6	6.5	4.4	3.6	3.0
Consumers	32.2	29.9	30.0	30.3	28.6
<b>TOTAL (excluding Real Estate Mortgage Loans)</b>	<b>88.9</b>	<b>84.5</b>	<b>84.0</b>	<b>83.2</b>	<b>81.8</b>
Real Estate Mortgage Loans and Lease Financing	11.1	15.5	16.0	16.8	18.3
<b>TOTAL LOANS</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

SOURCE: Table A.22.

<sup>1</sup> Figures may not sum to 100 due to rounding.

TABLE A.24

COMMERCIAL BANKS - INTEREST RATES, 2006 - 2008  
/ PER CENT /

INTEREST RATES <sup>1</sup>	2006	2007	2008	2008				
				I	II	III	IV	
<b>A. Loan Rates (Prime)</b>								
(i) Term	- Range	4.00-25.98	4.00-30.00	3.50-26.00	4.00-25.98	3.50-25.98	3.50-26.00	3.50-26.00
	- Median	10.25	10.63	12.50	11.75	12.25	12.75	13.00
(ii) Demand	- Range	5.00-26.75	3.50-26.46	3.13-25.04	4.00-24.68	4.00-24.68	3.13-24.50	3.41-25.04
	- Median	10.75	11.75	12.50	11.75	12.25	12.75	13.00
(iii) Overdraft	- Range	4.75-45.00	4.75-36.50	4.75-37.00	4.75-36.50	4.75-37.00	8.80-27.50	9.00-28.00
	- Median	10.94	11.75	12.00	11.75	12.25	12.75	13.00
(iv) Basic Prime Rate	- Range	9.50-11.75	11.75-11.75	11.75-13.25	11.75-12.25	12.25-12.25	12.25-12.75	13.00-13.25
	- Median	10.94	11.75	12.50	11.75	12.25	12.75	13.00
(v) Real Estate Mortgage	- Range	6.00-24.00	5.00-23.50	3.95-25.00	5.00-18.04	3.95-20.31	3.95-17.00	3.95-25.00
	- Median	10.38	11.75	12.25	11.75	10.88	12.75	13.00
<b>B. Deposit Rates (Announced)</b>								
(i) Ordinary Savings	- Range	0.50-5.50	0.50-5.80	0.50-6.10	0.50-5.90	0.50-6.10	1.25-6.10	1.00-6.10
	- Median	1.46	1.46	1.88	1.78	1.88	2.50	1.88
(ii) Special Savings	- Range	0.50-4.00	0.50-5.80	0.50-5.90	0.50-5.90	0.50-4.00	1.55-3.25	1.55-3.25
	- Median	2.39	2.39	2.39	2.39	2.39	2.39	2.39
(iii) 3-Month Time	- Range	1.00-6.75	1.00-7.50	1.00-7.50	1.00-7.50	1.00-7.50	1.00-7.50	1.00-6.75
	- Median	2.72	2.90	3.06	3.11	2.94	3.94	3.00
(iv) 6-Month Time	- Range	1.25-3.70	1.25-4.40	1.00-4.15	1.25-4.15	1.00-4.15	2.00-4.15	2.00-4.15
	- Median	2.11	2.23	2.69	2.23	2.29	3.08	3.08
(v) 1-Year Time	- Range	1.00-11.00	1.00-9.00	1.00-9.00	1.00-8.25	1.00-8.25	1.00-8.50	1.00-9.00
	- Median	3.69	3.88	4.07	4.00	4.00	4.13	4.13

SOURCE: Central Bank of Trinidad and Tobago.

<sup>1</sup> Annual data represent the rates for the twelve (12) months of the year and quarterly data represent the rates for the three (3) months of the quarter.

TABLE A.25  
MONEY SUPPLY, 2004 - 2008  
/ TT\$MILLION /

	END OF PERIOD				
	2004	2005	2006	2007	2008
<b>A. Narrow Money Supply (M-1A)</b>	<b>8,377.6</b>	<b>12,316.1</b>	<b>13,507.9</b>	<b>15,122.1</b>	<b>16,653.5</b>
Currency in Active Circulation	1,957.4	2,425.4	2,654.4	3,182.8	3,433.7
Demand Deposits (adj.)	6,420.2	9,890.7	10,853.5	11,939.3	13,219.8
<b>B. Factors Affecting Changes in Money Supply</b>					
<b>1. Net Bank Credit to Central Government</b>	<b>-10,114.5</b>	<b>-16,939.0</b>	<b>-24,602.9</b>	<b>-20,970.8</b>	<b>-31,636.2</b>
(a) Central Bank	-12,871.1	-20,585.9	-27,230.3	-23,805.5	-34,986.6
(b) Commercial Banks	2,756.6	3,646.9	2,627.4	2,834.7	3,350.4
<b>2. Bank Credit</b>	<b>24,386.6</b>	<b>30,841.3</b>	<b>34,722.0</b>	<b>42,636.7</b>	<b>48,144.3</b>
(a) Public Sector <sup>1</sup>	2,143.7	3,884.7	3,283.3	4,822.9	5,040.5
(b) Private Sector <sup>2</sup>	22,242.9	26,956.6	31,438.7	37,635.2	43,103.8
<b>3. External Assets (net)</b>	<b>21,928.0</b>	<b>32,456.0</b>	<b>48,528.3</b>	<b>49,249.6</b>	<b>68,053.2</b>
<b>4. Quasi-Money<sup>3</sup></b>	<b>-12,463.5</b>	<b>-15,696.3</b>	<b>-19,352.1</b>	<b>-22,187.8</b>	<b>-25,510.8</b>
<b>5. Foreign Currency   Deposits (Adj)</b>	<b>-6,987.8</b>	<b>-7,362.3</b>	<b>-10,505.5</b>	<b>-11,923.5</b>	<b>-16,102.8</b>
<b>6. NFIs Foreign Currency   Deposit (Adj)</b>	<b>-3,621.4</b>	<b>-3,307.1</b>	<b>-3,684.8</b>	<b>-3,516.9</b>	<b>-109.3</b>
<b>7. Other Items (Net)</b>	<b>-8,371.0</b>	<b>-10,983.6</b>	<b>-15,281.9</b>	<b>-21,503.5</b>	<b>-26,294.2</b>
<b>C. Broad Money Supply (M-2)</b>	<b>20,841.2</b>	<b>28,012.4</b>	<b>32,859.9</b>	<b>37,309.9</b>	<b>42,164.3</b>
<b>D. Broad Money Supply (M-2)<sup>4</sup></b>	<b>27,829.0</b>	<b>35,374.7</b>	<b>43,365.4</b>	<b>49,233.3</b>	<b>58,267.1</b>
<b>Memo:<sup>5</sup></b>					
Money Supply M-3	23,908.5	29,941.2	35,269.4	40,034.3	42,885.5
Money Supply M-3*	34,498.2	40,610.4	49,459.3	55,463.4	59,097.5

SOURCE: Central Bank of Trinidad and Tobago.

<sup>1</sup> Includes Central Bank's and commercial banks' loans and holdings of public sector securities.

<sup>2</sup> Includes commercial banks' loans and holdings of private sector securities.

<sup>3</sup> Excludes foreign currency deposits of residents which are shown separately below.

<sup>4</sup> Includes foreign currency deposits of residents.

<sup>5</sup> In addition to M-2, M-3 includes the time deposits of non-bank financial institutions (NFIs), while in addition to M-2\*, M-3\* includes foreign currency deposits of residents at NFIs.

TABLE A.26

CHANGES IN MONEY SUPPLY, 2004 - 2008  
/ TT\$MILLION /

	2004	2005	2006	2007	2008
<b>A. Narrow Money Supply (M-1A)</b>	<b>1,068.2</b>	<b>3,938.5</b>	<b>1,191.8</b>	<b>1,614.2</b>	<b>1,531.4</b>
	<i>14.6</i>	<i>47.0</i>	<i>9.7</i>	<i>12.0</i>	<i>10.1</i>
Currency in Active Circulation	248.8	468.0	229.0	528.4	250.9
	<i>14.6</i>	<i>23.9</i>	<i>9.4</i>	<i>19.9</i>	<i>7.9</i>
Demand Deposits (adj.)	819.4	3,470.5	962.8	1,085.8	1,280.4
	<i>14.6</i>	<i>54.1</i>	<i>9.7</i>	<i>10.0</i>	<i>10.7</i>
<b>B. Factors Affecting Changes in Money Supply</b>					
<b>1. Net Bank Credit to Government</b>	<b>-5,073.7</b>	<b>-6,824.5</b>	<b>-7,663.9</b>	<b>3,632.1</b>	<b>-10,665.4</b>
	<i>-100.7</i>	<i>67.5</i>	<i>45.2</i>	<i>-14.8</i>	<i>50.9</i>
(a) Central Bank	-4,715.6	-7,714.8	-6,644.4	3,424.8	11,181.1
	<i>57.8</i>	<i>60.0</i>	<i>32.3</i>	<i>-12.6</i>	<i>46.9</i>
(b) Commercial Banks	-358.1	890.3	-1,019.5	207.3	515.7
	<i>-11.5</i>	<i>32.3</i>	<i>27.9</i>	<i>7.9</i>	<i>18.2</i>
<b>2. Bank Credit</b>	<b>3,939.5</b>	<b>6,454.7</b>	<b>3,880.7</b>	<b>7,914.7</b>	<b>5,686.2</b>
	<i>19.3</i>	<i>26.5</i>	<i>12.6</i>	<i>22.8</i>	<i>13.4</i>
(a) Public Sector <sup>1</sup>	102.4	1,741.0	-601.4	1,539.6	217.6
	<i>5.0</i>	<i>81.2</i>	<i>-15.5</i>	<i>46.9</i>	<i>4.5</i>
(b) Private Sector <sup>2</sup>	3,837.1	4,713.7	4,482.1	6,301.5	5,468.6
	<i>20.8</i>	<i>21.2</i>	<i>16.6</i>	<i>20.1</i>	<i>14.5</i>
<b>3. External Assest (net)</b>	<b>7,947.0</b>	<b>10,528.0</b>	<b>16,072.3</b>	<b>721.3</b>	<b>18,803.6</b>
	<i>56.8</i>	<i>48.0</i>	<i>49.5</i>	<i>1.5</i>	<i>38.2</i>
<b>4. Quasi-Money<sup>3</sup></b>	<b>-1,179.7</b>	<b>-3,232.8</b>	<b>-3,655.8</b>	<b>-2,835.7</b>	<b>-3,323.1</b>
	<i>-10.5</i>	<i>-25.9</i>	<i>-23.3</i>	<i>-14.7</i>	<i>14.9</i>
<b>5. Foreign Currency Deposits (adj.)</b>	<b>-2,691.7</b>	<b>-374.5</b>	<b>-3,143.2</b>	<b>-1,418.0</b>	<b>4,179.3</b>
	<i>-62.7</i>	<i>-5.4</i>	<i>-42.7</i>	<i>13.5</i>	<i>35.1</i>
<b>6. NFIs Foreign Currency Deposits (adj)</b>	<b>-1,794.4</b>	<b>-314.3</b>	<b>-377.7</b>	<b>167.9</b>	<b>1,845.6</b>
	<i>-98.2</i>	<i>-8.7</i>	<i>-11.4</i>	<i>4.6</i>	<i>-96.9</i>
<b>7. Other Items (net)</b>	<b>-1,873.0</b>	<b>-2,612.6</b>	<b>-4,298.3</b>	<b>-6,326.5</b>	<b>-4,790.7</b>
Increase (-), Decrease (+)	<i>-28.8</i>	<i>-31.2</i>	<i>-39.1</i>	<i>-41.7</i>	<i>22.3</i>
<b>C. Broad Money Supply (M-2)</b>	<b>2,247.9</b>	<b>7,171.2</b>	<b>4,847.5</b>	<b>4,450.0</b>	<b>4,854.4</b>
	<i>12.1</i>	<i>34.4</i>	<i>17.3</i>	<i>13.5</i>	<i>13.0</i>
<b>D. Broad Money Supply (M-2*)<sup>4</sup></b>	<b>4,939.6</b>	<b>7,545.7</b>	<b>7,990.7</b>	<b>5,867.9</b>	<b>9,033.8</b>
	<i>21.6</i>	<i>27.1</i>	<i>22.6</i>	<i>13.5</i>	<i>18.4</i>
<b>Memo:<sup>5</sup></b>					
<b>Money Supply M-3</b>	<b>1,289.3</b>	<b>6,032.6</b>	<b>5,328.2</b>	<b>4,764.9</b>	<b>2,851.9</b>
	<i>5.7</i>	<i>25.2</i>	<i>17.8</i>	<i>13.5</i>	<i>7.1</i>
<b>Money Supply M-3*</b>	<b>5,760.2</b>	<b>6,112.2</b>	<b>8,848.9</b>	<b>6,004.1</b>	<b>3,634.1</b>
	<i>20.0</i>	<i>17.7</i>	<i>21.8</i>	<i>12.1</i>	<i>6.6</i>

SOURCE: Table A.25.

<sup>1</sup> Includes Central Bank's and commercial banks' loans and holdings of public sector securities.<sup>2</sup> Includes commercial banks' loans to the private sector and holdings of private sector securities.<sup>3</sup> See footnote (3) of Table A.25.<sup>4</sup> See Note (4) of Table A.25.<sup>5</sup> See Note (5) of Table A.25

Figures in italics represent percentage changes.

TABLE A.27

FINANCE COMPANIES AND MERCHANT BANKS:  
SUMMARY OF ASSETS AND LIABILITIES, 2004 - 2008  
/ \$THOUSAND /

END OF PERIOD	EXTERNAL ASSETS (NET)	CASH AND DEPOSITS AT CENTRAL BANK	BALANCES DUE FROM BANKS (NET)	DOMESTIC CREDIT		
				INVESTMENTS	LOANS	TOTAL
	(1)	(2)	(3)	(4)	(5)	(6)
2004	103,640	255,507	-22,522	8,858,229	2,200,020	11,058,249
2005	-245,114	305,704	-142,279	9,361,364	3,307,121	12,668,485
2006	-273,419	299,954	54,878	11,816,264	3,681,682	15,497,946
2007	226,827	1,241,694	-231,093	11,013,963	3,705,175	14,719,138
2008	273,024	316,716	-59,083	8,795,586	4,282,206	13,077,792
<b>2007</b>						
I	-534,582	270,457	39,230	11,832,739	4,077,603	15,910,342
II	242,667	278,250	-144,999	11,357,702	3,312,839	14,670,541
III	-24,526	386,030	-154,827	11,250,274	3,467,721	14,717,995
IV	226,827	1,241,694	-231,093	11,013,963	3,705,175	14,719,138
<b>2008</b>						
I	-226,658	342,770	-37,330	10,696,252	3,808,852	14,505,077
II	485,828	323,967	186,648	9,483,015	3,923,117	13,406,132
III	11,009	333,766	279,189	9,266,607	4,108,701	13,375,308
IV	273,024	316,716	-59,083	8,795,586	4,282,206	13,077,792
END OF PERIOD	TOTAL ASSETS/ LIABILITIES	DEPOSITS	BORROWINGS <sup>1</sup>	PROVISIONS	CAPITAL AND RESERVES	OTHER ITEMS (NET)
	(7)	(8)	(9)	(10)	(11)	(12)
2004	11,394,874	5,317,646	1,624,088	67,851	2,182,769	2,202,520
2005	12,586,796	5,157,129	2,425,179	118,746	2,331,064	2,554,678
2006	15,579,359	6,147,060	2,206,954	134,898	2,666,362	4,424,085
2007	15,956,566	6,127,168	3,578,508	109,694	2,504,816	3,636,380
2008	13,608,449	6,983,290	3,953,998	123,021	2,427,788	120,352
<b>2007</b>						
I	15,685,447	6,319,314	2,755,616	117,495	3,011,854	3,481,168
II	15,046,459	6,079,877	3,730,197	108,238	2,701,994	2,426,153
III	14,924,672	6,056,740	3,077,238	116,652	2,930,633	2,743,409
IV	15,956,566	6,127,168	3,578,508	109,694	2,504,816	3,636,380
<b>2008</b>						
I	14,583,859	6,784,902	3,550,602	115,441	2,508,689	1,624,225
II	14,402,575	6,911,173	4,096,397	117,684	2,524,981	752,340
III	13,999,272	6,917,403	3,686,399	118,467	2,570,233	706,770
IV	13,608,449	6,983,290	3,953,998	123,021	2,427,788	120,352

SOURCE: Central Bank of Trinidad and Tobago.

<sup>1</sup> Borrowings from all sources other than commercial banks. Borrowings from commercial banks are reflected in column 3.

TABLE A.28

FINANCE COMPANIES AND MERCHANT BANKS:  
DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR, 2005 - 2008  
/ TT\$MILLION /

SECTORS	END OF PERIOD						
	2005	2006	2007	2008			
				I	II	III	IV
Public Sector	201.6	384.3	184.0	195.4	197.5	217.1	248.9
Private Sector	2,608.1	2,711.5	2,989.3	3,054.0	3,205.3	3,229.1	3,395.1
Agriculture	17.9	5.3	22.2	23.8	24.2	23.9	23.9
Petroleum	464.3	523.3	148.0	148.5	145.5	145.3	144.9
Manufacturing	245.0	239.1	325.9	335.7	334.4	332.7	326.3
Construction	204.9	228.3	265.4	273.1	281.7	272.5	268.4
Distributive Trades	112.5	130.8	94.7	94.8	96.0	100.7	100.1
Hotels and Guest Houses	151.2	55.9	71.8	76.4	75.3	79.3	79.0
Transport, Storage and Communication	128.0	154.5	191.1	173.3	174.5	175.6	181.2
Finance, Insurance, Real Estate and Services	964.9	954.2	1,339.4	1,386.3	1,520.4	1,692.1	1,809.8
Education, Cultural and Community Services	6.6	6.2	7.3	7.0	8.7	8.4	9.4
Personal Services	50.1	34.6	5.9	5.4	5.7	5.6	5.6
Consumers	262.7	379.3	517.6	529.7	538.9	393.0	446.5
<b>TOTAL (excluding Real Estate Mortgage Loans &amp; Leases)</b>	<b>2,809.7</b>	<b>3,095.8</b>	<b>3,173.3</b>	<b>3,249.4</b>	<b>3,402.8</b>	<b>3,446.2</b>	<b>3,644.0</b>
Real Estate Mortgage Loans	74.2	90.5	50.2	41.9	38.1	37.8	25.0
Leases	224.3	262.3	198.5	233.8	212.3	251.3	262.3
<b>TOTAL LOANS</b>	<b>3,108.2</b>	<b>3,448.6</b>	<b>3,422.0</b>	<b>3,525.1</b>	<b>3,653.2</b>	<b>3,735.3</b>	<b>3,931.3</b>

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.29

FINANCE COMPANIES AND MERCHANT BANKS:  
 PERCENTAGE DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR, 2005 - 2008  
 / PER CENT /

SECTORS	END OF PERIOD						
	2005	2006	2007	2008			
				I	II	III	IV
<b>Public Sector</b>	<b>6.5</b>	<b>11.1</b>	<b>5.4</b>	<b>5.5</b>	<b>5.4</b>	<b>5.8</b>	<b>6.3</b>
<b>Private Sector</b>	<b>83.9</b>	<b>78.7</b>	<b>87.3</b>	<b>86.7</b>	<b>87.8</b>	<b>86.5</b>	<b>86.4</b>
Agriculture	0.6	0.2	0.6	0.7	0.7	0.6	0.6
Petroleum	14.9	15.2	4.3	4.2	4.0	4.0	3.7
Manufacturing	7.9	6.9	9.5	9.5	9.2	8.9	8.3
Construction	6.6	6.6	7.8	7.8	7.7	7.3	6.8
Distributive Trades	3.6	3.8	2.8	2.7	2.6	2.7	2.6
Hotels and Guest Houses	4.9	1.6	2.1	2.2	2.1	2.1	2.0
Transport, Storage and Communication	4.1	4.5	5.6	4.9	4.8	4.7	4.6
Finance, Insurance, Real Estate and Business Services	31.0	27.7	39.1	39.3	41.6	45.3	46.0
Education, Cultural and Community Services	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Personal Services	1.6	1.0	0.2	0.2	0.2	0.1	0.1
Consumers	8.5	11.0	15.1	15.0	14.9	10.6	11.5
<b>TOTAL (excluding Real Estate Mortgage Loans &amp; Leases)</b>	<b>90.4</b>	<b>89.8</b>	<b>92.7</b>	<b>92.2</b>	<b>93.2</b>	<b>92.3</b>	<b>92.7</b>
Real Estate Mortgage Loans	2.4	2.6	1.5	1.2	1.0	1.0	0.6
Leases	7.2	7.6	5.8	6.6	5.8	6.7	6.7
<b>TOTAL LOANS</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

SOURCE: Table A.28.

TABLE A.30

TRUST AND MORTGAGE FINANCE COMPANIES:  
SUMMARY OF ASSETS AND LIABILITIES, 2004- 2008  
/ \$THOUSAND /

END OF PERIOD	CASH AND DEPOSITS AT CENTRAL BANK	BALANCES DUE FROM BANKS (NET)	DOMESTIC CREDIT			TOTAL ASSETS/ LIABILITIES
			INVESTMENTS	LOANS	TOTAL	
	(1)	(2)	(3)	(4)	(5)	(6)
2004	358,671	1,069,101	4,328,651	3,790,994	8,119,645	9,547,417
2005	181,488	1,297,386	5,040,321	2,756,925	7,797,246	9,276,120
2006	146,002	823,047	3,062,735	3,011,569	6,074,304	7,043,353
2007	123,153	2,110,159	3,421,831	2,472,043	5,893,874	8,127,186
2008	106,560	1,516,008	3,450,452	1,781,808	5,232,260	6,854,828
<b>2007</b>						
I	130,097	1,672,618	3,596,806	2,777,256	6,374,062	8,176,777
II	142,308	2,150,887	3,280,512	2,623,604	5,904,116	8,197,311
III	135,227	1,634,791	3,694,762	2,553,520	6,248,282	8,018,300
IV	123,153	2,110,159	3,421,831	2,472,043	5,893,874	8,127,186
<b>2008</b>						
I	113,727	1,725,002	3,722,800	2,050,900	5,773,700	7,612,429
II	114,007	1,229,320	3,620,644	1,888,870	5,509,514	6,852,841
III	106,236	1,625,172	3,993,759	1,808,328	5,802,087	7,533,495
IV	106,560	1,516,008	3,450,452	1,781,808	5,232,260	6,854,828
END OF PERIOD	DEPOSITS	BORROWINGS	PROVISIONS	CAPITAL AND RESERVES	OTHER ITEMS (NET)	
	(7)	(8)	(9)	(10)	(11)	
2004	1,514,478	246,110	69,420	1,946,124	5,771,285	
2005	502,845	460,131	98,495	2,062,353	6,152,296	
2006	440,019	428,631	88,182	2,164,499	3,922,022	
2007	334,510	647,293	62,726	2,190,686	4,891,971	
2008	261,328	677,460	10,180	1,966,189	3,939,671	
<b>2007</b>						
I	402,851	993,444	105,774	2,244,461	4,430,247	
II	382,027	748,231	100,252	2,160,987	4,805,814	
III	378,865	450,596	65,823	2,261,056	4,861,960	
IV	334,510	647,293	62,726	2,190,686	4,891,971	
<b>2008</b>						
I	328,750	696,801	63,871	2,175,464	4,347,543	
II	261,963	37,781	3,602	1,870,266	4,679,229	
III	388,127	683,436	10,158	2,100,480	4,351,294	
IV	261,328	677,460	10,180	1,966,189	3,939,671	

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.31

DEVELOPMENT BANKS: SUMMARY OF ASSETS AND LIABILITIES, 2004 - 2008  
/ TT\$THOUSAND /

END OF PERIOD	EXTERNAL ASSETS (NET)	NET DOMESTIC ASSETS				TOTAL ASSETS/ LIABILITIES	PROVISIONS*	CAPITAL AND RESERVES	OTHER ITEMS (NET)
		DEPOSITS IN LOCAL BANKS	PUBLIC SECTOR CREDIT	PRIVATE SECTOR CREDIT	TOTAL				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2004	-8,399	-11,023	-476,132	2,027,974	1,540,819	1,532,420	0	444,685	1,087,735
2005	-6,281	-41,253	-855,684	2,132,711	1,235,774	1,229,493	0	464,068	765,425
2006 <sup>r</sup>	119	-40,205	-449,400	2,430,971	1,941,336	1,941,485	0	523,611	1,417,874
2007	0	-3,437	-449,401	2,051,951	2,051,113	2,051,113	0	498,235	1,552,878
2008 <sup>p</sup>	0	-181,339	-884,462	3,419,306	2,353,505	2,353,505	0	747,902	1,605,603
<b>2007</b>									
I	0	-36,045	-449,401	2,483,480	1,997,672	1,997,672	0	523,566	1,474,106
II	0	-35,288	-449,401	2,484,702	2,000,013	2,000,013	0	503,893	1,496,120
III <sup>p</sup>	0	-33,067	-449,401	2,498,874	2,016,406	2,016,406	0	502,589	1,513,817
IV <sup>p</sup>	0	-3,437	-449,401	2,503,951	2,051,113	2,051,113	0	498,235	1,552,878
<b>2008</b>									
I <sup>p</sup>	0	-2,622	-449,401	2,547,466	2,095,443	2,095,443	0	530,241	1,565,202
II	0	-209,390	-907,567	3,114,882	1,997,925	1,997,925	0	683,695	1,314,230
III	0	-181,275	-890,817	3,293,661	2,221,569	2,221,569	0	752,236	1,469,333
IV <sup>p</sup>	0	-181,339	-884,462	3,419,306	2,353,505	2,353,505	0	747,902	1,605,603

SOURCE: Central Bank of Trinidad and Tobago.

\* From 2001 provisions for loan losses have been reported on the asset side where it is subtracted from loans.

TABLE A.32

THRIFT INSTITUTIONS: SUMMARY OF ASSETS AND LIABILITIES, 2004 - 2008  
/ TT\$THOUSAND /

END OF PERIOD	EXTERNAL ASSETS (NET)	NET DOMESTIC CREDIT				TOTAL ASSETS/ LIABILITIES	DEPOSITS			SHARES	OTHER ITEMS (NET)
		NET DEPOSITS IN LOCAL BANKS	PUBLIC SECTOR CREDIT	PRIVATE SECTOR CREDIT	TOTAL		TIME	SAVINGS	TOTAL		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
2004	0	10,557	9,396	41,506	61,459	61,459	10,776	4,376	15,152	13,335	32,972
2005	0	9,252	8,065	41,160	58,477	58,477	10,314	4,915	15,229	6,744	36,504
2006	0	10,063	7,447	41,030	58,540	58,540	8,722	5,211	13,933	6,247	38,360
2007	0	9,526	6,413	47,181	63,120	63,120	8,545	7,114	15,659	6,539	40,922
2008 <sup>p</sup>	0	9,104	6,413	49,086	64,603	64,603	8,921	5,643	14,564	6,901	43,138
<b>2006</b>											
I	0	8,193	8,045	42,830	59,068	59,068	9,068	4,820	13,888	6,667	38,513
II	0	9,270	7,808	42,014	59,092	59,092	8,579	4,857	13,436	6,682	38,974
III	0	10,601	7,787	41,383	59,771	59,771	8,571	5,046	13,617	6,386	39,768
IV	0	10,063	7,447	41,030	58,540	58,540	8,722	5,211	13,933	6,247	38,360
<b>2007</b>											
I	0	8,980	6,483	47,691	63,154	63,154	9,893	5,463	15,056	6,373	41,725
II	0	9,725	6,413	46,675	62,813	62,813	8,490	7,181	15,671	6,499	40,643
III <sup>p</sup>	0	9,387	6,413	47,180	62,980	62,980	8,421	7,154	15,575	6,482	40,923
IV <sup>p</sup>	0	9,526	6,413	47,181	63,120	63,120	8,545	7,114	15,659	6,539	40,922
<b>2008</b>											
I <sup>p</sup>	0	9,239	6,413	47,616	63,268	63,268	8,444	7,027	15,471	6,581	41,216
II <sup>p</sup>	0	8,115	6,413	48,863	63,391	63,391	8,386	7,039	15,425	6,702	41,264
III <sup>p</sup>	0	8,323	6,413	49,395	64,131	64,131	8,639	7,019	15,658	6,752	41,721
IV <sup>p</sup>	0	9,104	6,413	49,086	64,603	64,603	8,921	5,643	14,564	6,901	43,138

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.33

NON-BANK FINANCIAL INSTITUTIONS INTEREST RATES, 2006 - 2008  
/ PER CENT /

INTEREST RATES <sup>1</sup>	FOR THE PERIOD						
	2006	2007	2008	2008			
				I	II	III	V
<b>1. Thrift Institutions</b>							
(a) <b>Savings Deposits</b>							
Range	3.00 - 4.00	3.00 - 4.00	3.00 - 4.00	3.00 - 4.00	3.00 - 4.00	3.00 - 4.00	3.00 - 4.00
Median	3.50	3.50	3.50	3.50	3.50	3.50	3.50
(b) <b>Time Deposits</b>							
(i) 1 - 3 years							
Range	3.00 - 8.00	3.00 - 8.00	3.00 - 8.00	3.00 - 8.00	3.00 - 8.00	3.00 - 8.00	3.00 - 8.00
Median	5.13	5.13	5.13	5.13	5.13	5.13	5.13
(c) <b>Mortgage Loans (Residential)</b>							
Range	8.00 - 11.00	8.00 - 11.00	8.00 - 11.00	8.00 - 11.00	8.00 - 11.00	8.00 - 11.00	8.00 - 11.00
Median	9.25	9.25	9.25	9.25	9.25	9.25	9.25
<b>2. Trust &amp; Mortgage Finance Companies</b>							
(a) <b>Time Deposits</b>							
(i) 1 - 3 years							
Range	2.90 - 7.00	2.00 - 6.35	2.00 - 7.00	2.00 - 6.35	3.00 - 7.00	3.00 - 7.00	3.00 - 7.00
Median	4.68	4.73	4.10	1.50	3.85	4.10	4.10
(ii) Over 3 years							
Range	2.90 - 11.50	3.00 - 7.00	3.00 - 7.00	3.00 - 7.00	3.00 - 6.00	3.00 - 6.00	3.00 - 6.00
Median	6.41	5.00	1.50	1.50	1.50	1.50	1.50
(b) <b>Mortgage Loans</b>							
(i) Residential							
Range	6.00 - 16.00	6.00 - 16.00	6.00 - 16.00	6.00 - 16.00	6.00 - 16.00	6.00 - 16.00	6.00 - 16.00
Median	11.88	11.88	11.88	11.88	11.88	11.88	11.88
(ii) Commercial							
Range	9.75 - 14.50	4.00 - 13.50	6.00 - 14.00	6.00 - 14.00	6.00 - 14.00	6.00 - 14.00	6.00 - 14.00
Median	11.63	8.00	10.00	10.00	10.00	10.00	10.00
<b>3. Finance Companies and Merchant Banks</b>							
(a) <b>Time Deposits</b>							
(i) 1 - 3 years							
Range	2.00 - 8.50	2.00 - 8.50	1.25 - 8.50	2.00 - 8.50	1.25 - 8.50	2.00 - 8.50	2.00 - 8.50
Median	6.06	5.63	2.94	3.13	3.13	2.75	2.75
(b) <b>Instalment Loans</b>							
Range	5.75 - 44.04	4.00 - 43.58	6.00 - 46.10	6.00 - 43.27	6.00 - 43.89	6.00 - 44.75	7.50 - 46.10
Median	11.25	11.22	10.75	10.75	10.75	10.75	9.88

SOURCE: Central Bank of Trinidad and Tobago.

<sup>1</sup> Annual and quarterly data represent the rates for the twelve (12) months of the year and the three (3) months of the quarter respectively.

**TABLE A.34**  
MONEY AND CAPITAL MARKET ACTIVITY, 2005 - 2008

END OF PERIOD	NEW ISSUES (\$MN)			SECONDARY MARKET TURNOVER <sup>1</sup>						
	GOVERNMENT SECURITIES	TREASURY BILLS	OTHER <sup>3</sup>	GOVERNMENT SECURITIES <sup>2</sup>		TREASURY BILLS		PUBLIC COMPANY SHARES		
				FACE VALUE (\$MN)	NO. OF TRANSACTIONS	FACE VALUE (\$MN)	NO. OF TRANSACTIONS	MARKET VALUE (\$MN)	NO. OF TRANSACTIONS	VOLUME OF SHARES TRADED (MN)
2005	800.0	0.0	432.2	0.0	0	748.3	89	3,918.1	32,316	193.6
I	400.0	0.0	0.0	0.0	0	165.9	17	1,026.7	9,959	54.4
II	202.8	0.0	125.0	0.0	0	271.8	34	1,272.8	10,190	57.2
III	197.2	0.0	192.2	0.0	0	250.8	26	1,008.0	6,174	42.3
IV	0.0	0.0	115.0	0.0	0	59.7	12	610.6	5,993	39.7
2006	700.0	0.0	1,299.0	0.0	0	1,192.8	106	2,463.2	20,772	219.1
I	0.0	0.0	464.2	0.0	0	409.7	25	715.1	6,284	41.1
II	0.0	0.0	360.0	0.0	0	196.9	33	701.9	5,385	34.9
III	0.0	0.0	0.0	0.0	0	586.0	47	259.5	3,961	26.3
IV	700.0	0.0	475.0	0.0	0	0.2	1	786.7	5,142	116.8
2007	1,691.3	0.0	0.0	0.0	0	1,039.6	318	2,138.1	17,742	119.2
I	674.3	0.0	0.0	0.0	0	134.1	28	779.4	5,418	35.5
II	1,018.0	0.0	0.0	0.0	0	291.3	71	275.0	4,054	15.2
III	0.0	0.0	0.0	0.0	0	221.1	81	622.8	4,384	37.1
IV	0.0	0.0	0.0	0.0	0	393.1	138	461.1	3,887	31.5
2008	1,200.0	0.0	700.0	347.4	46	1,949.4	593	2,191.1	24,304	134.9
I	0.0	0.0	0.0	7.6	4	421.8	116	353.4	4,097	27.2
II	0.0	0.0	0.0	24.9	5	853.9	192	756.7	10,844	48.4
III	1,200.0	0.0	700.0	126.7	20	302.9	125	534.9	5,217	31.2
IV	0.0	0.0	0.0	188.2	17	370.8	160	546.1	4,146	28.1

SOURCES: Central Bank of Trinidad and Tobago; Stock Exchange of Trinidad and Tobago.

<sup>1</sup> Data refer to the double transactions of buying and selling.

<sup>2</sup> Trading in Government Securities and Treasury Bills was conducted under the aegis of the Investment Division, Central Bank of Trinidad and Tobago. From 1993 trading in government securities has been conducted by the Stock Exchange of Trinidad and Tobago.

<sup>3</sup> Data include new issues by state corporations and other private organizations.

TABLE A.35

SELECTED INTEREST RATES, 2006 - 2008  
/ PER CENT PER YEAR /

	FOR THE PERIOD <sup>1</sup>						
	2006	2007	2008	2008			
				I	II	III	IV
<b>A. Central Bank</b>							
(i) Bank Rate	10.00	10.00	10.75	10.25	10.25	10.75	10.00
(ii) Special Deposits Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Repo Rate <sup>2</sup>	8.00	8.00	8.75	8.25	8.25	8.75	8.75
(iv) Reverse Repo Rate <sup>2</sup>	7.50	7.50	8.25	7.75	7.75	8.25	8.25
<b>B. Government</b>							
(i) Treasury Bills	6.01	6.87	7.02	7.00	7.02	7.04	7.02
<b>C. Commercial Banks - Local Currency</b>							
(i) Weighted Average Rate on Loans	9.67	10.57	11.19	10.96	11.10	11.26	11.45
(ii) Weighted Average Rate on Deposits	2.21	2.67	2.98	2.96	2.95	2.88	3.14
(iii) Interest Spread (i - ii)	7.46	7.89	8.21	8.00	8.15	8.38	8.31
<b>D. Non-Bank Financial Institutions<sup>3</sup></b>							
(i) Weighted Average Rate on Loans	8.46	9.09	9.51	9.48	9.40	9.62	9.52
(ii) Weighted Average Rate on Deposits	6.18	6.42	6.93	6.60	7.00	7.18	6.93
(iii) Interest Spread (i - ii)	2.28	2.66	2.58	2.88	2.39	2.44	2.59

SOURCE: Central Bank of Trinidad and Tobago.

<sup>1</sup> Annual data refer to the average of the quarterly averages for the respective years, except for the Bank Rate, Repo Rate and Reverse Repo Rate which reflect the end of quarter/year position.<sup>2</sup> In May 2002, the Central Bank introduced a system of announced overnight repurchase or 'repo' rates for short-term government paper.<sup>3</sup> Includes Finance Houses and Trust and Mortgage Finance Companies and represents rates for licensed institutions only.

TABLE A.36 (A)

BALANCE OF PAYMENTS, 2004 - 2008  
/ US\$MILLION /

ITEM	2004 <sup>1</sup>	2005 <sup>1</sup>	2006 <sup>1</sup>	2007 <sup>1</sup>	2008
<b>(1) Merchandise (Net)</b>	<b>1,508.7</b>	<b>3,947.7</b>	<b>7,700.2</b>	<b>5,721.4</b>	<b>9,064.4</b>
Exports	6,402.9	9,672.3	14,217.4	13,391.3	18,686.4
Imports	4,894.2	5,724.6	6,517.2	7,669.9	9,622.0
<b>(2) Services (Net)</b>	<b>479.5</b>	<b>356.2</b>	<b>450.9</b>	<b>546.4</b>	<b>614.4</b>
Transportation	132.4	23.8	41.8	57.5	89.3
Travel	245.6	273.0	289.4	369.4	321.6
Communication	39.5	21.2	28.3	32.5	24.4
Insurance	113.0	104.7	133.0	139.6	217.9
Other Government	-44.0	-55.9	-38.8	-43.3	-44.8
Other Services	-7.0	-10.6	-2.8	-9.3	6.0
<b>(3) Income</b>	<b>-397.3</b>	<b>-760.0</b>	<b>-935.8</b>	<b>-963.7</b>	<b>-897.1</b>
Investment Income	-397.3	-760.0	-935.8	-963.7	-897.1
<b>(4) Unrequited Transfers (Net)</b>	<b>56.2</b>	<b>50.1</b>	<b>55.2</b>	<b>60.2</b>	<b>10.2</b>
<b>(5) Current Account (1+2+3+4)</b>	<b>1,647.1</b>	<b>3,594.0</b>	<b>7,270.5</b>	<b>5,364.3</b>	<b>8,791.9</b>
<b>(6) Net Capital Movement (Net)</b>	<b>-975.7</b>	<b>-1,596.7</b>	<b>-5,548.7</b>	<b>-3,468.6</b>	<b>-5,722.0</b>
Portfolio Investment	-11.5	-26.4	-28.1	-25.7	-86.5
Direct Investment	972.7	598.7	512.7	830.0	1,858.4
Regional bond issues	-690.1	-258.2	-199.9	-252.0	-81.8
Other Private <sup>1</sup>	-322.4	-1,559.5	-4,488.9	-3,883.9	-6,300.9
Commercial Banks	-524.3	97.8	-742.1	88.3	-42.2
Official Borrowing	-185.8	-21.5	-65.4	176.7	49.2
Official Loans	0.0	0.0	0.0	0.0	0.0
Heritage & Stabilization Fund	-203.6	-416.9	-526.3	-391.5	-1,107.5
State Enterprises <sup>2</sup>	-10.7	-10.7	-10.7	-10.5	-10.7
Other Assets	0.0	0.0	0.0	0.0	0.0
<b>(7) Net Errors &amp; Omissions</b>	<b>-139.8</b>	<b>-521.4</b>	<b>-603.0</b>	<b>-354.6</b>	<b>-364.4</b>
<b>(8) Overall Surplus or Deficit<sup>3</sup></b>	<b>531.6</b>	<b>1,475.9</b>	<b>1,118.8</b>	<b>1,541.1</b>	<b>2,705.5</b>
<b>(9) Official Financing</b>	<b>-531.6</b>	<b>-1,475.9</b>	<b>-1,118.8</b>	<b>-1,541.1</b>	<b>-2,705.5</b>
Government	0.0	0.0	0.0	0.0	0.0
Central Bank (Net) <sup>4</sup>	-531.6	-1,475.9	-1,118.8	-1,541.1	-2,705.5
<b>(10) Exceptional Financing</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Of which:					
Debt Rescheduling	0.0	0.0	0.0	0.0	0.0
<b>Memoranda Items</b>					
Current Account/GDP (per cent)	12.3	22.4	37.4	24.6	36.2
Gross Official Reserves (US\$Mn)	2,993.0	4,885.7	6,530.8	6,673.5	9,380.3
Import Cover	6.9	8.9	9.9	9.4	11.5
Debt Service Ratio	4.6	1.8	2.8	1.1	1.0

SOURCE: Central Bank of Trinidad and Tobago.

1 Represents estimated short-term foreign capital.

2 Changes in Foreign Currency Balances of Those Enterprises are included here.

3 Balances in the Heritage and Stabilization Fund are no longer included in Central Bank's assets (see Act No.6 of 2007). The Balance of Payments tables will now reflect this.

4 Includes Central Bank holdings, IMF Reserve Tranche and SDR holdings, and use of Fund (IMF) Credit.

TABLE A.36 (B)  
SUMMARY BALANCE OF PAYMENTS, 2004 - 2008  
/ US\$MILLION /

ITEM	END OF PERIOD				
	2004 <sup>r</sup>	2005 <sup>r</sup>	2006 <sup>r</sup>	2007 <sup>r</sup>	2008
<b>Current Account Balance</b>	<b>1,647</b>	<b>3,594</b>	<b>7,271</b>	<b>5,364</b>	<b>8,792</b>
Trade Balance	1,509	3,948	7,700	5,721	9,064
Exports	6,403	9,672	14,217	13,391	18,686
Petroleum crude and refined	1,643	4,418	5,961	3,891	7,211
Gas	1,978	2,371	4,870	4,987	5,864
Petrochemicals	1,522	1,807	2,124	2,772	3,407
Other	1,260	1,076	1,262	1,741	2,204
Imports	4,894	5,725	6,517	7,670	9,622
Fuel imports	1,181	1,992	2,282	2,569	4,130
Capital	1,796	1,125	1,741	1,919	2,322
Other	1,917	2,608	2,494	3,182	3,170
Services and transfer (net)	139	-354	-429	-357	-273
Nonfactor services (net)	480	356	451	546	614
Factor income (net)	-397	-760	-936	-964	-897
Current transfers (net)	56	50	56	61	10
<b>Capital and financial account (net)<sup>1</sup></b>	<b>-1,115</b>	<b>-2,118</b>	<b>-6,152</b>	<b>-3,823</b>	<b>-6,086</b>
Official, medium and long-term (net)	-389	-438	-591	-215	-1,059
Disbursements	40	71	182	239	115
Amortizations	-226	-92	-247	-62	-66
Heritage and Stabilization Fund	-204	-417	-526	-392	-1,108
Direct Investment (net)	973	599	513	830	1,858
Inward	1,001	940	883	830	2,558
Outward	29	341	370	0	700
Commercial banks (net)	-524	98	-742	88	-42
Regional Bond Issues	-690	-258	-200	-252	-82
Other private sector capital (net) <sup>1</sup>	-484	-2,118	-5,132	-4,274	-6,761
Of which: net errors and omissions	-140	-521	-603	-355	-364
<b>Overall balance</b>	<b>532</b>	<b>1,476</b>	<b>1,119</b>	<b>1,541</b>	<b>2,706</b>
Change in gross official reserves (increase-/decrease+)	-532	-1,476	-1,119	-1,541	-2,706
	<b>In percent of GDP, unless otherwise specified</b>				
<b>Memorandum items:</b>					
Current Account	12.3	22.4	37.4	24.6	36.2
Exports	48.0	60.4	73.1	61.4	76.9
Imports	36.7	35.7	33.5	35.2	39.6
Gross international reserves (millions of US\$, end of period)	3,801.1	5,442.1	7,079.5	8,633.2	11,583.8
Oil prices (WTI, spot crude)	41.5	56.5	66.0	72.3	99.6

SOURCE: Central Bank of Trinidad and Tobago, Central Statistical Office.

<sup>1</sup> Balances in the Heritage and Stabilization Fund are no longer included in Central Bank's assets (see Act No. 6 of 2007). The Balance of Payments tables will now reflect this.

TABLE A.37

VALUE OF EXPORTS<sup>1</sup> AND IMPORTS BY SECTIONS OF THE S.I.T.C. (R2), 2006 - 2008  
/ TT\$MILLION /

	2006		2007		2008	
	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS
<b>Total<sup>2</sup></b>	<b>89,298.0</b>	<b>40,934.2</b>	<b>84,383.8</b>	<b>48,329.5</b>	<b>16,907.6</b>	<b>60,197.8</b>
0. Food and Live Animals	1,168.5	2,765.5	1,220.4	3,408.8	1,279.6	4,224.8
1. Beverages and Tobacco	868.0	252.3	929.9	251.1	1,008.0	327.7
2. Crude Materials Except Fuels	283.3	1,877.3	2,392.2	3,611.1	3,449.6	3,515.4
3. Mineral Fuel Lubricants	68,025.7	14,329.7	55,757.0	16,187.6	81,800.8	21,118.8
4. Animal and Vegetable Oils and Fats	15.2	132.8	14.3	184.6	10.7	290.9
5. Chemicals	13,337.5	3,321.1	17,407.3	3,660.5	21,315.4	4,851.2
6. Manufactured Goods	4,152.6	5,025.6	4,308.7	6,328.8	5,285.6	8,272.2
7. Machinery & Transport Equipment	944.2	10,936.7	1,852.1	12,089.2	2,241.7	14,602.9
8. Misc. Manufactured Articles	501.0	2,246.0	498.6	2,560.0	513.5	2,941.5
9. Misc. Transactions and Commodities	2.2	47.5	3.3	47.8	2.7	52.4
<b>Memorandum item: Ships' Stores/Bunkers</b>	1,022.7	-	486.4	-	1,814.2	-

SOURCE: Central Statistical Office.

<sup>1</sup> Domestic Exports.

<sup>2</sup> Unadjusted for Balance of Payments.

TABLE A.38

EXPORTS BY ECONOMIC FUNCTION, 2004 - 2008  
/ TT\$MILLION /

COMMODITY GROUPS	2004	2005	2006*	2007	2008
<b>1. Consumer Goods</b>	1,924.9	2,473.8	2,681.5	2,800.2	5,341.0
Non-durables	1,582.0	2,049.6	2,267.4	2,394.6	2,463.8
Food	832.2	994.9	1,148.0	1,192.6	1,187.6
Other	749.8	1,054.7	1,119.4	1,202.0	1,276.2
Durables	342.9	424.2	414.1	405.6	413.4
<b>2. Raw Materials and Inter. Goods</b>	36,960.2	56,651.0	85,094.3	79,165.2	108,724.8
Fuels	24,209.5	42,503.2	68,025.7	55,757.0	81,800.8
Construction Materials	2,940.8	2,202.7	3,282.2	3,347.8	4,327.4
Chemicals	9,543.2	11,518.3	13,337.5	17,407.3	21,315.4
Other Raw Materials	266.7	426.8	448.9	2,653.1	1,281.2
<b>3. Capital Goods</b>	686.3	672.2	700.4	1,513.4	1,967.8
Transport Equipment	260.5	138.0	183.0	356.7	698.5
Other Machinery and Equipment	425.8	534.2	517.4	1,156.7	1,269.3
<b>4. Other Commodities</b>	573.0	751.5	821.8	905.0	874.0
<b>5. Total Exports Unadjusted for Balance of Payments (1+2+3+4)</b>	<b>40,144.4</b>	<b>60,548.5</b>	<b>89,298.0</b>	<b>84,383.8</b>	<b>116,907.6</b>

SOURCE: Central Statistical Office.

TABLE A.39

IMPORTS BY ECONOMIC FUNCTION, 2004 - 2008  
/ TT\$MILLION /

COMMODITY GROUPS	2004	2005	2006 <sup>a</sup>	2007	2008
<b>1. Consumer Goods</b>	5,251.2	6,665.0	7,128.6	8,176.6	11,531.9
Non-durables	3,100.2	3,861.6	3,983.5	4,757.2	5,765.9
Food	2,043.9	2,558.5	2,541.9	3,170.6	3,864.7
Other	1,056.3	1,303.1	1,441.6	1,586.6	1,901.3
Durables	2,151.0	2,803.4	3,145.1	3,414.4	3,731.6
C.K.D. Passenger Cars	-	-	-	-	-
Non-C.K.D. Passenger Cars	946.4	1,192.1	1,356.4	1,362.7	1,444.5
Other	1,204.6	1,611.3	1,788.7	2,051.7	2,278.1
<b>2. Raw Materials and Inter. Goods</b>	11,853.5	17,669.9	20,404.3	24,755.9	25,854.6
Fuels	7,407.2	12,482.6	14,329.7	16,187.6	21,118.8
Construction Materials	1,556.6	1,462.4	1,507.9	2,420.4	3,099.5
Other Raw Materials	2,889.7	3,724.9	4,566.7	6,147.9	1,636.3
<b>3. Capital Goods</b>	10,957.5	7,047.9	7,537.1	9,221.7	11,108.1
Transport Equipment	2,212.7	978.7	1,508.9	2,064.2	1,773.3
Oil and Mining Machinery	2,050.4	546.4	593.2	903.7	831.8
Other Machinery and Equipment	6,694.4	5,522.8	5,435.0	6,253.8	8,503.0
<b>4. Other Commodities</b>	2,538.1	4,486.3	5,864.2	6,180.3	7,971.6
<b>5. Total Imports Unadjusted for Balance of Payments (1+2+3+4)</b>	<b>30,600.3</b>	<b>35,869.1</b>	<b>40,934.2</b>	<b>48,329.5</b>	<b>60,197.8</b>

SOURCE: Central Statistical Office.

TABLE A.40  
DIRECTION OF TRADE – EXPORTS, 2005 - 2008

COUNTRY	2005		2006 <sup>1</sup>		2007		2008	
	\$Mn	%	\$Mn	%	\$Mn	%	\$Mn	%
United States	34,888.9	58.3	50,553.3	57.3	47,338.1	56.4	51,832.7	45.1
United Kingdom	460.8	0.8	759.3	0.9	1,348.2	1.6	2,093.0	1.8
Japan	4.8	0.0	452.5	0.5	473.8	0.6	817.0	0.7
Other European Union Countries <sup>1</sup> (excluding U.K.)	602.2	1.0	8,357.2	9.5	8,560.3	10.2	13,271.8	11.5
Canada	654.3	1.1	1,076.0	1.2	854.5	1.0	1,205.0	1.0
CARICOM	12,807.5	21.4	15,223.9	17.2	11,026.2	13.1	20,896.9	18.2
<i>of which:</i>								
Jamaica	4,496.9	7.5	5,055.0	5.7	3,818.6	4.6	7,811.1	6.8
Guyana	1,671.6	2.8	2,089.0	2.4	1,466.4	1.7	1,940.4	1.7
Barbados	2,541.9	4.2	2,915.2	3.3	1,782.6	2.1	3,385.1	2.9
Puerto Rico and U.S. Virgin Islands	553.6	0.9	1,370.3	1.6	1,458.4	1.8	2,009.0	1.7
Central and South America <sup>2</sup>	3,814.2	6.4	4,370.3	4.9	5,558.8	6.6	10,216.8	18.9
European Free Trade Association	32.7	0.0	110.0	0.1	505.0	0.6	136.7	0.1
Other	6,042.5	10.1	6,002.7	6.8	6,774.1	8.1	12,614.5	11.0
<b>TOTAL<sup>3</sup></b>	<b>59,861.5</b>	<b>100.0</b>	<b>88,275.5</b>	<b>100.0</b>	<b>83,897.4</b>	<b>100.0</b>	<b>115,093.4</b>	<b>100.0</b>

SOURCE: Central Statistical Office.

<sup>1</sup> Updated to include all EU countries.

<sup>2</sup> Excludes Guyana, French Guiana, Suriname and Belize.

<sup>3</sup> Excluding ships' stores/bunkers.

TABLE A.41

## DIRECTION OF TRADE – IMPORTS, 2005 - 2008

COUNTRY	2005		2006 <sup>1</sup>		2007		2008	
	\$Mn	%	\$Mn	%	\$Mn	%	\$Mn	%
United States	10,295.7	28.7	11,152.5	27.2	12,800.7	24.8	14,299.5	23.7
United Kingdom	1,417.6	4.0	1,072.8	2.6	1,342.8	2.8	1,368.7	2.3
Japan	1,415.1	4.0	1,419.0	3.5	1,644.9	3.4	2,023.5	3.4
Other European Union Countries <sup>1</sup> (excluding U.K.)	1,989.8	5.5	3,241.1	7.9	4,353.0	9.0	6,603.3	11.0
Canada	770.7	2.1	911.4	2.2	1,981.3	4.1	1,636.1	2.7
CARICOM	700.2	2.0	611.9	1.5	762.0	1.6	772.0	1.3
of which:								
<i>Jamaica</i>	93.3	0.3	110.2	0.3	99.7	0.2	100.3	0.2
<i>Guyana</i>	137.7	0.4	117.5	0.3	160.5	0.3	197.9	0.3
<i>Barbados</i>	179.5	0.5	204.1	0.5	280.5	0.6	228.1	0.4
Central and South America <sup>2</sup>	10,236.5	28.5	11,040.0	27.0	12,695.8	26.3	15,719.6	26.1
of which:								
<i>Brazil</i>	4,859.1	13.5	5,678.1	13.9	5,139.1	10.6	7,073.5	11.8
<i>Venezuela</i>	2,164.6	6.0	1,755.0	4.3	1,887.3	3.9	1,445.5	2.4
European Free Trade Association	425.8	1.2	159.3	0.4	162.8	0.3	228.8	0.4
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	8,617.7	24.0	11,326.2	27.7	13,386.2	27.7	17,546.3	29.1
<b>TOTAL<sup>3</sup></b>	<b>35,869.1</b>	<b>100.0</b>	<b>40,934.2</b>	<b>100.0</b>	<b>48,329.5</b>	<b>100.0</b>	<b>60,197.8</b>	<b>100.0</b>

SOURCE: Central Statistical Office.

<sup>1</sup> Updated to include all EU countries.<sup>2</sup> Excludes Guyana, French Guiana, Suriname and Belize.<sup>3</sup> Unadjusted for balance of payments purposes.

TABLE A.42

WEIGHTED AVERAGE TT DOLLAR EXCHANGE RATES  
FOR SELECTED CURRENCIES 2004 - 2008<sup>1</sup>

PERIOD	UNITED STATES DOLLAR		CANADIAN DOLLAR		UK POUND STERLING		JAPANESE YEN		EURO	
	BUYING	SELLING	BUYING	SELLING	BUYING	SELLING	BUYING	SELLING	BUYING	SELLING
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2004	6.2440	6.2990	4.7107	4.9058	11.1953	11.6742	0.0575	0.0583	7.5991	7.9244
2005	6.2319	6.2996	5.0866	5.2849	11.1559	11.6325	0.0566	0.0595	7.6171	7.8818
2006	6.2495	6.3122	5.4430	5.6765	11.3205	11.8324	0.0536	0.0545	7.7295	8.0566
2007	6.2735	6.3282	5.7744	6.0402	12.2988	12.8852	0.0531	0.0538	8.4361	8.7990
2008	6.2234	6.2891	5.7929	6.0553	11.2925	11.8596	0.0621	0.0609	8.9735	9.3961
2008										
January	6.2794	6.3354	6.1314	6.4085	12.0593	12.6984	0.0817	0.0547	9.0373	9.4825
February	6.2680	6.3335	6.1727	6.4654	12.0476	12.6170	0.0583	0.0590	9.0100	9.4904
March	6.2831	6.3359	6.2103	6.4777	12.2641	12.9057	0.0616	0.0631	9.4806	9.9322
I	6.2769	6.3349	6.1688	6.4479	12.1180	12.7354	0.0680	0.0586	9.1637	9.6223
April	6.2800	6.3302	6.1063	6.3681	12.1332	12.7365	0.0608	0.0618	9.6917	10.1181
May	6.2053	6.2896	6.1327	6.4169	11.9457	12.5671	0.0593	0.0607	9.4838	9.9491
June	6.1269	6.2209	5.9962	6.2724	11.8917	12.4644	0.0570	0.0585	9.4191	9.8359
II	6.2065	6.2819	6.0793	6.3530	11.9948	12.5941	0.0591	0.0604	9.5367	9.9725
July	6.1740	6.2556	6.0165	6.3046	12.0792	12.6691	0.0578	0.0586	9.5918	9.9935
August	6.1953	6.2549	5.7861	6.0507	11.4461	12.0240	0.0558	0.0575	9.0698	9.4985
September	6.2018	6.2621	5.7645	6.0312	10.9033	11.4476	0.0573	0.0592	8.7094	9.1457
III	6.1896	6.2575	5.8634	6.1372	11.5049	12.0765	0.0570	0.0584	9.1460	9.5672
October	6.2048	6.2723	5.2241	5.4577	10.3162	10.8361	0.0619	0.0630	8.1489	8.5482
November	6.2324	6.2953	5.0433	5.2592	9.3634	9.8403	0.0638	0.0655	7.7924	8.1607
December	6.2348	6.2875	4.9626	5.1837	9.0766	9.5263	0.0682	0.0695	8.2086	8.5703
IV	6.2239	6.2849	5.0772	5.3009	9.5890	10.0712	0.0647	0.0660	8.0541	8.4307

SOURCE: Central Bank of Trinidad and Tobago.

<sup>1</sup> Monthly rates are an average for the month.

TABLE A.43

TRINIDAD AND TOBAGO - INTERNATIONAL RESERVES, 2004 - 2008  
/ US\$MILLION /

END OF PERIOD	CENTRAL BANK					CENTRAL GOVERNMENT	NET OFFICIAL RESERVES (5+6)
	FOREIGN ASSETS*	of which		FOREIGN LIABILITIES	NET INTERNATIONAL RESERVES (1-4)		
		IMF RESERVE TRANCHE POSITION	SDR HOLDINGS				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2004	2,539.0	0.0	1.9	16.2	2,522.8	0.1	2,552.9
2005	4,014.8	0.0	1.6	16.1	3,998.7	0.1	3,998.8
2006	5,133.6	0.0	1.2	16.1	5,117.5	0.1	5,117.6
2007	6,673.4	0.0	0.9	14.8	6,658.6	0.1	6,658.7
2008	9,380.2	0.0	1.1	16.1	9,364.1	0.1	9,364.2
<b>2007</b>							
I	5,483.6	0.0	1.2	16.0	5,467.6	0.1	5,467.7
II	6,081.3	0.0	2.0	16.1	6,065.1	0.1	6,065.2
III	6,376.2	0.0	1.5	16.2	6,360.0	0.1	6,360.1
IV	6,673.4	0.0	0.9	14.8	6,658.6	0.1	6,658.7
<b>2008</b>							
I	7,336.5	0.0	2.5	14.8	7,321.7	0.1	7,321.8
II	8,734.0	0.0	2.5	14.8	8,719.2	0.1	8,719.3
III	8,737.1	0.0	1.9	16.2	8,720.9	0.1	8,721.0
IV	9,380.2	0.0	1.1	16.1	9,364.1	0.1	9,364.2
END OF PERIOD	COMMERCIAL BANKS			GROSS FOREIGN ASSETS (1+6+8)	TOTAL FOREIGN LIABILITIES (4+9)	NET FOREIGN POSITION (11-12)	
	FOREIGN ASSETS	FOREIGN LIABILITIES	NET FOREIGN POSITION (8-9)				
	(8)	(9)	(10)	(11)	(12)	(13)	
2004	1,262.0	740.5	521.6	3,801.1	756.7	3,044.5	
2005	1,407.2	956.6	450.6	5,422.1	972.7	4,449.4	
2006	1,945.8	753.1	1,192.7	7,079.5	769.2	6,310.3	
2007	1,959.7	855.2	1,104.4	8,633.2	870.0	7,763.2	
2008	2,203.5	746.4	1,457.1	11,583.8	762.5	10,821.3	
<b>2007</b>							
I	2,206.3	719.1	1,487.2	7,690.0	735.1	6,954.9	
II	1,955.3	796.2	1,159.1	8,036.7	812.3	7,224.4	
III	1,884.5	784.6	1,099.9	8,260.8	800.8	7,460.0	
IV	1,959.7	855.2	1,099.4	8,633.2	875.0	7,758.1	
<b>2008</b>							
I	1,976.2	941.3	1,034.9	9,312.8	956.1	8,356.7	
II	2,586.1	901.6	1,684.5	11,320.2	916.4	10,403.8	
III	2,079.0	649.6	1,429.4	10,816.2	665.8	10,150.4	
IV	2,203.5	746.4	1,457.1	11,583.8	762.5	10,821.3	

SOURCE: Central Bank of Trinidad and Tobago.

\* On March 15, 2007 the Heritage and Stabilization Fund Act (Act No. 6 of 2007) was assented to by the President. The fund will now be managed by an independent Board of Directors and as a result, will no longer be included in the Central Bank's assets. For consistency, annual allocations to the HSF since its inception in 2000 are also excluded from Central Bank foreign assets.

TABLE A.44

SUMMARY ACCOUNTS OF THE CENTRAL BANK, 2004 - 2008  
/ TT\$MILLION /

	END OF PERIOD				
	2004	2005	2006	2007	2008
<b>Net Foreign Assets</b>	18,929	31,291	40,776	41,797	58,512
Net International Reserves	18,487	30,692	41,006	42,024	58,740
Assets	18,589	30,794	41,107	42,118	58,841
Liabilities	102	102	102	94	101
Other Foreign Assets	442	599	-230	-227	-228
Other external assets	885	1,052	275	282	262
Medium and long-term foreign liabilities	-16	-29	-76	-66	-62
SDR allocation	-427	-424	-428	-442	-428
<b>Net Domestic Assets</b>	-13,144	-23,257	-31,144	-31,141	-43,009
Net credit to the public sector	-12,718	-20,440	-27,192	-23,661	-35,006
Central Government (net)	-12,871	-20,589	-27,230	-23,806	-34,987
Treasury bills	0	0	0	173	0
Other Government securities	0	0	0	18	10
Loans to Government	0	0	0	0	0
Use of reserves(-addition)	-12,872	-20,589	-27,231	-23,997	-34,996
Rest of Public Sector	154	149	39	145	-20
of which: Public enterprises	0	0	0	0	0
Net Claims on financial institutions	380	380	380	0	0
Other items (net)	-806	-3,196	-4,332	-7,481	-8,002
<b>Reserve Money</b>	5,785	8,035	9,632	10,656	15,503
Currency in circulation	2,554	2,991	3,560	4,205	4,486
Deposits of commercial banks	2,783	4,673	5,688	6,087	10,605
Deposits of non-bank financial institutions	449	371	384	364	412
	<b>Changes as a percent of beginning-of-period reserve money</b>				
Net International Reserves	79.1	211.0	128.4	10.6	156.9
Net Domestic Assets	-80.1	-174.8	-97.7	0.0	-111.4
Of which: Central Government	-80.2	-133.4	-82.7	35.6	-104.9
Reserve Money	-1.6	38.9	19.9	10.6	45.5
Memorandum Items:					
Net Domestic Assets (Net of RSF)	-10,298	-17,807	-22,352	-31,142	-43,009
Net claims on public sector (Net of RSF)	-9,872	-14,952	-18,399	-23,661	-35,006
Central Government (Net of RSF)	-10,025	-15,101	-18,438	-23,806	-34,987
Government Blocked Account	6,105	7,407	8,843	15,533	21,259

SOURCE: Central Bank of Trinidad and Tobago.



## APPENDIX THREE

CALENDAR OF KEY  
ECONOMIC EVENTS  
JANUARY - DECEMBER, 2008

## JANUARY

**7** The National Insurance (Rates of Contribution) Order, 2008 was made by the Board under section 56 of the National Insurance Act, Chap. 32:01. Under this order, the Second schedule of the National Insurance Act was amended (Legal Notice No. 17 of 2008).

The National Insurance (Rates of Benefit) Order, 2008 was made by the Board under section 56 of the National Insurance Act, Chap. 32:01. Under this order, the Third schedule of the National Insurance Act was amended (Legal Notice No. 18 of 2008).

**10** The Minister of Energy, the Honourable Conrad Enill announced the sale of 80 per cent of the Government's shares in the Trinidad and Tobago Marine Petroleum Company Limited (Trintomar) to EOG Resources Ltd for \$20 million. The remaining 20 per cent will remain under the control of the National Gas Company. The sale was motivated by a need to boost hydrocarbon exploration.

**15** The secondary bond market electronic trading platform was launched. The market developed from collaboration between the Central Bank of Trinidad and Tobago and the Trinidad and Tobago Stock Exchange. It is the Central Bank's intention that the platform will improve the country's financial development. The market is intended to facilitate the trading of Government fixed income securities.

**18** The Minister of Finance, the Honourable Karen Nunez-Tesheira announced the Government's intention to write off TT\$1,398,646.00 in default

loans for the Agricultural Development Bank (ADB). This money will be drawn from the Finance (Supplementary Appropriation) (2007) Act, 2008. This funding was necessary as the ADB does not have the power to write off loans that are unrecoverable. The debt arose from client's death or non-payment of loans and the inability of the bank to locate clients.

**22** The Governor of the Central Bank, Mr. Ewart Williams, presented the results of the National Financial Literacy Survey, at the National Financial Literacy Programme's first anniversary function. The survey was conducted between June – August 2007.

**25** The Central Bank of Trinidad and Tobago announced maintained the "repo" rate at 8.0 per cent.

**28** An Act to provide for the Supplementary Appropriation for the service of Trinidad and Tobago for the Financial Year ending 30th September 2007 of the sum of the issue which was authorized by the Appropriation Act 2007 was assented to. This Act may be cited as the Finance (Supplementary Appropriation) (2007) Act, 2008 (Act No. 1 of 2008).

## FEBRUARY

**14** Republic Finance and Merchant Bank Limited acted as the lead arranger and manager for the TT\$1 billion subordinated fixed rate bond issued by Republic Bank Limited. The bond carries a fixed

rate of 8.55 per cent per annum, with a ten year tenor. The proceeds of the bond will be used to fund the Bank's asset growth.

**18** Ansa McAl announced that its subsidiary Ansa Merchant Bank established an official partnership with UK-based Schroders Private Bank. Under the agreement terms, ANSA Merchant Bank will distribute Schroders investment products and services.

**22** The Central Bank of Trinidad and Tobago announced an increase in the "repo" rate by 25 basis points from 8.00 per cent to 8.25 per cent. The cash reserve requirement applicable to commercial banks was also raised.

## MARCH

**18** Neal & Massy (N&M) announced the acquisition of majority shareholding in Barbados Shipping & Trading (BST), and that it now owned 73.9 million shares or 97 per cent. N&M purchased the majority of shares at Bds\$9.04 per share, with a final figure of the acquisition costing Bds\$496 million or TT\$1.6 billion.

**28** At the shareholder's meeting, RBTT Financial Holdings (RBTT) shareholders voted to sell RBTT to the Royal Bank of Canada (RBC). RBC will pay approximately TT\$14 billion or US\$2.2 billion for RBTT. The vote was carried by 98 per cent of RBTT's 16,000 shareholders, with them accepting an offer of TT\$40 per RBTT share. This offer will be paid with TT\$24 cash and TT\$16 worth of RBC ordinary shares.

The Central Bank of Trinidad and Tobago maintained the "repo" rate at 8.25 per cent.

## APRIL

**1** The Trinidad and Tobago Stock Exchange Limited began trading daily, rather than three times a week. The Stock Market will open to trade every business day from 7:30 a.m. – 12 p.m., except on Carnival Monday, Carnival Tuesday and public holidays.

**11** The Works and Transport Minister, the Honourable Colm Imbert, and the National Infrastructure Development Company (NIDCO), signed a contract with the Trinitrain Consortium to design-build-operate and maintain the Rapid Rail system. The first phase of the rail should be operational by 2012. French companies Bouygues Travaux Publics, Alstom Transport, Alstom Transport TT and RATP Development comprise Trinitrain.

**25** The Central Bank of Trinidad and Tobago announced maintained the "repo" rate at 8.25 per cent.

## MAY

**1** The Agriculture Minister, the Honourable Arnold Pigott announced that the Government had approved the establishment of four large farms on 556 acres of land. The farms will be developed in the following allotments: Picton (241 acres), Edinburgh (115 acres), Caroni (100 acres) and Orange Grove (100 acres).

**17** The Federation of Indian Export Organisations signed a memorandum of understanding (MOU) with the Greater Tunapuna Chamber of Industry and Commerce to develop and promote bilateral trade between India and Trinidad and Tobago.

**28** The Central Bank of Trinidad and Tobago raised the cash reserve ratio for all licensed commercial banks

to thirteen per cent, and that for non-bank financial institutions to nine per cent (Legal Notice No. 96 of 2008).

**29** Talisman (Trinidad) Petroleum Ltd. (TTPL) announced on its website that it will be exiting the local market and selling its asset company. TTPL has a 25 per cent interest and shares in the offshore Angostura development with BHP Billiton and Total Energy.

## JUNE

**13** The Minister of Health, the Honourable Jerry Narace, announced the signing of a contract worth \$477.7 million with China Railway Construction Corporation (CRCC) to complete the Scarborough Hospital by 2010. CRCC will be responsible for supplying and installing medical and other equipment in the hospital.

The Minister of Finance, the Honourable Karen Nunez-Tesheira, announced that the Government will issue a new type of security called "Treasury Bonds" worth of \$1.2 billion, with a maturity of five and a half to ten years. The bonds will be issued under the Development Loans Act, Chap. 71:04.

**17** The Trinidad and Tobago Stock Exchange under the orders of the Securities and Exchange Commission delisted RBTT Financial Holdings Limited. The removal of their shares from the local stock exchange was as a result of the completion of their acquisition by Royal Bank of Canada on June 16, 2008.

**19** Methanol Holdings Trinidad Limited (MHTL) signed a US\$200 million loan with German financial institution KfW-IPEX. The loan will be used to construct a

petrochemical complex with 7 plants. The plants will produce the end products Urea Ammonium Nitrate -32 (UAN) solution and Melamine. This is the second loan taken with KfW-IPEX to fund the AUM project; the first was negotiated in July 2006 for US\$1.2 billion.

**20** The Central Bank of Trinidad and Tobago maintained the "repo" rate at 8.25 per cent.

**30** The United States of America President, George W. Bush, announced the removal of duty free status from Trinidad and Tobago's products that are on the Generalised System of Preferences (GSP). This decision will affect US\$5.1 million or 0.001 per cent of this country's \$7 billion total exports to the United States.

## JULY

**10** EthylChem announced that it will construct a US\$37 million, one billion gallons per year fuel grade ethanol dehydration plant at Petrotrin's Pointe-a-Pierre compound. EthylChem will source funding to construct this plant from Denham Capital Management LP, a private equity firm. The initial facility should be completed by the second quarter in 2009.

**17** Tullow Oil, an Irish oil and gas exploration and production company, announced that it planned to drill four exploratory wells over a three year period in Trinidad's offshore and onshore fields. Tullow Oil formed a joint venture partnership with Petrotrin to explore Block 2, and it is negotiating with the Ministry of Energy for exploration rights in Guayaguayare. The company expects to invest US\$150 million in the project.

The Regulated Industries Commission (Approval of Cess) Order, 2008 was made by the Minister under Section 30 of the Regulated Industries Commission Act, 1998. Under this order, the Minister approved of the imposition of a cess on rates and charges collected by the service providers (Legal Notice No. 122 of 2008).

**22** The Minister of Energy, the Honourable Conrad Enill, announced the results of the annual Ryder Scott report. The report stated that natural gas reserves have decreased but should last another 13 years. The report also noted that Trinidad and Tobago's proven reserves had increased from last year's estimate.

**23** The High court of Trinidad and Tobago granted the Commissioner for Co-operative Development Mr. Charles Mitchell's application to take full control of the Hindu Credit Union's (HCU) assets. Mr. Mitchell's application was in response to the HCU's financial problems over several months. The High court's orders granted the Commissioner's request for the appointment of a provisional liquidator, RD Rampersad & Company. The liquidator is empowered to among other things, takeover and manage the affairs and investments of HCU, to locate, secure and take possession of all accounts, books, records, securities and other papers. They are also empowered to defend any proceeding, action or suit brought against the HCU.

**25** The Central Bank raised the "repo" rate by 25 basis points from 8.25 per cent to 8.50 per cent, and also increased the cash reserve requirement applicable to commercial banks from 13 per cent to 15 per cent of prescribed liabilities. The cash reserve requirement on non-banks was kept at 9 per cent of prescribed liabilities, for the time being.

**30** An Act to authorize the Minister to issue treasury bonds for the purpose of liquidity management was passed. This Act may be cited as the Treasury Bonds Act, 2008 (Act No. 12 of 2008).

## AUGUST

**5** A contract worth \$110m was signed between the Government of Trinidad and Tobago, the Telecommunication Services of Trinidad and Tobago (TSTT) and Fujitsu. The contract will relate to the provision to the public of online access to 75 per cent of public services by January 2010.

**8** First Citizens Bank Ltd. (FCB) received a BBB+/A-2 rating from Standard & Poor Rating Agency (S&P). FCB received a BBB+ rating for its US\$100m local bonds and First Citizens (St. Lucia) Ltd. received the same rating for its US\$100m bond. S&P commended FCB for its sound asset quality and its capitalization ratios above the average of rated banks in its rating category.

**14** Republic Finance and Merchant Bank Ltd., in collaboration with HSBC Bank Plc., loaned US\$76 million to the Trinidad and Tobago Electricity Commission (T&TEC), to construct and install a 64MW power plant at Cove Industrial Estate, Tobago.

**15** Standard & Poor Rating Agency (S&P) raised Trinidad and Tobago's long term foreign currency sovereign rating to 'A' from 'A-'. S&P also raised Trinidad and Tobago's transfer and convertibility risk assessment rating on the country to 'AA' from 'AA-'. S&P affirmed its 'A+' long-term local, 'A-2' short term foreign and 'A-1' short term local currency sovereign credit ratings for T&T. The upgrade reflects continued strengthening of Trinidad and Tobago's fiscal and external accounts.

**29** The Central Bank of Trinidad and Tobago maintained the "repo" rate at 8.50 per cent.

## SEPTEMBER

**8** The Housing Development Corporation (HDC) issued a fifteen year fixed rate bond with a maturity of 8.70 per cent. The \$700 million bond will become due in 2023. It was issued pursuant to Sections 13 and 14 of the Trinidad and Tobago Housing Development Corporation Act No. 24 of 2005.

**26** The Central Bank of Trinidad and Tobago raised the "repo" rate by 25 basis points to 8.75 per cent.

**29** An Act to provide for the Supplementary Appropriation for the Service of Trinidad and Tobago for the Financial Year ending 30th September, 2008 of the sum of the issue which was authorized by the Appropriation Act, 2008 was assented to on this date. This Act may be cited as the Finance (Supplementary Appropriation) Act, 2008 (Act No. 18 of 2008).

## OCTOBER

**8** The "Claims Guidelines" for insurance companies were released by the Central Bank of Trinidad and Tobago. This document was intended to provide the Board of Directors and management of insurers, brokers or agents with a framework for the establishment of policies and procedures for effective claims management. These policies and procedures should address the interaction between insurer and policy holder or claimant, as well as the insurer's ability to pay claims. It seeks to promote greater fairness and transparency between policy holders and insurers.

**10** An Act to provide for the Service of Trinidad and Tobago for the financial year ending on the 30th day of September, 2009 was assented to on this date. This Act may be cited as the Appropriation Act, 2009 (Act No. 19 of 2008).

**24** The Central Bank of Trinidad and Tobago increased the cash reserve requirement applicable to commercial banks to 17 per cent from 15 per cent of prescribed liabilities. The cash reserve requirement on the prescribed liabilities of non-bank financial institutions remained at 9.0 per cent.

**27** The Trinidad and Tobago Stock Exchange (TTSE), with the approval of the Trinidad and Tobago Securities and Exchange Commission (SEC), changed trading Rule 207. This rule sets volume thresholds based on price intervals for a share price to change on the TTSE. This change will prevent very small trade volumes moving share prices up and down. It introduces the concept of a "board lot" as a "standardised number of shares" defined by a stock exchange as the trading unit.

## NOVEMBER

**21** The Central Bank of Trinidad and Tobago maintained the "repo" rate at 8.75 per cent.

**26** The largest mutual fund providers in Trinidad and Tobago formed the Trinidad and Tobago Mutual Fund Association. Membership includes companies such as AIC Financial Group, RBTT Trust Ltd., Trinidad and Tobago Unit Trust Corporation, Bourse Securities Ltd and First Citizens Asset Management Ltd. The members of the association collectively manage over \$35b and serve over 500,000 unit holders. The association includes mutual fund providers, sponsors,

trustees, distributors, investment managers and administrators.

## DECEMBER

**5** The Trinidad and Tobago Government signed an Economic Partnership Agreement with the European Union which will allow the Government to receive a \$189 million grant from the European Commission to help with economic diversification and effective governance. The grant will be distributed in tranches between 2008 and 2013.

**19** An Act to provide for the regulation of banks and other financial institutions which engage in the business of banking and business of a financial nature, for matters incidental and related thereto and for the repeal of the Financial Institutions Act, 1993 was assented to. This Act may be cited as the Financial Institutions Act, 2008 (Act No. 26 of 2008).

The Petroleum Company of Trinidad and Tobago Limited (Petrotrin) was downgraded from an outlook of "stable" to "negative" by Moodys. The credit rating

agency believed that Petrotrin's plant expansion/upgrade projects were put at risk from decreased projected energy revenues at a time of low oil and gas prices due to the global slowdown.

The Central Bank of Trinidad and Tobago announced that it had decided to maintain the "repo" rate at 8.75 per cent.

**30** The Petroleum Company of Trinidad and Tobago Limited (Petrotrin), Government of Trinidad and Tobago and ONGC Mittal Energy Ltd. (OMEL) signed a production sharing contract for Block 2 in the North Coast marine area (NCMA Block 2). Petrotrin will own 35 per cent of the partnership with OMEL, to exploit this area. OMEL paid the Government a US\$30 million (TT\$190 million) to explore for oil and natural gas reserves in the 98,669.383 hectare field. OMEL is a joint venture between India based Oil and Natural Gas Corporation and Mittal Investment Sarl.





# NOTES





2008 ANNUAL ECONOMIC SURVEY