Central Bank of Trinidad and Tobago

Annual Economic Survey

Annual Economic Survey
Annual Economic Survey

TABLE OF CONTENTS

REVIEW OF THE NATIONAL ECONOMY

Overview of Economic Developments

GROSS DOMESTIC EXPENDITURE

GROSS DOMESTIC PRODUCT

PETROLEUM AND PETROCHEMICALS
- *Petroleum*
- *Exploration and Production*
- *Asphalt*
- *Natural Gas and Liquefied Natural Gas*
- *Methanol*
- *Iron and Steel*

AGRICULTURE

THE LABOUR MARKET
- *Employment*
- *Productivity*
- *Industrial Relations*

PRICES

CENTRAL GOVERNMENT FISCAL OPERATIONS
- Central Government Domestic Debt8
- *Public Sector External Debt*

MONETARY AND FINANCIAL DEVELOPMENTS
- *Money, Credit and Interest Rates*
- *Institutional Developments*
- *Statutory and Other Financial Corporations*

THE DOMESTIC CAPITAL MARKET
- *Bonds*
- *Treasury Securities*
- *Equities*

INTERNATIONAL TRADE AND PAYMENTS
- *Balance of Payments*
- *Current Account*
- *Capital Account*
- *Effective Exchange Rates*
- *Foreign Exchange Reserves*

INTERNATIONAL ECONOMIC DEVELOPMENTS

INTERNATIONAL COMMODITIES
- *Petroleum*
- *Methanol*

APPENDIX - ECONOMIC STATISTICS

ARTICLE
E-Commerce in Trinidad and Tobago: Implications for the Central Bank of Trinidad & Tobago
Philip Colthrust

APPENDIX
CALENDAR OF KEY ECONOMIC EVENTS
JANUARY - DECEMBER, 2000

2000

www.cental-bank.org.tt

REVIEW OF THE NATIONAL ECONOMY

Overview of Economic Developments

Overview

The major indicators all pointed to the continued healthy performance of the Trinidad and Tobago economy in the year 2000. Inflation was held in check by the restrictive stance of monetary policy, as reflected in high short-term interest rates and a stable exchange rate. Output grew at the rate of 4 per cent buoyed by a vigorous non-oil sector. Both the external and fiscal accounts registered healthy surpluses largely as a result of high oil prices. Within the petroleum sector, the composition of output continued to shift in favour of petrochemicals as crude oil production, in decline since 1978 slipped by a further 4.6 per cent. The petrochemicals sub-sector also experienced its share of difficulties when delays in concluding negotiations for a new natural gas contract affected output at several plants. On the positive side the liquefied natural gas (LNG) plant which was commissioned in 1999 completed its first full year of production at close to maximum capacity. In addition, the new Titan Methanol plant came on stream with an additional 825,000 tonnes of capacity, promoting Trinidad and Tobago to the status of the world's largest methanol exporter.

Government revenues received an unanticipated boost in 2000 when the average price of oil soared to US$30.29 per barrel, 57.4 per cent above the 1999 average .....

Government revenues received an unanticipated boost in 2000 when the average price of oil soared to US$30.29 per barrel, 57.4 per cent above the 1999 average and 89.3 per cent above the price projected in the annual budget. Mainly on account of this factor the government collected an additional $2.4 billion in revenue in fiscal year 2000 compared with the previous year but most of this was consumed by a $1.5 billion increase in spending. The government recorded an overall fiscal deficit of $96.8 million for the year, a big improvement over the $949 million incurred in 1999, but nevertheless a disappointing outturn in view of the extraordinary increase in revenue. Annual expenditure jumped by 14.7 per cent, the increase driven mainly by rising transfer and subsidy payments and by higher interest payments on domestic and foreign debt. The fiscal outturn in 2000 underscored the need to quickly bring under control the persistent operational deficits and growing indebtedness of the parastatal sector, though some of the debt incurred in 2000 was on account of expenditures undertaken on behalf of the government.

In the monetary sector the Central Bank faced technical challenges early in the year when already large fiscal injections were exacerbated by government bond repayments that were not immediately refinanced as planned. The Central Bank attempted to slow the growth of liquidity in the system by aggressively increasing open market sales of securities. Also, as speculation built up against the exchange rate the Bank increased its sales of foreign exchange. The problem of excessive liquidity was eventually brought under control around the middle of the year when the planned issues of government debt eventually materialized. By then, however, the earlier easy conditions had ignited a strong surge in lending, and the demand for foreign exchange remained strong, requiring the Central Bank to supply a further US$123 million by year's end. Because of these developments, the weighted average selling rate of the US dollar was stable at almost $6.30.

Developments in the energy sector dominated the outturn on the external accounts in 2000. Mainly on account of high oil prices the country recorded a visible trade surplus of US$1.2 billion, which caused the surplus on the current account to mushroom from US$30.6 million or 0.5 per cent of GDP in 1999 to US$990.6 million or 12.4 per cent of GDP. However, the four-year run of capital account surpluses came to an end in 2000 in spite of government borrowing on the international market that raised a total of US$350 million. Private sector capital transactions gave rise to net outflows of US$254.2 million. Over the previous 9 years the country had experienced surpluses on the private sector capital account in line with the build-up of foreign investment in the energy sector. The reversal in 2000 was due to the large outflows in private capital as major exporters, mainly foreign based companies, converted a relatively small portion of their earnings to meet domestic currency needs.

On balance, however, the external performance of the economy in 2000 was very positive and culminated in a substantial strengthening of Trinidad and Tobago's external reserves. At the end of December net foreign reserves stood at US$1,600.2 million, 49.1 per cent above the previous year-end level. In gross terms, the country's external reserves amounted to US$1,890.2 million or the equivalent of 5.2 months of prospective imports. The comparable level of reserves in 1999 was US$1,367.8 million.

At the end of the year, the prospects for the economy appeared bright although some risks were becoming apparent particularly in the external environment. Real output was expected to strengthen given that the disruptions seen in the energy-based sector in 2000 were unlikely to recur. The balance of payments outlook also seemed very favourable even if an expected slowdown in world economic growth led to some weakening of commodity prices. Domestically, fiscal consolidation had emerged as the key priority for ensuring that macroeconomic balance would continue to hold, and in this regard the prospect of a sharply increased public sector wage bill was likely to pose a major challenge.

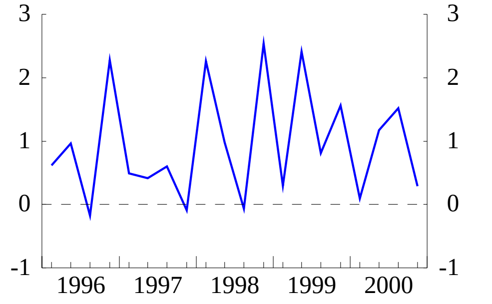
TABLE (A)
SELECTED ECONOMIC INDICATORS 1996-2000[1]

ITEM	1996	1997	1998^r	1999^r	2000^p
Changes in Real GDP (factor cost) (1985=100)	2.9	3.0	4.0	5.1	4.0
GDP at current market prices ($Mn)^r	34,587	36,442	38,459	42,587	50,231
Inflation Rate (%)	3.3	3.7	5.6	3.4	3.6
Unemployment Rate (%)	16.3	15.0	14.2	13.1	12.3[2]
Fiscal Balance/GDP (%)	0.5	0.1	-1.9	-3.2	1.6
Merchandise Exports/GDP(%)	43.4	43.6	37.0	41.5	59.0
Merchandise Imports/GDP(%)	37.4	52.1	49.1	40.5	44.4
Current Account/GDP (%)	1.2	-9.9	-10.5	0.5	12.4
Overall BOP/GDP (%)	3.7	3.0	1.3	2.4	5.5
Imports of Goods & Non-Factor Services ($USmn)	2,377.3	3,290.3	3,263.7	3,026.6	3,832.9
External Public Debt (US$Mn)^r	1,877.2	1,564.8	1,471.1	1,584.8	1,679.8
Debt Service Ratio (%)	13.4	15.4	9.9	8.0	6.9
W.T.I. (US$/barrel)	22.20	20.35	14.40	19.25	30.29
Gross International Reserves (US$Mn)	937.1	1,120.3	1,184.6	1,367.8	1,890.2
Exchange Rate (TT$/US$)[3]	5.99	6.25	6.28	6.27	6.27

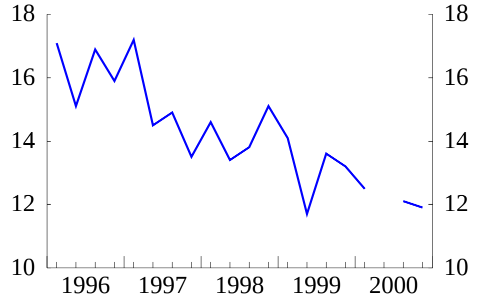
1 Table 18 provides more detailed statistics.
2 This represents the average of the first and third quarters of 2000.
3 This rate represents the mid-point of the period average of the buying and selling rates of the TT/US dollar.

Selected Economic Indicators
1996 - 2000

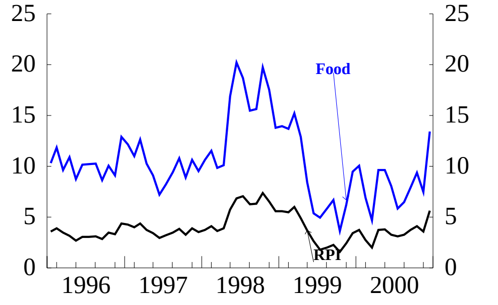
Quarterly Real GDP
(Growth Rates %)



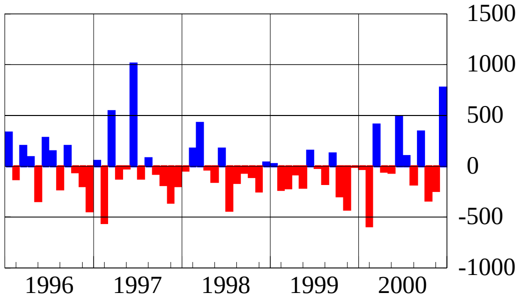
Rate of Unemployment
%



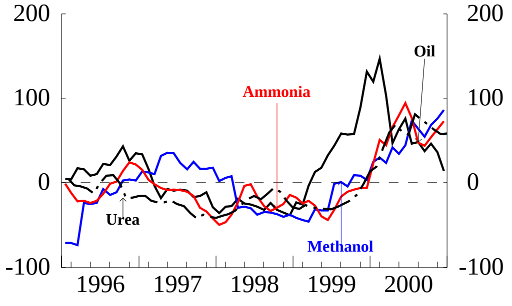
Retail Price Index
Year on Year % Change



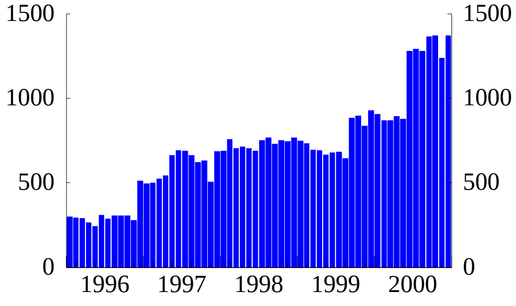
Overall Fiscal Balance
($Mn.)



Commodity Prices
(Year on Year % Change)



Net Official Reserves
(US $Mn)



Gross Domestic Expenditure

Gross domestic expenditure or absorption rose by 2.4 per cent in 2000 but, as a proportion of GDP at current market prices, fell from 105.3 per cent and 94.2 per cent in 1998 and 1999, respectively, to 81.8 per cent. This was reflected in a strong increase in the current external surplus to 12.4 per cent of GDP compared with 0.5 per cent in the previous year. Gross domestic expenditure had fallen in 1999 despite reasonably strong growth of 4.5 per cent in consumption spending. The resurgence in 2000 was due mainly to a sharp pick-up in gross capital formation which, after two successive years of contraction, expanded by 5.7 per cent as construction activity intensified at Pt. Lisas and the government accelerated work on infrastructural projects. These included the building of new schools, police stations, and health centres, and the rehabilitation of roads and bridges. Despite the considerable strengthening of investment expenditure gross capital formation represented just 19 per cent of GDP in 2000 compared with 21.2 per cent in 1999. Consumption also remained robust as government final consumption expenditures, supported by extraordinary tax receipts from the oil and gas sector, matched the growth of 1.5 per cent in private consumption spending in 2000.

TABLE 1(a)
GROSS DOMESTIC EXPENDITURE & GROSS NATIONAL PRODUCT 1996-2000
/Current Market Prices, Dollars Million/

ITEM	1996r	1997r	1998r	1999r	2000p
Consumption Expenditure	22,604.2	24,378.9	29,739.5	31,084.8	31,542.0
Private	17,130.9	18,800.1	23,458.6	24,447.4	24,804.4
Government	5,473.3	5,578.8	6,280.9	6,637.4	6,737.6
Gross Capital Formation	8,395.6	13,215.0	10,745.6	9,030.5	9,545.2
Gross Domestic Expenditure	30,999.8	37,593.9	40,485.1	40,115.3	41,087.2
LESS: Imports of goods and					
non-factor services	14,190.9	20,457.5	20,478.5	18,965.5	24,063.1
PLUS: Exports of goods and					
non-factor services	17,777.7	19,305.6	18,452.5	21,437.1	33,207.4
Gross Domestic Product at					
Market Prices	34,586.6	36,442.0	38,459.2	42,586.9	50,231.5
LESS: Net Factor Incomes	(3,135.8)	(2,490.0)	(2,167.2)	(2,516.2)	(3,145.0)
GNP at Market Prices	31,450.8	33,952.0	36,292.0	40,070.7	47,086.5

SOURCE: Central Statistical Office and Central Bank Staff Estimates

Gross Domestic Product

The domestic economy overcame problems of temporary plant closures in the energy-based sector to record a growth rate of 4 per cent in 2000 and extend the current economic expansion into its seventh consecutive year. Although growth in 2000 fell short of the 5.1 per cent rate posted in 1999 it reflected a remarkably strong performance of the non-energy based economy in the face of output disruptions that drastically slowed the growth of the Petroleum sector from 8.1 per cent in 1999 to 0.8 per cent in 2000. The non-energy based sector of the economy has strengthened to the point where every sub-sector displayed positive growth in 2000, the pay-off from structural adjustment measures undertaken in the late eighties and early nineties. The most important contributions to this sector's overall 5 per cent growth came from Distribution (9.2 per cent), Construction (8 per cent) and Transport, Storage and Communications (7.3 per cent). Agriculture provided another bright spot by reversing the declines of the previous two years, a turnaround based largely on improvements in sugar production (62 per cent) and refining (18.1 per cent) as the industry overcame some of its perennial weather and industrial problems.

The energy-based sector witnessed stepped-up drilling and refining activity as well as increased production of LNG in 2000. However, output of crude oil fell by 4.6 per cent, the industry once more failing to halt the long-term slide in output. In the Petrochemicals sub-sector output fell as a result of plant stoppages arising from delays in settling a new natural gas supply contract. However, start-up of the new Titan Methanol plant brought additional production on stream and as a result output of the Petrochemicals sub-sector grew by 3.7 per cent for the year. At the end of the year the Petroleum sector seemed poised for a much stronger performance in 2001 having left behind some of the difficult problems that constrained its performance in 2000.

TABLE 1(b)
GROSS DOMESTIC EXPENDITURE - STRUCTURE AND GROWTH, 1983-2000
/Per cent/

ITEM	1983-1986*	1987-1994*	1995-2000*	Per cent of GDP				Growth Rates			
				1997r	1998r	1999r	2000p	1997r	1998r	1999r	2000p
Consumption Expenditure	81.1	74.9	68.3	66.9	77.3	73.0	62.8	7.9	22.0	4.5	1.5
Private	58.7	57.4	53.0	51.6	61.0	57.4	49.4	9.7	24.8	4.2	1.5
Government	22.4	17.4	15.3	15.3	16.3	15.6	13.4	1.9	12.6	5.7	1.5
Gross Capital Formation	22.6	16.1	24.6	36.3	27.9	21.2	19.0	57.4	-18.7	-16.0	5.7
Gross Domestic Expenditure	103.6	90.9	92.9	103.2	105.3	94.2	81.8	21.3	7.7	-0.9	2.4
LESS: Imports of goods and non-factor services	35.8	32.8	47.3	56.1	53.2	44.5	47.9	44.2	0.1	-7.4	26.9
PLUS: Exports of goods and non-factor services	32.2	41.9	54.4	53.0	48.0	50.3	66.1	8.6	-4.4	16.2	54.9
Gross Domestic Product at Market Prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	5.4	5.5	10.7	18.0

SOURCE: Central Statistical Office
* Average of annual ratios
p - provisional r - revised

TABLE 1(c)
TRINIDAD AND TOBAGO: SAVINGS AND INVESTMENT 1996 - 2000
(At current market prices)
/Dollars Million/

ITEM	1996	1997[r]	1998[r]	1999[r]	2000[p]
Gross Domestic Savings	11,982.4	12,063.1	8,719.7	11,502.1	18,689.5
LESS: Net Factor Payments	(3,135.8)	(2,490.0)	(2,167.2)	(2,516.2)	(3,145.0)
Net Transfers Abroad	(42.5)	23.8	140.0	236.4	221.7
Gross National Savings	8,804.1	9,596.9	6,692.5	9,222.4	15,766.2
Gross Capital Formation	8,395.6	13,215.0	10,745.6	9,030.5	9,545.2
External Savings[1]	(408.5)	3,618.1	4,053.1	(191.9)	(6,221.0)
MEMO ITEM: (In per cent GDP at market prices)					
Gross National Savings	25.5	26.3	17.4	21.7	31.4
Gross Capital Formation	24.3	36.3	27.9	21.2	19.0
Use of External Savings/1	(1.2)	9.9	10.5	(0.5)	(12.4)

SOURCES: Central Statistical Office and Central Bank of Trinidad and Tobago

[1] Equivalent to inverse of the current account of the balance of payments

p - provisional r - revised

TABLE 2
GROWTH IN GDP AT CONSTANT (1985) FACTOR COST
BY SECTOR, 1996 –2000
/per cent per annum/

SECTOR	1996	1997	1998	1999[r]	2000[p]
Petroleum	1.8	-2.0	5.4	8.1	0.8
Petrochemicals	12.3	4.6	23.2	17.5	3.7
Other Petroleum (Oil etc.)	0.3	-3.1	2.3	6.1	0.1
Non-Petroleum	3.3	4.5	3.6	4.2	5.0
Agriculture	2.9	2.7	-15.2	-2.0	2.4
Manufacturing	-0.4	3.5	4.1	3.3	3.5
Electricity and Water	3.9	5.1	5.3	-0.6	0.4
Construction	7.6	15.0	13.9	7.9	8.0
Transport, Storage & Communication	6.5	4.7	4.3	10.5	7.3
Distribution	9.8	17.7	13.6	12.2	9.2
Finance, Insurance & Real Estate[1]	1.2	0.8	2.5	2.2	2.5
Government	0.5	-0.3	3.2	-0.7	4.0
Other Services[2]	1.1	2.0	3.3	1.8	3.4
GDP at (1985) Factor Cost	2.9	3.0	4.0	5.1	4.0
MEMO ITEM:					
Goods-Producing[3]	2.5	2.5	3.3	5.4	2.7
Non-goods Producing	3.1	3.2	4.5	4.7	5.3

SOURCE: Central Bank of Trinidad and Tobago

[1] Includes the Correction for Imputed Service Charge
[2] Includes Hotels and Guest Houses, Education and Community Services and Personal Services
[3] The goods-producing sectors are classified here as Petroleum, Agriculture, Manufacturing, Electricity and Water and Construction

r - revised p - provisional

PETROLEUM AND PETROCHEMICALS

PETROLEUM

Production and exports of crude oil remained on the decline in 2000 despite efforts to stem the natural decline in oil reserves through an intensification of drilling and work-over activity. However, the exploration programme in 2000 yielded no major oil finds, although there were two commercial discoveries of natural gas. Both imports of crude and refinery processing levels rose during the year, while the continuing decline in crude oil production explained the 5.7 per cent fall in exports of crude oil to 19.2 million barrels in 2000. There was some restructuring within the oil industry during the year when Petrotrin purchased Texaco Trinidad's one-third shareholding in Trinmar for US $115 million, making Petrotrin the sole shareholder in Trinmar.

Exploration and Production

Two commercial gas discoveries occurred during the year in acreage governed by production sharing contracts where six exploration wells were drilled. In June a consortium consisting of BP Amoco (now BPTT) and a joint venture between a Spanish and an Argentine company announced the addition of an estimated 2 trillion cubic feet to gas reserves. In the second case another foreign consortium successfully drilled a well which preliminary tests suggested would yield natural gas at a stabilized rate of 21.6 million standard cubic feet per day (mmscf/d). BP also announced in September 2000 that it discovered a major new natural gas field offshore in acreage not governed by production sharing contracts. The find was preliminarily estimated at three trillion cubic feet of gas and 90 million barrels of oil condensate, making it the largest discovery ever made in Trinidad and Tobago. In oil equivalent terms, the discovery amounted to 630 million barrels.

Total depth drilled increased by 5.1 per cent to 138.8 thousand metres in 2000. A significant proportion of this would have been exploration drilling as twelve exploration wells were completed during the year, including five on land, compared with nine in the previous year. On average overall drilling activity increased by 2.8 per cent a year over the period 1996 to 2000. This was partly related to efforts to fulfill drilling commitments agreed under production sharing contracts signed between 1996 and 1998. In addition, the need for gas reserves to cater for the Atlantic LNG project provided some stimulus to drilling activity.

Production of crude oil and condensate averaged 119.3 thousand barrels per day and totalled 43.7 million barrels in 2000. This represented a decline of 4.6 per cent from the 125.2 thousand barrels per day recorded in 1999. Oil production has declined at an average rate of 1.5 per cent per year in the five years to 2000, the downward trend only slightly mitigated by enhanced work-over activity and by an increase in the production of condensate. While quantitative data are not available the latter would certainly have been boosted in 2000 by the increase in natural gas production associated with a full year of operation of the Atlantic LNG project and start-up of operations at the Titan Methanol plant.

Refining

Despite the continued fall-off in domestic oil production the Petrotrin refinery maintained a high level of capacity utilization throughout 2000 mainly on the strength of a 23 per cent rise in imports of crude oil. The 35.2 million barrels brought in for processing enabled an increase in refinery throughput to 161.1 thousand barrels per day (58.9 million barrels) in 2000 from 149.5 thousand barrels per day (54.6 million barrels) in 1999. Capacity utilization at the refinery averaged 92.1 per cent, up from 85.7 per cent in 1999 as the refinery continued to see improvements in efficiency in response to ongoing streamlining and modernization efforts. Consistent with these developments output of refined products increased by 7.9 per cent to 57.5 million barrels in 2000. Fuel oil accounted for 37.9 per cent of total output, while gas oil and motor gasolene accounted for 22 per cent and 20.1 per cent, respectively.

Asphalt

The trend toward long-term decline in the asphalt subsector accelerated in 2000, with the notable exception of local sales. The upswing in government expenditure on road resurfacing and construction in 2000 contributed greatly to an increase of 81.2 per cent in local asphalt sales to 2.9 thousand tonnes. On the other hand, asphalt extraction from the facility at La Brea fell by 21.4 per cent to 9.9 thousand metric tonnes, while asphalt shipments amounted to 7.6 thousand metric tonnes, a decline of 45.7 per cent. In other developments, the intention by the government to divest Lake Asphalt to private investors has been shelved pending a reappraisal of the divestment process.

Natural Gas and Liquefied Natural Gas

Production of natural gas averaged 1,498 million cubic feet per day (mmcf/d) in 2000, representing an increase of 17 per cent over output in 1999. Natural gas utilization by the major consumers on the Point Lisas Industrial Estate amounted to 936 mmcf/d, while approximately 450 mmcf/d was delivered to the liquefied natural gas (LNG) facility at Point Fortin. The largest user of natural gas was the petrochemicals sector (39 per cent), followed by Atlantic LNG (30 per cent) and the power generation industry (12.7 per cent).

According to the Ministry of Energy and Energy Industries, 13 production sharing contracts had been allocated between 1996 and 2000. Exploratory work was carried out under 8 of the contracts with 6 resulting in major gas successes. In the latter half of 2000, BP also drilled two exploratory wells under a 'tax and royalty acreage' arrangement as distinct from a production sharing contract.[1] In addition, during the months of July and August the Ministry of Energy offered five east coast acreages for bids and BG International was reported to have bid on four of these five blocks.

In 2000 Atlantic LNG experienced its first full year of production of liquefied natural gas. For the year as a whole the company exported 2.91 million tonnes of LNG or the equivalent of 25.12 million barrels of oil. Of a total of 73 shipments, 49 went to the United States, 19 to the Spanish market and 5 were sold as spot cargoes.

Natural Gas Liquids

Production and exports of natural gas liquids (NGLs) rose markedly in 2000 in spite of minor problems faced at some of the country's petrochemical plants during the year. The increase reflected the first full year of production of the LNG facility operating at capacity. During the first few months of 2000 minor mechanical problems, temporary plant shutdowns and a three-week strike at Ispat, the steel producer and a major user, affected the production and exports of NGLs. The Potash Corporation of Saskatchewan (PCS) 01 and 02 plants remained out of operation from January to June as negotiations continued with the National
Gas Company on a new gas supply contract. In addition the PCS 03 and 04 plants experienced minor mechanical problems during the second quarter of the year.

With the temporary shutdown of the PCS 01 and 02 plants there was a shortfall in the production of carbon dioxide, a key component in the production of methanol. As a result there was also a temporary decline in the production of methanol around the middle of the year. In August the Titan Methanol plant began production but experienced teething problems that restricted operations for the first few months. By year's end, however, the plant was fully operational.

Production of NGLs in 2000 amounted to 7 million barrels (mn bbls), 22.8 per cent over output in 1999 (5.7 mm bbls). Correspondingly, exports rose to 6.8 mn bbls, 21.4 per cent over exports in 1999 (5.6 mn bbls).

---

[1] Under a production sharing contract, the government retains ownership of the oil and/or natural gas. The contractor (the company in the energy sector) takes a percentage of the value of the oil and/or gas produced to recover costs and the government collects taxes and a portion of any profits made. Under the tax and royalty acreage agreement, the acreage is leased to the company and the government collects taxes and royalties from the revenue generated by the company.

BOX I

LIQUEFIED NATURAL GAS

In 2000 the government and Atlantic LNG agreed to a US $1.1 billion expansion of Atlantic's current capacity of 3.2 million tonnes per year (mt/a) of LNG with the addition of two trains of similar capacity. The expansion is a partnership between BP (38.25 per cent), BG (28.25 per cent), Repsol (22.5 per cent) and NGC (11 per cent).[2] Cabot which owns 10 per cent equity in train one will not be involved in the expansion but will buy gas from the new facility. BP will supply 75 per cent of the natural gas and BG and its affiliates will supply the remaining 25 per cent.

Approximately 60 per cent of the offtake will be destined for Spain where Repsol and its affiliates Gas Natural and Gas de Euskadi will buy a total of 5 mt/a. The remaining 40 per cent will go to the Eastern United States. According to *Nitrogen and Methanol* the expansion will make Trinidad and Tobago the sixth largest producer of LNG in the world.[3] Currently, Trinidad and Tobago is the eighth largest exporter in the world, with Indonesia holding the top position.

The revenue from the sale of LNG from train one was net-backed to both Atlantic LNG and the upstream supplier, however Atlantic LNG train 01 will take title of the gas from the expansion and resell it in the respective markets.[4] The company announced that 3.5 trillion cubic feet (tcf) of natural gas was earmarked for train 01 and 7.7 tcf was earmarked for trains 02 and 03. Current proven reserves for Trinidad and Tobago are at 27 tcf. The LNG produced by the additional facilities would be sold to the Sonat Energy Services and delivered to the recently activated terminal at Elba Island and to Repsol and its affiliate Enagas which would increase their total take of Atlantic LNG from 1.2 million tonnes per annum (mta) to 5 mta.

PETROCHEMICALS

Methanol

The key development in the methanol industry in 2000 was the start-up of commercial production at the 825,000 tonnes per year Titan Methanol facility completed in December 1999. However, start-up problems associated with the compression facilities limited output to 25 per cent of nameplate capacity during the first half of the year. Nevertheless, the capacity added by the new plant brought Trinidad and Tobago's export capability to over 2.5 million tonnes of methanol per year, making it the world's largest exporter of this product.

During the year another methanol producer Methanol Holdings (Trinidad) Limited (MHTL) also experienced output disruptions as a result of a pricing dispute which led to a reduction in supplies of carbon dioxide to the plants.[5] With the resolution of the dispute in June 2000 production returned to normal levels. Cumulative methanol production for the year was an estimated 2,480.2 thousand tonnes, 16.1 per cent more than in the preceding year. Shipments rose by 11.3 per cent to 2,438.6 thousand tonnes, while local sales (used mostly in the production of urea formaldehyde concentrate) amounted to 18 thousand tonnes.

The outlook is for further growth and expansion of the local methanol industry as the Titan plant acceler-

2 As at July 28 2000, Cabot is owned by the French company, Tractebel.
3 *Nitrogen and Methanol*, Issue 245, May-June 2000.
4 Netback pricing is defined as the price in the ultimate market minus the costs of shipping (for which the buyer is responsible), regasification and distribution.
5 These holdings comprise the former Caribbean Methanol Company, Methanol IV and Trinidad and Tobago Methanol Company.

ates production up to full capacity in the short run and as planned new capacity is added to the Titan facilities by 2003. The Atlas Methanol plant is slated to have a nameplate capacity of 1.65 million tonnes per annum and is scheduled to be mechanically completed by the end of 2002.

Nitrogenous Fertilizers

Production of nitrogenous fertilizers was adversely affected in 2000 by the protracted natural gas contract negotiations between the National Gas Company (NGC) and PCS Nitrogen. This resulted not only in the temporary closure of the latter's 01 and 02 facilities in the first half of the year, but also significantly reduced volumes exported to international customers. As a result, aggregate production of fertilizers fell by 5.1 per cent to 3.7 million tonnes, while international sales declined to 3.3 million tonnes from 3.6 million tonnes achieved in 1999. On a positive note however, local sales of fertilizers reached 126.5 thousand tonnes, significantly above the volume sold in the previous year as an increased supply was directed to the local market. With a new natural gas agreement in place the industry is expected to operate at or near full capacity in 2001 with only minor stoppages for routine maintenance. Moreover, projected high gas prices in the US along with the suspension of operations at some plants in that market should ensure Trinidad and Tobago's prominence as a major global supplier.

Iron and Steel

In spite of work stoppages caused by industrial unrest in April and August of 2000, output and sales of iron and steel products rose significantly over 1999. Production of both DRI and steel billets grew by 17.9 per cent and 2.7 per cent respectively. However, the output of wire rods fell by 1.2 per cent to 630.8 thousand tonnes mainly as a result of the industrial problems during the year. Despite the mixed results in terms of output, exports of all three products rose, marginally in the case of wire rods and steel billets, but more substantially in the case of DRI as demand strengthened in step with the expanding world economy. Locally, sales of product to downstream industries were disrupted as a result of the industrial problems earlier in the year, deliveries of billets and wire rods sales falling by 34.3 per cent and 5.8 per cent, respectively, compared with sales in 1999.

AGRICULTURE

Sugar

The sugar industry experienced an exceptionally good year in 2000, largely escaping the usual problems of pest infestation and unplanned cane fires. Output of raw sugar amounted to 111 thousand tonnes, 62 per cent above the 68.5 thousand tonnes produced in 1999. It was also the highest level of output since 1995. Inclement weather and machinery failure at one of the factories during the crop season failed to significantly affect production levels, boosted by the high quality of harvested sugar cane and by improved factory performance. The outturn came to within 9 thousand tonnes (7 per cent) of the output target of 120 thousand tonnes. As a result exports rose by almost 30 per cent to 83.4 thousand tonnes, bringing in the foreign exchange equivalent of $243.6 million. To complete the industry's unusually bright performance for the year local sales more than tripled to 186.2 thousand tonnes from 51.6 thousand tonnes in 1999.

THE LABOUR MARKET

Employment

The steady growth of the economy over the period 1994-2000 has resulted in a significantly faster rate of job creation relative to the growth of the labour force and consequently in a decline in the number of persons without jobs. This was reflected in a fall in the unemployment rate from 18.4 per cent in 1994 to 13.1 per cent in 1999. With the continued expansion of the economy in 2000 the unemployment rate fell further from 13.1 per cent in the first three quarters of 1999 to 12.3 per cent in the corresponding period of 2000 as 11 thousand jobs were created.[6] Although data are not available for all of 2000, labour market conditions were expected to have tightened during the year in response to the growth in the economy. Anticipated strong growth in construction and in the wholesale and retail sectors, traditionally large employers of labour, were expected to set the stage for further reductions in unemployment in 2001.

Productivity

The industrial sector continued to reflect productivity gains in 2000 but could not sustain the strong growth seen in the previous year. Data for the first nine months of 2000 indicate that productivity (output per man hours worked) as measured by the All Industry Index of Productivity (including energy) increased by 3.3 per cent in the first nine months of 2000 compared with 7.1 per cent in the corresponding period of 1999. The slower growth was largely explained by output losses stemming from the gas pricing dispute in the oil and gas sector where productivity fell by 9.3 per cent. Excluding this sector the Index rose by 10.9 per cent, compared with 4.9 per cent in the corresponding year-earlier period. In the sugar industry an exceptionally good year saw the Index of Productivity soar by over 240 per cent while productivity gains in Textiles, Garment and Footwear (74.2 per cent) and in Wood and Related Products (30 per cent), though not as spectacular, were nevertheless quite strong.

TABLE 3
LABOUR FORCE STATISTICS, 1997-2000
/thousands/

	1997	1998	1999	2000
Population (mid Year estimates)	1,270.6	1,282.6	1,285.7	1,293.8[1]
Non-Institutional Population				
- 15 years and over	896.9	916.0	926.0	931.9*
Labour Force	541.0	558.7	563.4	572.3*
Persons with jobs	459.9	479.3	489.4	502.0*
Persons without jobs	81.2	79.4	74.0	70.4*
Participation Rate (%)[2]	60.3	61.2	60.8	61.3*
Unemployment Rate (%)[3]	15.0	14.2	13.1	12.3*

SOURCE: Central Statistical Office

[1] Represents an estimate for the whole year.
[2] Labour force as a percentage of non-institutional population 15 years and over.
[3] Persons without jobs as a percentage of the labour force.
*Represents the average for the first and third quarters of 2000 as data for the second quarter were not available.

[6] See the last footnote to Table 3.

TABLE 4
THE SECTORAL DISTRIBUTION OF EMPLOYMENT, 1997-2000
/Thousands/

	1997		1998		1999		2000[1]	
	Employ ment (000)	% of Total Employ ment	Employ ment (000)	% of Total Employ ment	Employ ment (000)	% of Total Employ ment	Employ ment (000)	% of Total Employ ment
Agriculture	43.7	9.6	38.9	8.1	39.6	8.1	39.7	7.9
Petroleum and Gas (including Mining & Quarrying)	17.5	3.8	18.5	3.7	15.7	3.2	15.8	3.2
Manufacturing	46.8	10.2	51.5	10.9	53.0	10.8	34.3	10.8
Construction (including Electricity & Water)	56.9	12.4	65.1	13.6	67.1	13.7	68.2	13.6
Transport, Storage & Communications	31.8	6.9	35.5	7.4	35.8	7.3	38.5	7.7
Other Services	262.9	57.2	269.4	56.2	277.9	56.8	285.2	56.8
of which Wholesale & Retail	81.0	17.6	83.2	17.4	88.9	18.2	92.8	18.5
Community, Social & Personal Services	143.1	31.1	147.1	30.7	151.5	31.0	152.4	30.4
Not Classified	0.2	0.0	0.3	0.1	0.4	0.1	0.3	0.0
Total Employment	459.9	100.0	479.3	100.0	489.4	100.0	502.0	100.0

SOURCE: Central Statistical Office

[1] Represents the first and third quarters of 2000 as data for the second quarter were not available.

Industrial Relations

An uneasy industrial relations climate prevailed in Trinidad and Tobago in 2000 as public sector unions negotiated new collective agreements with the government. The health care sector was the most affected as nurses and other professionals resorted to demonstrations and mass absenteeism to protest working conditions at the nation's hospitals and low compensation packages. However, by the end of the year wage agreements were finalized in respect of some categories of workers but the issue of new salaries for public servants and health care professionals was before the Industrial Court. It was the first time that new collective agreements for different branches of the public service were negotiated separately, resulting also in one agreement being extended over 3.75 years instead of the usual 3 years.

In other developments the Minimum Wages Act Chap.88:04 (*Act No. 11 of 2000*) was amended to allow a worker to take legal action against an employer believed to be in violation of any provision of the Act. Moreover, penalties under the Act were raised substantially. On another front, in October of 2000 representatives of business, labour and government signed a Declaration called *Compact 2000 and Beyond.* This Agreement took the tripartite process a step further by formally recognizing business and labour as equal partners with government in the pursuit of development strategies for Trinidad and Tobago.

TABLE 5
THE MANUFACTURING SECTOR:
CHANGES IN KEY ECONOMIC INDICATORS, SEPTEMBER 1999-SEPTEMBER 2000
/Per cent/

	Exploration & Production of Oil & Nat. Gas		Sugar Manufacturing		Manufacturing (Excluding Energy)		All Industries	
	Jan-September		Jan-September		Jan-September		Jan-September	
	1999	2000	1999	2000	1999	2000	1999	2000
Production	1.2	-0.8	-37.3	242.9	12.8	12.6	10.0	4.1
Hours Worked	-9.1	9.3	3.3	2.4	7.6	1.5	2.8	0.8
Nominal Earnings	25.0	-6.6	22.1	13.1	-0.7	9.2	2.5	12.2
Real Earnings	20.5	-9.5	17.4	9.5	-4.4	5.7	-11.7	8.7

SOURCE: Central Statistical Office

TABLE 6
SUMMARY OF INDUSTRIAL AGREEMENTS FOR THE PERIOD
1990-2000

Year Registered	Number of Agreements Registered	Median Wage Increase (%)	Range of Increase (%)
1998	97	8.00	0.00 – 35.00
1999	90	8.50	0.00 – 39.00
2000	52	9.50	0.00 – 23.50
Summary of Industrial Agreements Registered in 2000			
Period of Agreement	No of Agreements	Average Wage Increase (%)	Range of Increase (%)
1990-1992	1	-	-
1993-1995	1	-	-
1994-1996	3	5.00	-
1995-1998	1	5.00	-
1996-1998	1	5.00	-
1997-1999	13	10.27	6.50-23.50
1998-2000	6	7.50	6.50-9.00
1998-2001	1	15.00	-
1999-2001	21	6.55	4.00-9.82
2000-2002	4	10.83	10.00-12.00

SOURCE: Industrial Court of Trinidad and Tobago

PRICES

Increasing confidence in price stability, a stable exchange rate and continued low inflation in trading partner countries, including the United States, helped to restrain the rise in domestic retail prices to an annual rate of 3.6 per cent in 2000, only slightly above the rate of 3.4 per cent seen in 1999. Excluding food prices the Retail Price Index rose by just 1.2 per cent, highlighting the stability of prices in most sectors of the economy. The sensitivity of food prices to local harvests was again evident in 2000 when poor weather conditions induced shortfalls in the supply of vegetables and a consequential 3.8 per cent rise in the prices of these food items. On average food prices rose by 8.3 per cent during the year. Other areas of expenditure to experience price rises were Drink and Tobacco (2.8 per cent) and Personal Services (2.4 per cent) while prices in the Clothing and Footwear industry fell by 1.7 per cent. The outlook for 2001 is for continued low inflation, with virtual price stability in the CPI, excluding food. Some increased pressure on domestic prices could occur if wage settlements in the public sector fuel higher demand. On the other hand, import prices are unlikely to significantly affect the domestic price level as slowing world economic growth helps to contain inflation in industrial countries.

Central Government Fiscal Operations

(Central government includes all ministries, departments and agencies whose activities form part of the budgetary operations of the central administration. The operations of the state enterprises and public utilities are therefore excluded.)

Despite collecting additional receipts of $2,395.5 million in fiscal year (FY) 2000 (October 1999 - September 2000) the central government incurred a deficit of $96.8 million for the period as expenditure in several categories rose to absorb $1,543.3 million or almost two thirds of the increase in revenue. Nevertheless, this meant that at the margin the government realized net fiscal savings of $852.2 million in FY 2000, causing the overall fiscal deficit to fall from $949 million in FY 1999 to $96.8 million in FY 2000. However, this outturn did not take account of the fact that a substantial amount of capital expenditure was undertaken by the state enterprise sector on behalf of the central government in 2000. These quasi-fiscal expenditures contributed to an increase of $2,161.9 million or 40.7 per cent in the government's contingent debt liabilities in fiscal 2000. The government's contingent domestic debt has grown by $5.1 billion over the five-year period 1996-2000.

The strong performance of government revenues in fiscal 2000 was mainly as a result of an unanticipated increase in oil prices which averaged over US$30 per barrel compared with the US$16 per barrel on which the Budget was based. The government received $3,761.1 million in revenue from the oil sector in FY 2000, more than twice the amount collected in the previous fiscal year. By contrast the growth of revenue from the non-oil sector measured 5.4 per cent, weaker than might have been expected given the pace of expansion of the economy. Collections from the value added tax surprisingly declined, albeit by a relatively small 1.7 per cent, as did collections from motor vehicle taxes. The weak growth of non-oil revenue suggested that there might be a need for the strengthening of fiscal administration, including the revision of tax bases. The recurrence of a deficit in FY 2000 in spite of the oil revenue windfall underscored the underlying fiscal imbalance which had reflected itself in deficits of 1.6 per cent and 3.2 per cent of GDP in the two previous years.[7]

Against the backdrop of moderate domestic revenue growth the government's total expenditure rose by 14.7 per cent in FY 2000. Partly reassuring was the fact that over 43 per cent of the incremental amount related to capital projects as the government moved to strengthen the country's infrastructure. Outlays in the category of capital expenditure and net lending more than doubled to $1,190.6 million, claiming 9.9 per cent of the expenditure budget as compared with 4.9 per cent in fiscal 1999. Much of this was spent on education sector projects, the rehabilitation of highways, roads and bridges, agriculture projects, drainage and flood control, upgrading of health facilities and on the postal sector reform programme. However, over 40 per cent of the increase in capital spending represented the bringing to account of funds spent in previous years on the prison facility at Golden Grove.

On the other hand, large jumps of 29.1 per cent and 22 per cent, respectively, in interest expenditure and

7 These ratios are based on calendar year data.

in transfers and subsidies, were symptomatic of the rising indebtedness of the government, and of the widening operating deficit of the parastatal sector. With respect to the latter, government loans and grants to statutory boards and state enterprises soared by 59.2 per cent in fiscal 2000 and accounted for nearly two thirds of the rise in transfers and subsidies. Mitigating the rise in overall expenditure was a reduction of 14.2 per cent in wages and salaries, explained by the fact that payments of arrears of salaries through the issue of emolument bonds came to an end in fiscal 1999. However, the growth in the government's wage bill was expected to resume in fiscal 2001 in light of pending wage settlements which could add as much as $1 billion to this category of expenditure.

The government's below-the-line operations reflected largely offsetting movements in external and internal financing. Whereas the government raised a total of $1,660.4 million through net external borrowing and the external sale of assets there was a nearly corresponding build-up of $1,695.7 million in its deposits at the Central Bank. During the year the government announced its intention to establish a Revenue Stabilization Fund as a mechanism for saving a portion of higher-than-budgeted oil revenues or for funding shortfalls in budgeted oil revenues in any given year. A total of $415 million was allocated to the Fund in fiscal 2000.

TABLE 7
SUMMARY OF CENTRAL GOVERNMENT FINANCES
1997-2000
/Dollars Million/

	1997	1998	1999	2000	Oct 98-Sep 99	Oct 99-Sep 00
Current Revenue	9,125.9	9,629.4	9,613.2	13,006.7	9,476.1	11,954.1
Current Expenditure	8,770.0	9,539.7	10,541.9	10,993.5	10,008.3	10,879.0
Current Surplus(+)/Deficit(-)	355.9	89.7	-928.7	2,013.2	-532.2	1,075.1
Capital Receipts	827.8	29.0	100.8	29.9	101.2	18.7
Capital Expenditure and Net lending2	1,142.3	859.8	527.4	1,224.0	518.0	1,190.6
Overall Surplus(+)/Deficit(-)	41.4	-741.0	-1,355.3	819.1	-949.0	-96.8
Financing	-41.4	741.0	1,355.3	-819.1	949.0	96.8
External (Net)	-1,500.5	-435.8	896.7	878.4	953.9	1,660.4
Domestic (Net)	1,459.1	1,176.9	458.6	-1,697.5	-4.9	-1,563.6
Memo Items: Surplus (+)/Deficit (-) as a Per cent of GDP (current market prices)						
Current Surplus(+)/Deficit(-)	1.0	0.2	-2.2	4.0		
Overall Surplus(+)/Deficit(-)	0.1	-1.9	-3.2	1.6		

SOURCE: Appendix Table A.16

TABLE 8

SUMMARY OF CENTRAL GOVERNMENT FINANCES[1]
1997-2000
/Per cent/

	1997	1998	1999	2000	Oct 98-Sep 99	Oct 99-Sep 00
A. Recurrent Revenue						
Oil Revenue	22.7	17.7	20.8	34.4	18.0	31.5
Non-Oil Revenue	77.3	82.3	79.2	65.6	82.0	68.5
Income Taxes	34.3	35.2	35.9	30.1	36.3	31.5
Property Taxes	0.6	0.6	0.6	0.5	0.7	0.5
Taxes on Goods and Services	26.5	31.9	26.5	22.3	29.1	22.7
International Trade Taxes	6.2	7.2	7.3	5.9	7.3	6.3
Non-Tax Revenue	9.6	7.4	9.0	6.8	8.7	7.5
Total Recurrent Revenue	100.0	100.0	100.0	100.0	100.0	100.0
B. Recurrent Expenditure						
Wages and Salaries	36.7	36.9	34.7	29.0	36.6	28.9
Goods and Services	10.7	10.1	10.5	11.0	10.9	11.0
Interest	19.3	20.1	22.2	22.1	19.8	23.6
Transfers and Subsidies	33.3	32.9	32.5	37.9	32.6	36.6
Total Recurrent Expenditure	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Appendix Table A.17 and A.18

[1] Figures may not add to 100.0 due to rounding.

Central Government Domestic Debt[8]

Although the net decline in government domestic borrowing in 2000 was relatively small government's debt management operations gave rise to a high degree of activity in the bond market. In an effort to take advantage of cheaper refinancing costs the government exercised call options on nearly $600 million worth of floating-rate debt during the year and re-issued almost 90 per cent of this amount at a fixed rate of 11 per cent - 11.4 per cent. The actual decline in domestic debt for the year was a modest $132 million, which brought the total outstanding to $9,638.2 million. Consequently, the ratio of domestic debt to GDP declined to 19.2 per cent from 22.9 per cent in 1999.

The breakdown of government's borrowing for the year showed that of a gross amount of $895.4 million, $595 million represented refinancing of previously existing debt, while $300 million was raised for general development purposes. A marginal $0.4 million was drawn down under the FINCOR III project financing facility which was nearing completion by the end of the year. There was also an expansion in the issued stock of treasury bills and treasury notes from $1,610.3 million to $1,950 million during the year as a result of an increase in the Central Bank's open market operations.

Principal repayments in 2000 amounted to $1,027.4 million and included $531.2 million for the early retirement of callable bonds and $423.2 million in respect of public sector emolument bonds. Interest payments during the year amounted to $1,377.3 million, bringing total debt service to $2,404.7 million in 2000, $317.9 million more than in 1999.

However, while the decline in government's direct debt obligations was small there was a steep rise in the government guaranteed obligations of the state enterprise sector which was given responsibility for the execution of several infrastructural projects in 2000. Consequently, the government's contingent debt obligations increased by $2,161.9 million, an increase of over 40.7 per cent which raised the total outstanding to $7,477.5 million. Interest payments in respect of these liabilities amounted to $186.2 million in 2000.

[8] Central government domestic debt includes debt obligations of short-, medium- and long-term maturities (treasury bills, tax-free savings bonds and development bonds), obligations to public sector employees and bonds issued under the government's Design, Finance and Construct arrangements which became operational in 1988.

TABLE 9

DOMESTIC DEBT: CENTRAL GOVERNMENT'S CONTINGENT LIABILITIES
/TT$ Million/

	1996[1]	1997[1]	1998[2]	1998/1999[3]	1999/2000[3]
State Enterprises	1,582.5	1,842.3	1,961.8	2,513.9	3,773.0
Statutory Bodies	2,043.9	1,959.8	2,038.6	2,801.7	3,704.5
Total	3,626.4	3,802.1	4,000.4	5,315.6	7,477.5

SOURCE: Central Bank of Trinidad and Tobago, Ministry of Finance.

1 Represents data for the calendar year.
2 Represents data for the period January-September, 1998 as the government changed its financial year which previously coincided with the calendar year to the twelve-month period between October 1 - September 30.
3 Represents data for the fiscal year.

Public Sector External Debt

Data in this section are in US dollars.

Although the central government borrowed an additional $113.3 million (net) in 2000 the major external debt indicators all pointed to a more sustainable debt position at the end of the year. The ratio of external debt to GDP declined from 23.4 per cent in 1999 to 21.1 per cent, while the debt service ratio fell to 6.9 per cent from 8 per cent. In addition, at year's end an overwhelming 94 per cent of external debt was in US dollars compared with 89 per cent a year earlier, indicating a lowering of the country's exposure to currency risk since export earnings are mainly in US dollars.

Gross borrowing on external markets amounted to $350 million in 2000 while a further $33.6 million was obtained from multilateral institutions such as the World Bank and the Inter-American Development Bank (IDB), with the majority (65.3 per cent) coming from the latter. The IDB loans were intended mainly for the health sector, and for community development, housing and infrastructural projects. Most of the funds borrowed from the World Bank went to the education sector.

The government repaid principal of $270.3 million and interest of $107.8 million on external debt in 2000. Principal repayments were approximately 54 per cent higher than in the previous year mainly because of a bullet payment on a $125 million bond issued in 1993 while interest payments were also 11.1 per cent higher. During the year the government completed payments on rescheduled leases and on a number of loans which had been rescheduled under arrangements with the London Club and Paris Club in the early nineties. This was also reflected in the debt stock at the end of the year. In addition, there were valuation adjustments which lowered the dollar value of outstanding non-dollar debt by $18.3 million because of the appreciation of the US dollar during the year.

MONETARY AND FINANCIAL DEVELOPMENTS

Money, Credit and Interest Rates

Monetary policy in 2000 was carried out against a backdrop of a robust economy but amid signs of further weakening of the fiscal position. As the fiscal deficit on domestic operations continued to inject liquidity into the financial system the Central Bank sought to adopt offsetting contractionary operations to prevent excessive credit stimulus. The objective of the Bank was to forestall a possible take-off of inflation or an unwarranted exchange rate depreciation.

Faced at the same time with a situation of tightening foreign exchange liquidity, the Bank opted for a strategy of market support, eventually selling a total of US$271 million for the year. This was US$120.5 million above sales in 1999 and was also the largest amount sold since the exchange rate was floated in April 1993. The strong growth in total spending justified a tightening of monetary policy to prevent a resurgence of inflationary pressures. The relative firmness of domestic interest rates also helped to stem capital outflows.

Liquidity in the financial system fluctuated in response to a variety of factors during 2000 but was affected mainly by the ongoing stimulus of budgetary injections. In 2000 unexpectedly high oil tax receipts coincided with shortfalls in government's domestic collections. Although these had offsetting effects on overall government revenue, there was nevertheless a widening of the gap between government's revenues and expenditure. The fiscal position was aggravated in the first half of 2000 when the government redeemed nearly $600 million in callable bonds but experienced delays in bringing the planned refinancing issues to market. The Central Bank responded to the excessive build-up of liquidity by increasing its sterilization activity and in the process almost exhausted the limits governing the issue of treasury bills and treasury notes. The pressures on monetary policy subsequently abated when the government floated a $650 million domestic bond issue towards the end of May.

The swings in liquidity induced some volatility in the inter-bank and treasury bill markets, with inter-bank rates moving from a range of 8.25-8.50 per cent in January to a peak of 11.25-11.75 per cent in July before converging at around 9.75 per cent by year's end. Tighter conditions were also reflected in the fact that banks were sometimes unable to satisfy their need for reserves and resorted to the Central Bank's repurchase facilities, the rate on which was 13 per cent. The treasury bill rate moved in step with the changing liquidity conditions, the yield on the benchmark 3-month treasury bill rising to 10.81 per cent by the end of the year, almost 70 basis points higher than in January. Deposit and loan rates faced by the public were stickier, as evidenced by the steadiness of the prime lending rate which remained at 16.5 per cent during all of 2000.

The growth of commercial bank credit to the private sector accelerated to 14.8 per cent in 2000 from just over 12 per cent in 1999. The expansion of credit helped to sustain activity in the non-oil sectors of the economy where there was little sign of a shortage of credit despite the large claims of the public sector on available supply. Within the private sector the major user of credit was the business sector, particularly the financial and real estate sub-sectors. Credit to the industrial sector was basically flat, while the modest growth in consumer lending mainly went to motor vehicles. Credit from the non-bank financial institutions, particularly trust and mortgage finance companies also increased substantially in 2000. Credit by these institutions to the private sector rose by an estimated 30.5 per cent in 2000. This was reflected in holdings of private sector securities and investments as a result of more active placement of bonds and other financial instruments during the year.

The monetary aggregates exhibited sharply contrasting behaviour at different times during the year. M-1A, the measure of the money supply most closely related to current spending in the economy, contracted by almost 10 per cent in the first seven months of 2000, but grew strongly in the last five months to post an overall increase of 14.1 per cent for the year. M-2, the broader money measure incorporating domestic currency savings deposits, exhibited almost the same pattern albeit at lower rates. In 2000 the growth of the money supply was tempered by substitution towards the holding of non-money assets. In addition the currency component of the money supply declined from the unusually high levels of December 1999 when the demand for currency holdings rose in anticipation of possible Y2K related problems.

Foreign currency deposits exhibited strong growth throughout the year, rising by 26.4 per cent to account for about 30 per cent of total deposits by year's end. The domestic market for foreign currency loans also appeared to be expanding, although at a slower rate, increasing by 15.5 per cent in 2000 compared with 29.5 per cent in 1999.

At the end of 2000, monetary policy appeared set to continue along the path of anchoring its objective of domestic price stability to the maintenance of a stable exchange rate. Real short-term interest rates remained high. In real effective terms the exchange rate remained competitive in view of the strong outlook for the balance of payments. However, an important consideration for future monetary stability was whether the fiscal surplus anticipated in the Budget could be realized given the likelihood of public sector wage increases in 2000, while restraint of the broader public sector deficit was also critical to preserving stable conditions.

TABLE 10
SUMMARY OF MONETARY CONDITIONS, 1998-2000
/Dollars Million/

	1998	1999	2000	Variations (%)	
				00/99	98/97
Currency in active circulation	1,010	1,100	1,154	4.9	8.9
M-0	3,671	3,854	3,917	1.6	5.0
M-1A	3,750	3,884	4,245	9.3	3.6
M-2	12,368	12,773	13,241	3.7	3.3
M-2*	16,360	16,930	17,808	5.2	3.5
M-3	15,450	17,048	17,416	2.2	10.3
M-3*	20,041	21,902	23,433	7.0	9.3
Domestic Credit (Net)[1]	14,489	15,698	17,468	11.3	8.3
Private Sector	11,003	12,348	14,176	14.8	12.2
Public Sector[2]	3,486	3,350	3,292	-1.7	-3.9

SOURCE: Central Bank of Trinidad and Tobago

[1] Represents banking system credit.
[2] Includes its credit to the central government.
[3] Includes foreign currency deposits.

TABLE 11
FACTORS INFLUENCING CHANGES IN MONEY SUPPLY, 1996-2000
/Dollars Million/

	1996	1997	1998	1999	2000
Net Domestic Budget Deficit	2,117	1,337	3.0	1,124	-154
Increase in Credit to the Private Sector	1,172	1,714	2	1,992	1,707
Bal. Of Payments Deficit of Private Sector	5,194	4,616	-3,550	4,700	1,301
Changes in Net Unclassified Assets	1,820	2,764	-2,142	2,192	144
Central Bank	910	620	806	185	241
Commercial Banks	910	2,144	-2,948	2,007	-97
Change in Money Supply (M-2)	-85	1,199	1,413	405	466
Change in Money Supply (M-1A)	9	582	145	134	359
Change in Quasi-Money	-94	617	1,267	271	107
MEMO ITEMS					
Money Supply (M-2) Annual Growth (%)	0.1	1.5	22.0	3.3	3.6
Total Composition (%)	100.0	100.0	100.0	100.0	100.0
Money	29.8	33.7	31.1	32.9	77.0
Quasi-Money	70.2	66.3	68.9	67.1	23.0

SOURCE: Central Bank of Trinidad and Tobago

Institutional Developments

During the year 2000 the face of the financial sector of Trinidad and Tobago underwent significant change as a result of mergers and acquisitions as well as regulatory rationalisation and consolidation in the stockbroking, banking and insurance industries. In January, West Indies Stockbrokers Ltd. (WISE), a subsidiary of the Royal Bank of Trinidad and Tobago (RBTT) acquired the issued share capital of Money Managers Limited, one of its competitors. The takeover had been in the making for approximately a year, and upon completion effectively reduced the number of dealing members on the Trinidad and Tobago Stock Exchange from six to five. In addition, in April 2000 the Board of Directors of Guardian Holdings Limited (GHL) acquired 7.5 per cent of the shareholding of Royal Bank of Trinidad and Tobago (RBTT) Financial Holdings Limited in accordance with an agreement between the two companies. This transaction increased the insurance company's interest in RBTT Financial to 20 per cent.

Further, on April 10, 2000, the operations of the two licensed subsidiaries of First Citizens Bank Limited, namely First Citizens Bank Mortgage and Trust Company Limited (FCBMTC) and First Citizens Merchant Bank Limited (FCBMB) were merged. Accordingly, the license of FCBMTC was amended to reflect the new structure of the merged institution, which has been renamed First Citizens Trust and Merchant Bank Limited.

On the supervisory front, in February the Government of Trinidad and Tobago (GOTT) established a Credit Union Supervisory Unit (CUSU) charged with developing a coordinated system of surveillance for the country's credit unions. The CUSU was established under the Ministry of Finance with the objective of ensuring that credit unions comply with all regulatory requirements regarding their performance and prudential practices, as well as monitoring and ensuring the integrity of the credit union system. In related developments, the Central Bank of Trinidad and Tobago and the Inter-American Development Bank signed a Technical Co-operation Agreement for the joint financing of a project to explore an integrated approach to the supervision of banks, insurance companies and pension funds.

On November 23, 2000 Clico Investment Bank launched the first Islamic banking facility in Trinidad and Tobago. Owing to the Islamic prohibition on the payment and/or receipt of interest, Clico Investment Bank will offer loans and deposits on the basis of a profit-sharing system and the rate of return on the financial resources will not be known or fixed, prior to the undertaking of the transaction. A supervisory board was engaged by the merchant bank to oversee and assist it in ensuring adherence to Islamic principles.

The financial sector recorded asset growth of 16.6 per cent in 2000, despite a moderate decline in the assets of the Finance Companies and Merchant Banks. The assets of the Central Bank grew by 28.5 per cent to $12,481 million, while the Trust and Mortgage Finance companies and the commercial banking sector also reported increases of 38 per cent and 11 per cent, respectively. Finance Companies (including merchant banks) experienced a moderate 2.5 per cent decline in their assets to $4,811 million compared with $4,936 million in 1999.

Statutory and Other Financial Corporations

During 2000 the statutory and other specialised financial institutions continued to meet the demands of their diverse client base. The Trinidad and Tobago Mortgage Finance Company Limited (TTMF) and the Home Mortgage Bank (HMB) reported a fall in mortgage lending on the primary and secondary markets of 21.6 per cent and 12.9 per cent, respectively relative to 1999 levels. Total loans extended by the TTMF during this period fell from $174.5 million in 1999 to $136.9 million, while loans advanced by the HMB for the construction and purchase of homes totalled $144.3 million compared with $165.6 million in the preceding year. The loan capital of the TTMF rose to over $821 million as a result of a $200 million bond floated during the year. Meanwhile, the HMB generated $111 million through the sale of bonds and more than $22 million in Guaranteed Mortgage Investment Certificates (GareeMIC) to finance their mortgage investments. Total assets of the TTMF grew 27 per cent while that of the HMB grew marginally by 1 per cent over their respective 1999 asset positions.

The Small Business Development Company (SBDC) continued to pursue its mandate of improving the accessibility of finance to small businesses and to strengthen the entrepreneurial skills and practices of small businesses through its credit guarantee, business guidance, and technical assistance services. The SBDC provided over $11 million in loan guarantees to 234 entrepreneurs in support of $20.8 million in credit to the small business sector. The total number of applications received by the SBDC increased marginally by 8.7 per cent to 275 in 2000, while the proportion approved fell by 1 per cent.

TABLE 12

FINANCIAL SYSTEM-TOTAL ASSETS, 1996-2000

/Dollars Million/

		1996	1997	1998	1999[r]	2000[p]
1.	Central Bank	6,803	8,507	8,556	9,716	12,481
	External Assets	4,382	5,447	5,905	6,937	9,707
	Domestic Assets	2,421	3,060	2,651	2,779	3,134
2.	Commercial Banks	22,960	27,194	26,474	28,930	32,119
3.	Finance Companies and Merchant Banks	2,213	2,388	4,014	4,936	4,811
4.	Trust & Mortgage Finance Companies	4,452	5,578	4,890	6,632	9,157
5.	Thrift Institutions	89	81	81.2	81	75
6.	Development Finance Institutions	984.8	1,009	1,009	1,120	1,143
7.	Unit Trust Corporation	1,352	2,130	2,826	3,173	NA
8.	Deposit Insurance Corporations	229	270	318	376	441
9.	Home Mortgage Bank	777	780	773	830	837
10.	Life Insurance Companies	4,946	5,230	5,045	NA	NA
11.	National Insurance Board	3,588	3,983	4,795	5,522	6,674.5

SOURCE: Central Bank of Trinidad and Tobago

p - provisional r - revised

Total assets of the National Insurance Board (NIB) rose to $6,674 million, 21 per cent over the 1999 level. At the close of the NIB's financial year, Government securities accounted for over 48 per cent of its investment assets totalling $2,815 million (an increase of 214 per cent from its 1999 level). Fixed deposits accounted for 22 per cent of the investment portfolio, and equities for approximately 19 per cent, while the latter increased by about 10 per cent during the financial year, 1999/2000. Meanwhile contribution income collected by the NIB rose 39 per cent from $523.5 million to $726 million. This followed an increase in the ceiling on insurable earnings and the implementation of a new 12-class contribution structure in the previous year.

The Deposit Insurance Corporation (DIC) made no additional provisions for claims in 2000, as there were no claims to settle in the financial sector. The assets of the Corporation rose 17.3 per cent to $441 million for the period under review, compared with assets totalling $376 million in 1999. The DIC received $32.6 million in premium income (an increase of about 10 per cent over the $29.7 million collected in 1999) from its 21 member institutions.

THE DOMESTIC CAPITAL MARKET

Bonds

The domestic bond market continued to expand and develop in 2000 with issuance activity for the first time surpassing the $4 billion mark. In contrast to earlier periods when the central government was the dominant issuer, by far the largest borrowers in 2000 were the state enterprises and public utilities. These institutions collectively accounted for $2,546.9 million or 60.4 per cent of total funds borrowed, as, in some cases, they undertook the role of executing agencies for government projects while in other cases the borrowing was used to cover their own operating deficits. Aside from the central government which raised $895.4 million during the year the two largest borrowers were Taurus Services Limited ($691.8 million), an asset management company, and the Airports Authority ($618.3 million) which was engaged in the construction of new airport terminal facilities at Piarco.

Following an unusually active year in 1999 there was a fall-off in regional borrowing on the domestic market in 2000, with only one sovereign borrower, the Government of Grenada, coming to the market with a US$30 million bond issue. Regional sovereign borrowing had in the past been the major source of growth in US dollar activity on the domestic market but this changed in 2000 when two local companies raised a combined sum of US$56.4 million. By and large, however, the domestic private sector remained a relatively small player in the market, its share of borrowing amounting to $584.7 million or 14.5 per cent inclusive of the two US dollar issues.

There was no clearly discernible trend in domestic long-term interest rates during the year but the market did appear to be offering more favourable terms on US dollar borrowing. In March the Government of Grenada was able to raise US$30 million for 12 years at a fixed rate of 9.5 per cent but a 10-year domestic currency issue by the Government of Trinidad and Tobago in the same month carried a rate of 11 per cent. Another issue in July by a local private sector company raised US$25 million for 10 years at 10.70 per cent. In addition, while there was some divergence in interest rates on TT dollar issues of similar maturity the differentials were not particularly wide. Two 15-year issues by the central government attracted rates of 11.40 per cent and 11.25 per cent, respectively, while similar issues by Taurus Services Limited and the Airports Authority carried rates of 11.50 per cent and 12.15 per cent. Table 13 provides details of capital market activity in 2000.

Treasury Securities

The stock of outstanding treasury bills and treasury notes expanded rapidly in the first four months of 2000 as the Central Bank accelerated open market operations (OMO) in response to abnormally large fiscal injections during that period. The liquidity build-up resulted from the delayed refinancing of callable bonds, which the government had repaid with the aim of refinancing more cheaply. The issued stock of treasury bills and notes grew by approximately $1,294 million in the four months to April then fell by $954.5 million over the rest of the year as the fiscal situation stabilized.

The market for treasury bills maintained a degree of segmentation as bidding on OMO issues was confined to commercial banks while a wider range of institutions and individuals participated in the regular debt management auctions. The total of debt management issues remained unchanged as maturing issues were rolled-over. There were, in that regard, seven auctions of 3-month bills and two auctions of 6-month bills in each quarter of the year. Yields on the 3-month bills rose from an average of 10.43 per cent in the first quarter to 11.13 per cent in the final quarter. The peak rate for a single issue was 11.33 per cent and occurred in June. In the case of the 6-month bills the yield to maturity averaged 10.75 per cent in the first quarter but rose to 11.50 per cent in the fourth. The highest rate at a single issue of 6-month bills was 11.55 per cent and occurred in November.

During the year the Central Bank carried out 32 open market sales in pursuit of its liquidity management objectives, the issues varying in size and maturity according to evolving liquidity conditions. The heaviest activity was concentrated in the first and third quarters of the year. Given the limited competition in this market, yields on OMO issues have historically tended to be slightly above those on regular debt management bills. This was not consistently the case in 2000 with OMO yields being relatively lower in the latter half of the year. From a rate of 10.77 per cent in the first quarter the average yield rose to 11.01 per cent in the third quarter despite a marked shortening of the average maturity of OMO issues, but declined to 10.93 per cent in the final quarter of the year.

Ten treasury-note auctions were conducted in 2000 with the Bank exhausting the treasury-note issue limit in early April. The term to maturity on these issues ranged between 1 and 3 years and averaged approximately 20.5 months and carried an average yield of 11.42 per cent. Treasury note yields reached a peak in early February when a two-year issue posted a yield of 11.64 per cent.

Equities

The domestic stock market experienced a mixed year in 2000, strengthening impressively in the first quarter but thereafter entering into an extended period of decline that saw the near elimination of the initial gains by the end of the year. The Composite Price Index (CPI) (1983=100) peaked at 488.8 in March, 17 per cent above its opening level in January. Over the same period the All Trinidad Index (ATI), which excludes regional companies listed on the domestic Stock Exchange, recorded even stronger gains of 24.9 per cent. The buoyancy of the market in the first three months of the year was marked by an increase in capitalization of 36.2 per cent, but the positive trend was not sustained. Both the CPI and the ATI declined consistently over the following nine months, such that by the end of the year the two indices had fallen by 9.3 per cent and 8.1 per cent from their respective peaks in March, though they remained above the previous year-end levels. The volume of trading was nearly 11 per cent lower in 2000 than in 1999 but value increased by about 21 per cent.

The fall-off in the performance of the stock market after the promising start in the first quarter may have been linked to a general climate of uncertainty in the approach to general elections which were held in December. Many investors consequently sought refuge in money market instruments where relatively attractive rates were available. Tentativeness on the part of investors may not have been the only factor, however, as a number of institutional investors also reached their statutory limits on local equity investments during the year, leading to a decline in their participation in the market. To address this problem the Minister of Finance, by *Legal Notice No. 281 of 2000*, raised the allowable share of equity investments in the portfolios of insurance companies and pension funds from 40 per cent to 50 per cent.

Two rights issues and an initial public offering (IPO) contributed to the institutional growth of the stock market in 2000, as reflected in an increase of 6.6 per cent in market capitalization to $29,332.6 million. In July, Trinidad Cement Limited (TCL) issued 40.3 million shares by way of a 1 for 5.2 rights issue, while in November Flavorite Foods made a 1 for 1.8 rights issue creating 2.8 million shares. There was also an initial public offering (IPO) by BWIA West Indies Limited late in the year. Investors were offered 12 million shares at a price of US$1.25 or TT$ 7.85 per share. Although the issue came to the market in December 2000 the shares had not yet been listed at the end of the year and consequently did not affect market capitalization in 2000.

TABLE 13

CAPITAL MARKET ACTIVITY - NEW ISSUES
JANUARY - DECEMBER 2000

Period Issued	Borrower	Amount (Face Value) $Mn	Period to Maturity	Interest Rate	Comments
Jan-June	Central Government	0.4	20 yrs.	1%, 2% or 4.45% below average prime and fixed rate of 11% and 11.5%	Represents drawdowns from two project financing facilities of $487 million and $180 million.
February	Central Government	153.40	15 yrs.	11.40%	A private placement
March	Home Mortgage Bank	19.00	1 – 22 yrs.	Initial coupon rate varying between 5% - 11.75%.	A private placement
	Central Government	91.60	10 yrs.	11.0%	A private placement
	Government of Grenada	US $30.00	12 yrs.	9.5 % (fixed)	A private placement
April	HMB	48.92	7yrs.	8.75%	A private placement
	WASA	330.00	20 yrs.	11.40%	A private placement
	Guardian Holdings	269.30	4 yrs.	12.50%	A private placement
	Central Government	350.00	15 yrs.	11.25%	A private placement
	First Citizens Bank	300.00	A: 7 yrs B:10 yrs C:15 yrs	12% Prime-4.0%; initial 12.5% Prime-3.75%; initial 12.75%	A private placement
May	Central Government	300.00	A: 5 yrs B:10 yrs C:15 yrs.	11.15% 11.30% 11.40%	A private placement
	Warnerville Grain Mills Ltd.	18.00	25 yrs.	18.5 %	A private placement
July	Development Finance Ltd. (DFL)	72.00	B: 30 yrs C: 30 yrs	Prime less 615 bps. Prime less 500 bps.	A private placement
	UDECOTT	150.00	20 yrs.	11.42%	A private placement
	Airport Authority	239.00	20 yrs	11.65%	A private placement
	Angostura Limited	$US 25.00	10 yrs	10.70%	A private placement
October	M.T.S	76.80	7 yrs	12.25%	A private placement
November	Airport Authority	139.00 140.30 100.00	10 yrs 15 yrs 20 yrs	12.00% 12.15% 12.25%	A private placement A private placement A private placement
	T.I.D.C.O.	180.00	20 yrs	12.25%	A private placement
December	Taurus Services	494.00 $US 31.40	15 yrs 15 yrs	11.50% 10.13%	A private placement A private placement

SOURCE: Central Bank of Trinidad and tobago

International Trade and Payments

All values in this section are expressed in US dollars

Balance of Payments

Trinidad and Tobago's balance of payments surplus more than doubled to $441 million (5.5 per cent of GDP) in 2000, strengthened by the effects of high oil prices and government borrowing on the international bond market to the tune of $350 million. As a result the year-end level of gross official international reserves stood just below $1.4 billion, equivalent to 3.8 months of imports of prospective goods and services. The merchandise trade balance and the current account registered sizeable surpluses in 2000 after they had returned to small positive balances by the end of 1999.

Current Account

Following a surplus of 0.5 per cent of GDP in 1999 the external current account posted an estimated surplus of $990.6 million or 12.4 per cent of GDP in 2000. The value of exports rose by a considerable 68 per cent driven by higher oil prices and an increase in output of liquefied natural gas (LNG) associated with the first full year of production from the new LNG plant. The price of oil was also a factor underlying the sharp growth in imports as oil imported for refining locally became more expensive. The take-off in imports was in contrast to the decline seen in 1999 when the completion of several energy sector construction projects led to reduced demand for capital goods. The resurgence in imports in 2000 was also linked to an increase in infrastructural development activity during the year and to the general buoyancy of an economy experiencing its seventh consecutive year of output growth. The visible trade balance, which in 1999 reflected a surplus of $63.6 million after several years of large deficits, was estimated to be in surplus by about $1.2 billion by the end of 2000.

Ammonia, urea and methanol accounted for about 20 per cent of exports in 2000. The methanol industry in particular seemed to have been revitalized following privatization in 1997. Refined petroleum products meanwhile contributed just over one third of total exports, while the increase in crude oil exports in 2000 was due entirely to higher prices.

With much of the foreign direct investment in recent years being directed into the petrochemicals industry in particular, diversification within the energy sector has substantially reduced the country's dependence on crude oil exports. During the course of 2000 the Atlantic LNG Company reached an agreement with the government for the completion of two additional plants by the year 2003 at a cost of $1.1 billion. Exports of LNG, which began in 1999, will add significantly to total exports and government revenues over the next few years when the present output level of 3 million tonnes of LNG per annum is expected to treble.

Capital Account

In contrast to the performance on current account the capital account weakened substantially in 2000 when a deficit emerged following four successive years of surpluses. There continued to be a large gap between the country's export earnings and actual inflows of foreign exchange as major exporters restricted their conversions to the relatively small amounts needed to meet their domestic currency needs. As a result the capital account reflected large outflows of private capital while the Central Bank met the demand in the local market through sales to the tune of $271 million. Nevertheless, Trinidad and Tobago continued to receive a significant amount of capital inflows in the form of the two international bond issues, foreign direct investment and trade related financing. The country's gross foreign exchange reserves which include commercial banks rose to more than $1.8 billion by mid-year following the bond issues. This level increased further to just below $1.9 billion by year's end despite the repayment of a $125 million bond in November. The official sector recorded its third surplus in ten years, this again being a reflection of the two international bond issues which amounted to $350 million.[9] As in previous years the bulk of the capital

[9] The first issue amounted to $250 million maturing in 20 years at a nominal interest return of 9.75 per cent per annum. The other was $100 million maturing in 30 years at a rate of 3.75 per cent per annum.

inflows accrued to the private sector in the form of long-term capital. Foreign direct investment inflows amounted to $687.8 million, just over $50 million more than in the previous year, and are expected to remain at a high level in the short-term given the ongoing expansion of the Atlantic LNG facility. Meanwhile, the commercial banks increased their net foreign assets by $85.9 million in 2000 to $231.5 million, the highest level on record.

Repayment of principal on external loans amounted to $270.3 million, almost $100 million more than in 1999. Interest payments were estimated at $107.8 million, resulting in total debt service of $378.1 million compared with $272.7 million in 1999. The debt service ratio, which fell to 6.9 per cent of exports of goods and services in 2000, was projected to remain well below 10 per cent over the next few years, the next major bond repayment being due in the year 2004.

TABLE 14

SUMMARY OF BALANCE OF PAYMENTS, 1997-2000

/US$ Million/

	1997	1998	1999[r]	2000[p]
Current Account	-578.9	-645.3	30.6	990.6
Merchandise	-493.9	-743.0	63.6	1,168.0
Services	292.5	417.7	329.1	286.9
Income	-381.3	-342.3	-399.9	-499.6
Transfers	3.8	22.3	37.8	35.3
Capital Account	754.1	725.9	131.6	-549.5
Official	-245.5	-105.7	124.4	114.7
State Enterprises	-13.0	-5.7	-14.5	-11.0
Private Sector (including errors and omissions)	1,012.7	763.0	21.6	-653.2
Overall Surplus/Deficit	175.3	80.6	162.2	441.0
Change in Reserves (increase(-)/decrease(+)	-175.3	-80.6	-162.2	-441.0
Exceptional Financing	0.0	0.0	0.0	0.0
Debt Rescheduling	0.0	0.0	0.0	0.0
Memo Items:				
Gross International Reserves	1,120.3	1,184.7	1,367.8	1,890.2
Import Cover (months)	4.1	4.7	4.2	5.2

SOURCE: Central Bank of Trinidad and Tobago

Effective Exchange Rates

The Trinidad and Tobago (TT) dollar continued to appreciate in real effective terms in 2000 largely as a result of the 13.4 per cent rise of the US dollar against the euro. Since the US dollar value of the TT dollar was stable, changes in the value of the US dollar vis-à-vis other currencies influenced the effective value of the TT dollar. The effective appreciation of the TT dollar implied a commensurate weakening of the economy's international price competitiveness in 2000. However, a calculation based on relative unit labour costs showed no such deterioration. The Trade-Weighted Real Effective Exchange Rate (TWREER) index rose by 2.7 per cent for the year following a 3.2 per cent increase in 1999.

The appreciation of the TT dollar in real effective terms was tempered by the fact that Trinidad and Tobago's trading partner countries on average experienced relatively larger increases in inflation in 2000. This was especially the case with respect to changes in relative export prices, but domestic exports nevertheless lost ground in terms of price competitiveness because of the indirect currency appreciation resulting from the strengthening of the US dollar relative to the euro. The Trade-Weighted Effective Inflation Rate (TWEIR), which measures Trinidad and Tobago's relative inflation performance compared with its major trading partners showed an improvement of 0.3 per cent in 2000 compared with a deterioration of 0.1 per cent in 1999.

The increase in the real effective value of the TT dollar in 2000 was the third in successive years. This meant that cumulatively the economy incurred a significant loss of international price competitiveness over the three-year period, partially reversing the price advantage gained by the initial nominal depreciation of just over 26 per cent when the TT dollar was floated in 1993. Measured from that starting point, the economy was still 13.1 per cent more competitive at the end of 2000 than it was immediately preceding the floating of the exchange rate, but this represented some slippage from 15.8 per cent at the end of 1999.

BOX II

EFFECTIVE EXCHANGE RATES

The Nominal Effective Exchange Rate Index is calculated as a geometric average of bilateral exchange rates between the Trinidad and Tobago dollar and other currencies, weighted by non-oil merchandise trade shares with a base year of 1990. The Real Effective Exchange Rates Index is similarly constructed and also takes into account relative inflation rates using consumer prices indices. The rise in an index reflects an appreciation (or loss of competitiveness).

Foreign Exchange Reserves

Trinidad and Tobago's official net foreign position continued to improve in 2000, mainly as a result of the impact of higher oil revenues and government's borrowing activities. At the end of December, the country's net foreign reserves (the total of net official and commercial banks reserves) reached $1,600.2 million, an increase of 49.1 per cent which was achieved despite increased outflows arising from government's loan repayments and foreign exchange sales to support the exchange rate.

Enhanced oil tax receipts, government international borrowing, external debt service and foreign exchange sales by the Central Bank were the major contributors to the net change in official reserves in 2000. At the end of the year the country's gross foreign assets stood at $1,890.2 million, the equivalent of 5.2 months of imports based on projected import demand in 2001.

TABLE 15

EFFECTIVE EXCHANGE RATES, 1996-2000

/Per cent Per Annum/

	1996	1997	1998	1999	2000
Real Effective Exchange Rates					
Trade-Weighted	0.46	-3.43	3.47	3.23	2.69
Export-Weighted	-0.04	-4.14	2.48	2.07	3.46
Nominal Effective Exchange Rates					
Trade-Weighted	5.19	-1.72	1.68	3.14	3.01
Export-Weighted	6.52	-1.51	1.41	2.47	4.02
Effective Inflation Rates					
Trade-Weighted	-4.50	-1.74	1.76	0.09	-0.32
Export-Weighted	-6.16	-2.68	1.05	-0.39	-0.54

SOURCE: Central Bank of Trinidad and Tobago

International Economic Developments

CARICOM

The pace of economic activity in Barbados increased in 2000 as real GDP grew by 3.7 per cent compared with 2.3 per cent in 1999. The expansion was led predominantly by the traded sector (5.2 per cent), particularly sugar and tourism. Strong growth in tourism (8 per cent) represented a favourable recovery after a decline of 1.5 per cent in 1999 and was attributable to increases in both long stay visitors (5.9 per cent) and cruise ship arrivals (2.3 per cent). Higher output was also recorded in the offshore services sector as the number of newly licensed international business companies rose by 621 compared with 617 in 1999. This increase in activity persisted despite the threats to the industry from the OECD's initiatives against countries (Barbados included) which were deemed to be tax havens. In the Agriculture sector, sugar production rose by 9.7 per cent to 58,400 tonnes as a result of more favourable weather conditions. Economic performance in the Manufacturing sector continued to be weak because of the impact of greater competition arising from a change to a tariff-only regime which was introduced to comply with WTO obligations.

Both record low unemployment levels and inflation complemented the sustained overall economic growth. The unemployment rate at the end of March 2000 measured 9.3 per cent, 1.8 percentage points lower than that recorded a year earlier. Meanwhile the inflation rate was 2.6 per cent in 2000 up from 1.6 per cent in 1999 reflecting mainly the effect of increases in international oil prices.

The government's fiscal position deteriorated marginally during 2000 as the overall fiscal deficit widened to BD$128.5 million (2.4 per cent of GDP) from BD$113 million in 1999. Total receipts increased by 7.1 per cent with VAT and personal income tax collections growing by 13 per cent and 11.8 per cent, respectively. Meanwhile total expenditure rose by 7.7 per cent, attributable to higher expenditure on wages and salaries, goods and services and interest payments.

On the external side, the favourable earnings from the Tourism sector, which grew by 12 per cent and a fall in import growth to 5.7 per cent contributed to a build-up in foreign reserves. This improvement was further enhanced by an international bond issue of US$100 million and long-term private inflows of US$154 million which resulted in a US$168 million build-up in net international reserves to US$474.7 million at the end of 2000.

In Guyana, despite a poor outturn in the Agriculture sector, GDP increased by an estimated 3 per cent during 2000 because of strong performances in the Mining and Services sectors. During the first three quarters bauxite and gold production rose by 17 per cent and 4.6 per cent, respectively. In the Services sector Transport and Communications (24 per cent), Engineering (16 per cent) and Government Services (12 per cent) subsectors recorded strong outturns during the first half of 2000. However the Financial Services sector contracted by 1 per cent while poor weather conditions led to a contraction of output in the Agriculture and Forestry sector by 8 per cent compared with an expansion of 24 per cent in 1999.

In the first half of 2000 inflation rose by 1.8 per cent compared with 5.8 per cent during the corresponding period of 1999, representing an annual variation of 4.6 per cent down from 8.6 per cent in 1999. Meanwhile the central government fiscal position improved considerably in the first six months of 2000. The overall deficit narrowed by almost 50 per cent to G$2.7 billion from G$4.6 billion in 1999 because of a significant increase in revenues. The performance of the external accounts was equally favourable as the overall balance of payments at the end of June 2000 reverted to a surplus position of US$11 million from a deficit of US$12 million at the end of June 1999. While the balance on the current account deteriorated because of lower receipts from merchandise trade, inflows on the capital account particularly from foreign investment more than offset the weaker trade performance.

Estimates by the Planning Institute of Jamaica and independent regional institutions indicated that the Jamaican economy grew by just under 0.5 per cent in 2000. Modest improvements were experienced in the Construction, Manufacturing, Transportation, Storage and Communication and Financial Services sectors. Positive outturns were recorded in the Tourism sector where visitor arrivals rose by 12 per cent and cruise ship passenger arrivals increased by 18 per cent, while overall tourism receipts increased by 9 per cent. The Manufacturing sector grew marginally (1.8 per cent) during the first six months of 2000 as domestic demand for locally produced goods increased considerably. However activity in the Agriculture and Mining sectors remained weak. Total bauxite production declined by 8.2 per cent during the first eight months of the year affected by a 38 per cent decline in output in the crude ore subsector.

Though slightly higher than in 1999 (6.2 per cent), the increase in consumer prices (8.4 per cent) remained below double-digit levels despite severe dry weather conditions and the increase in international oil prices. Meanwhile the government's fiscal accounts improved over the first six months of the fiscal year 2000/2001 with the narrowing of the fiscal deficit to J$3.9 billion in response to greater efficiency in collection and an increase in non-tax receipts. However the performance of the external accounts was less favourable as higher prices for oil imports led to a worsening of the merchandise trade balance and a widening of the deficit on the current account by US$19 million between January and May 2000.

LATIN AMERICA

Growth of 4 per cent in Latin America in 2000 suggests that the region is recovering from the slump it experienced following the Asian and Brazilian crises. This significant improvement was in sharp contrast to the almost flat 0.3 per cent in 1999. More remarkably, in all the countries of the region - except Argentina and Uruguay - output expanded, facilitated mainly by export expansion, with oil exports, in particular, booming as a result of favourable prices. There were also improvements in other areas such as consumer price inflation where the regional average slowed to 8.9 per cent from 9.5 per cent in 1999. However, the unemployment situation was almost unaffected by the increased activity. But even as final figures were being tallied for a complete appraisal of the Latin American performance, there were major concerns raised about the effect on the region of the expected slowdown in the US economy in 2001.

Of the larger countries, Mexico led the region in growth outturn, with GDP expanding by 7 per cent, aided by the strength of the US market as well as by favourable oil prices. Output expanded in a wide range of sectors including industry, manufacturing, transport and banking and financial services. On the policy front, a special effort was made to maintain fiscal discipline but bouyant oil revenues still permitted an increase in government expenditure. Towards the end of the year fears that the economy could overheat prompted a tightening of monetary policy which along with the appreciation of the peso, helped to keep inflation in check.

Economic growth of 4 per cent in Brazil in 2000 was that country's highest since 1995. There was a recovery in industrial activity after the sector almost came to a standstill in 1999 while the Services and Agriculture sectors also performed well and the recovery in industrial output permitted an increase in export volumes of 12 per cent. However, overall export earnings did not rise correspondingly, as the prices of the major export commodities on the international markets sagged. Meanwhile, the value of imports rose as the cost of oil imports soared by over 70 per cent, which led to a trade account deficit. On the fiscal side, the government took a major step towards the institutionalisation of fiscal prudence with the passage of the Fiscal Responsibility Act early in the year. This Act sets rules for expenditure and indebtedness at each level of government.

Economic activity in Argentina was flat in 2000, as the country remained entangled in political and economic difficulties. There was a steep falloff of about 14 per cent in construction activity and a 4.5 per cent decline in manufacturing. For much of the year the financial markets remained uneasy about the future direction of the country, which led to a reduction in foreign financial inflows. Consumer demand was also anaemic as a general air of uncertainty hung over the economy. These developments further exacerbated the unemployment situation, such that the unemployment rate reached a three-year high of 15.1 per cent of the labour force by the end of the year. On a more positive note, given the strength of oil prices, earnings from exports contributed to a narrowing of the current account deficit.

Early assessments for 2001 show that developments in the US economy are casting a shadow over regional prospects, while political events in Argentina add to the economic uncertainty. In Chile at the end of March 2001, growth estimates were reduced from the 5.6 per cent originally envisioned to between 5 and 5.5 per cent. This followed falls in industrial production and copper output. In Mexico (the regional economy most closely linked to the US), some analysts are predicting that GDP will grow by around 3 per cent instead of the initial forecast of 5 per cent. An early harbinger was a year-on-year fall of 0.4 per cent in industrial production in December 2000. In Brazil the forecast of a 4.5 per cent growth in 2001

TABLE 16

LATIN AMERICA - SELECTED ECONOMIC INDICATORS 1998-2000

	1998	1999	2000
Gross Domestic Product			
Latin America	2.3	0.3	4.0
Argentina	3.9	-3.4	0.0
Brazil	0.2	0.9	4.0
Chile	3.9	-1.1	5.5
Mexico	4.9	3.7	7.0
Venezuela	0.2	-6.1	3.5
Consumer Prices			
Latin America	10.3	9.5	8.9
Argentina	0.7	-1.8	-0.7
Brazil	2.5	8.4	5.5
Chile	4.7	2.3	4.7
Mexico	18.6	12.3	8.9
Venezuela	29.9	20.0	14.2
Urban Unemployment			
Latin America	8.1	8.7	8.6
Argentina	12.9	14.3	15.1
Brazil	7.6	7.6	7.5
Chile	6.4	9.8	9.4
Mexico	3.2	2.5	2.3
Venezuela	11.3	14.9	14.6

SOURCE: Economic Commission for Latin America and the Caribbean, Preliminary Overview of the Economies of Latin America and the Caribbean 2000.

still holds, but the realisation of this is contingent upon the effect of interest rate cuts in the US. Meanwhile, in an attempt to shock Argentina out of its economic torpor, the newly installed Economy Minister has introduced a tax on financial transactions, increased tariffs on a range of consumer items and eliminated import duties on capital imports. However, some neighbouring countries have expressed concerns about the impact of the tariff increases on their own economies.

INTERNATIONAL COMMODITIES

In this Section $ refers to US dollars unless otherwise indicated

Petroleum

The international price of crude oil rose sharply in 2000 in response to low inventories and heightened speculative activity on world markets. An announcement by OPEC in September of the cartel's intention to increase crude production produced little response from the market. The price rises affected all varieties of crude. UK Brent and West Texas Intermediate averaged $28.66 per barrel and $30.29 per barrel, respectively, which represented increases of 60.3 per cent and 57.3 per cent over the corresponding 1999 averages. In the case of the basket of OPEC crude, the average price rose by 56.3 per cent to $27.14 in 2000. The market for downstream petroleum products also became very tight when scheduled maintenance at some refineries and a switch in output from heating oil to gasolene led to a shortfall in the availability of other products. Heating oil (New York Harbour) averaged $0.88 per gallon in 2000, compared with the $0.51 per gallon recorded in the preceding year while motor gasolene (New York regular unleaded .87) averaged $1.49 per gallon, compared with the $1.15 per gallon recorded in 1999.

A moderate build-up in inventories was expected in 2001 given anticipated increases in both OPEC and non-OPEC production, but continued speculation in the market could militate against any significant fall in prices. Also, with only Saudi Arabia and Venezuela among OPEC producers having any significant spare capacity, the allocation of output increases could pose problems for the cartel. In the case of oil consuming countries high energy prices were expected to remain a major contributor to inflation generally, but the cost of petroleum products in particular was likely to rise. The outlook suggested that supply shortfalls could persist and that diminished inventories of petroleum products, including heating oil, were unlikely to be corrected even if there was an increase in refinery runs in 2001.

Liquefied Natural Gas

Worldwide natural gas usage continues to grow rapidly at a rate of about one and a half times that of petroleum. This rate could accelerate especially if environmental concerns are translated into economic incentives.[10] Combined cycle turbines fuelled by natural gas can generate electricity of up to 60 per cent efficiency with very low nitrogen and sulfur-oxide emissions. Currently several industry reports indicate that natural gas is replacing Liquefied Petroleum Gas for domestic and commercial purposes and demand could be much greater if used as a transportation fuel in cars. Currently LNG accounts for 5 per cent of world natural gas consumption and about 25 per cent of cross-border natural gas trade, while LNG growth rate in the coming decade has been projected to average 6 per cent per year. The international benchmark for liquefied natural gas prices, the Henry Hub, reached approximately $4.20/million British thermal units for 2000.

On the supply side several new projects were signed on both sides of the Atlantic. New and potential supplies over the next few years will come mainly from Trinidad and Tobago, Venezuela, Nigeria, Norway and from Malaysia, Qatar, Oman and Egypt in the east. To accommodate the new consumers and producers, new pipelines and terminals are being constructed (in Spain for example) while importing terminals are being reactivated in certain areas (for example, the Elba Island regasification terminal in Georgia and the Cove Point LNG facility in Maryland).

Methanol

Internationally, methanol prices continued to improve during the year as a result of two factors: higher natu-

[10] Carbon dioxide emissions per kilowatt are about half that for other fossil fuels.

ral gas prices in the US Gulf and restricted supply availability to the European market as a result of production problems for suppliers of methanol to that market. Higher natural gas prices in the US Gulf contributed to reduced rates of capacity utilization among US methanol producers and in some cases to the closure of plants in the United States as methanol derivative producers and methanol marketers sourced product more cheaply from offshore suppliers. Moreover, the fallout from the US decision to phase out MTBE usage meant that methanol demand experienced a proportional decline. In northwest Europe demand for methanol and methanol derivatives remained steady throughout the year. Contract methanol prices (fob Rotterdam) in 2000 reached $168 per tonne, 54.1 per cent higher than in 1999. The high cost of natural gas, the main input into methanol production was the major factor behind the price increase.

Looking towards the medium term, industry analysts believe that the methanol industry will continue its moderate recovery. Despite the slowing down of global economic growth and continuing environmental concerns about MTBE in the USA, which points to the continuation of low demand, regional factors should ensure that methanol prices remain moderate in the medium term. Demand is expected to rise by just over 3 per cent per year to an estimated 29.9 million tonnes by 2002. This reflects slower rates of economic growth globally, the flattening out of MTBE demand subsequent to the announcement of the phased ban of this oxygenate in the US and sluggish growth in Europe. Between 2000 and 2002, price levels are not expected to drop below the range of $100 - $125 per tonne. Overall, despite a forecast decline in 2001, prices are expected to remain well above the levels of 1998-1999.

Nitrogenous Fertilizers

The year 2000 will be remembered by nitrogen fertilizer producers as the period when global energy prices rose to new highs which adversely affected the viability of their operations. In North America in particular the price of natural gas tripled from just around $2.00 million British thermal units (mmbtu) in March to well over $6.00 mmbtu by the close of 2000. This unforeseen price hike further squeezed thin margins for producers who were still trying to restructure operations, which had been negatively affected by the supply overhang of 1999. As a result 50 per cent of the nitrogen fertilizer capacity in the US was left idle which in turn led to supply shortages and consequently, prices of fertilizers soared. Ammonia prices averaged $145 per tonne (fob Caribbean) in 2000 compared with $92 per tonne achieved in 1999, while urea prices climbed to an average of $130 per tonne in 2000, $48 more than in the previous year. Moreover the temporary idling of facilities in the US provided low cost producers in Latin America and the former Soviet Union with an opportunity to increase their exports to the US.

The outlook for 2001 suggests that nitrogen producers will get some respite from high natural gas prices, though not enough to postpone long term restructuring of the industry. Furthermore, the commissioning of the two-mega facilities in Argentina and Venezuela will ensure that North American producers close old and inefficient plants permanently.

Iron and Steel

The performance of the global steel industry in 2000 signalled that the industry had fully recovered from the Asian and Russian crises of 1998. As a result, crude steel production registered an increase of 7.4 per cent reaching 828 million tonnes, as countries in the Commonwealth of Independent States (CIS), South America and Asia continued to exhibit significant expansions in output. In Europe the higher levels of economic activity led to an increase of 4.9 per cent, while in North America, steel output grew by 4.6 per cent as the sharp slowdown in economic growth in the US in the latter half of the year conspired against the industry.

On the demand side, global consumption climbed to 752 million tonnes, an increase of 5.7 per cent above 1999, attesting to the turnaround in the industry. Despite these improvements, the global steel industry was still characterized by uncertainty surrounding the steel trade, as US steel makers continued to petition for protection against foreign producers. Moreover this action by US mills served to dampen market expectations for the majority of finished steel products. Therefore, prices of wire rods declined for the third consecutive year, falling to $221 per tonne fob Latin America, from $226 per tonne in 1999. In contrast the price of steel billets increased by $14 to $191 per tonne reflecting the temporary upswing in demand for this intermediate product. This notwithstanding, the outlook for 2001 suggests that the international steel industry will continue to be adversely affected by the conflict between North American producers and the rest of the world unless a viable multilateral steel accord can be found. Moreover the economic slowdown in the US is expected to further threaten the industry.

TABLE 17

PRICES OF SELECTED COMMODITIES, 1995-2000

For the period	Petroleum (US$/bbl)			Iron and Steel (US$/tonne)			Chemicals (US$/tonne)		
	Brent	WTI	OPEC	Billets fob Latin America	Mesh wire Rods fob Latin America	Drawing Wire Rods fob Latin America	Ammonia fob Caribbean	Urea fob Caribbean	Methanol fob Rotterdam
1995	17.10	18.44	16.89	237	296	--	199	207	268
1996	20.68	22.20	20.22	222	276	--	188	195	153
1997	19.16	20.35	18.71	228	295	--	161	136	187
1998	12.69	14.40	12.35	221	264	--	118	105	139
1999	17.88	19.25	17.36	177	226	243	92	82	109
2000	28.66	30.29	27.14	191	221	245	145	130	168
2000									
January	25.51	27.26	24.33	195	218	244	108	92	131
February	27.77	29.51	26.01	195	220	245	116	108	131
March	27.28	29.76	26.34	195	223	249	124	137	121
April	22.85	25.39	23.07	195	228	255	155	136	136
May	27.74	28.79	26.57	195	228	255	161	128	129
June	29.93	32.02	28.58	195	228	255	162	126	136
July	28.52	29.59	27.25	195	228	255	150	145	196
August	30.37	31.74	26.89	195	228	255	140	148	190
September	32.84	32.64	30.56	189	221	246	139	144	179
October	31.15	33.23	30.00	180	212	231	154	138	219
November	32.38	33.76	30.22	180	210	225	169	136	220
December	25.54	28.42	24.09	175	210	225	179	141	227

SOURCES: Platts Oilgram Price Report; Petroleum Intelligence Weekly; Green Markets; Fertilizer Week; European Chemical News; Monthly Methanol Newsletter (TECNON); Metal Bulletin.

All prices are monthly averages of published quotations and not necessarily realized prices.

TABLE 18

SELECTED ECONOMIC INDICATORS 1994-2000[1]

		1994	1995	1996	1997	1998	1999	2000
A	REAL SECTOR FUNDAMENTALS							
1	GDP at current market prices (TT $Mn)	29,312	31,697	34,587	36,442	38,459	42,587	50,231
2	GDP at current market prices (US $Mn)	5,428	5,372	5,765	5,784	6,105	6,760	7,999
3	Real Growth (%)	5.0	3.2	2.9	3.0	4.0	5.1	4.0
4	Inflation (%)	8.8	5.3	3.3	3.7	5.6	3.4	3.6
5	Real Wages (%)[2]	(11.5)	7.7	4.3	3.0	(0.5)	8.2	8.7
6	Unemployment Rate (%)	18.4	17.2	16.3	15.0	14.2	13.1	12.3[3]
7	Unemployment Rate (15 - 19 years), (%)	38.5	37.2	34.1	33.6	35.6	33.4	31.3
8	Job Creation	11,000	16,100	12,600	15,700	19,400	10,100	12,100
9	Contingent Internal Debt (TT$Mn)[4]	3,532.4	2,376.5	3,626.4	3,802.1	4,000.4	5,315.6	7,477.5
10	Contingent Internal Debt/GDP[4] (%)	12.1	7.5	10.5	10.4	-	-	-
11	Internal Debt/GDP (%)	19.3	20.8	20.2	23.8	23.2	22.9	19.2
12	External Debt/GDP (%)	41.3	35.4	32.6	27.1	24.1	23.4	21.1
13	Exports (US $Mn)	1,972	2,477	2,506	2,542	2,265	2,816	4,724
14	Imports (US $Mn)	1,374	1,885	2,159	3,036	3,008	2,752	3,556
15	Private Foreign Direct Investment(FDI) (US $Mn)	521	296	356	1,000	732	379	488
16	FDI/GDP (%)	9.6	5.5	6.2	17.0	12.0	6.0	6.1
17	Overall Balance of Payments/GDP (%)	3.6	0.6	3.7	3.0	1.3	2.4	5.5
18	Current Account Balance/GDP (%)	4.5	5.0	1.2	(9.9)	(10.5)	0.5	12.4
19	Gross Capital Formation/GDP (%)	20.2	15.9	24.3	36.2	27.9	21.2	19.0
20	Savings/GDP (%)	24.7	20.4	25.5	26.3	17.4	21.7	31.4
B	RESERVE ADEQUACY							
1	Gross Official Reserves (GOR), (US $Mn)	354	352	546	706	783	945	1,386
2	Gross International Reserves (GIR), (US $Mn)	679	652	938	1,120	1,185	1,368	1,890
3	GOR in months of Imports of GNFS	2.6	2.0	2.8	2.6	2.9	3.3	3.8
4	External Public Sector Debt Outstanding (US $Mn)	2,064	1,905	1,877	1,565	1,471	1,85	1,680
5	GIR/External Debt (%)	32.9	34.2	50.0	71.6	80.6	86.3	102.2
6	External Public Sector Debt Service/Exports of GNFS (%)	25.2	15.0	13.4	15.4	9.9	8.0	6.9
7	Imports of raw materials, intermediate goods, capital goods/GDP	13.6	24.2	25.8	39.3	37.8	23.6	n.a.[5]
8	of which Capital goods	7.1	12.7	11.4	23.9	19.3	10.0	n.a.[5]
C	INTERNATIONAL RATINGS							
1	Standard and Poor's		BB+	BB+	BB+	BB+	BBB-	BBB-
2	Moody's	Ba2	Ba1	Ba1	Ba1	Ba1	Ba1	Baa3
D	DIVERSIFICATION							
1	Petroleum Sector (% GDP)	29.9	27.5	29.1	25.1	20.2	22.7	26.1
2	Non-Oil Sector (%GDP)	69.0	70.9	69.4	74.4	78.5	77.7	73.7
E	FISCAL							
1	Benchmark Oil Price (WTI) (US$)	17.1	18.4	22.2	20.4	14.4	19.2	30.3
2	Government Revenues (TT$Mn)	7,565	8,512	9,542	9,954	9,658	9,714	13,036
3	Government Expenditures (TT$Mn)	7,571	8,459	9,371	9,912	10,399	11,069	12,218
4	Fiscal Balance (-/+) (TT$Mn)	(6.2)	53.3	171.1	41.3	(741.0)	(1,355.3)	(819.1)
5	Primary Balance (TT$Mn)	1,568.3	1,630.2	1,751.6	1,731.5	1,174.9	988.8	3,248.8
6	Revenue/GDP (%)	25.8	26.9	27.6	27.2	25.1	22.8	26.0
7	Expenditure/GDP (%)	25.8	26.7	27.1	27.2	27.0	26.0	24.3
8	Fiscal Balance (%GDP)	0.0	0.2	0.5	0.1	-1.9	-3.2	1.6
9	Oil Revenue/GDP (%)	6.5	8.0	8.8	5.7	4.4	4.7	8.9
10	Oil Revenue/Exports (%)	16.3	17.3	20.4	12.9	12.0	11.3	15.0
11	Oil Revenue/Total Revenue (%)	25.1	29.8	32.1	20.8	17.4	20.6	34.3
12	Individual Taxes/GDP (%)	4.9	4.8	5.2	4.8	4.9	4.7	4.4
13	VAT/GDP (%)	4.3	4.2	4.1	4.5	5.6	3.8	4.1
F	MONETARY							
1	Private Sector Credit (TT$Mn)	8,957	9,497	10,016	13,456	14,073	16,329	19,267
2	Private Sector Credit/GDP (%)	30.6	30.0	29.0	36.9	36.6	38.3	38.4

TABLE 18 Cont'd.

SELECTED ECONOMIC INDICATORS 1994-2000[1]

	ITEM	1994	1995	1996	1997	1998	1999	2000
3	Economic Data - Banks & Non-Banks							
3.1	Base Money	2,861	2,846	3,032	3,575	3,810	3,850	4,208
	Currency in Active Circulation	745	833	910	1,063	1,020	1,292	1,271
	Reserves of Commercial Banks	2,116	2,013	2,122	2,512	2,790	2,558	2,937
3.2	Reserve Requirement Ratio (%)							
	Banks*	16.0/ 18.0/ 20.0	20.0	20.0/ 23.0	23.0/ 22.0/ 24.0	24.0/ 21.0	21.0	21.0
	Non-Banks*	8.0	8.0	8.0	8.0/ 7.0/ 9.0	9.0	9.0	9.0
	Central Bank Re-discount Rate (%)	13.0	13.0	13.0	13.0	13.0	13.0	13.0
4	Weighted Average Rates: (%)							
4.1	Loan Rate	13.1	13.4	14.2	11.9	15.2	15.9	15.9
4.2	Deposit rate	6.3	5.8	6.4	5.3	5.8	6.9	6.9
4.3	Spread	7.7	7.5	7.9	6.6	6.7	9.0	9.0
5	Exchange Rates:(TT$/US$)							
5.1	End of Period	5.9	6.0	6.2	6.3	6.3	6.3	6.3
5.2	Period Average	5.9	5.9	6.0	6.3	6.3	6.3	6.3
G	BANKING SOUNDNESS							
1	Number of Banks	6	6	6	6	6	6	6
2	Number of Branches	118	117	121	123	119	123	123
3	Number of non-banks	16	16	16	16	15	15	14
4	Number of non-bank branches	27	26	27	28	28	30	45
5	Capital to risk adjusted assets (%)	n.a.	14.4	16.6	17.3	18.2	17.5	20.0
6	Non-performing loans/loans (%)	10.0	9.7	9.5	7.5	6.2	5.0	4.7
7	Loan loss provision/loans (%)	5.2	5.4	4.8	3.9	3.4	3.1	3.0
8	After tax profits/Average assets (%)	1.0	1.1	1.3	1.7	1.4	1.7	1.9
9	After tax profits/Capital (%)	13.4	15.3	17.1	20.5	14.9	17.6	17.9
H	CAPITAL MARKETS							
1	Listed Companies	27	27	27	25	26	28	28
2	Issues	31	31	30	28	29	31	31
3	Market Capitalisation (TT$ Billions)	3.87	6.75	8.85	19.647	24.98	27.51	29.33
4	Market Capitalisation/GDP (%)	13.0	21.0	26.0	54.0	65.0	67.0	58.0
5	Composite Index	88.6	150.2	167.1	352.3	436.3	417.5	441.5
6	Government Bonds Issues	444.1	903.3	309.0	871.2	1,395.0	904.4	897.1

Key
n.a = Not Available
* Multiple rates indicate changed rates during the year

SOURCES: Central Bank of Trinidad and Tobago; Central Statistical Office.

[1] Figures in parenthesis indicate a decline.

[2] Represents the Manufacturing Sector. Data for 2000 represent January-September 2000. The Index was rebased w.e.f. 1995.

[3] Represents the average for the first and third quarters of 2000.

[4] Represents data for the period January-September 1998 as the government changed its financial year which previously coincided with the calendar year to the twelve-month period between October 1 - September 30. The data for 1999 and 2000 represent fiscal years.

[5] Data on these imports are available for January-June 2000.

LIST OF TABLES

TABLE NO. | TITLE

APPENDIX - ECONOMIC STATISTICS

A.1 Annual Changes in G.D.P. at Factor Cost (1985 Prices) by Sector of Origin
A.2 Gross Domestic Product at Market Prices (Current Prices) by Sector of Origin
A.3 Annual Changes in G.D.P. at Market Prices (Current Prices) by Sector of Orgin
A.5 Major Argricultural Commodities
A.6 Production of Selected Food Crops
A.7 Local Production and Imports of Selected Argricultural Products
A.8 Production and Utilization of Crude Oil and Related Products
A.9 Production of Selected Industries
A.9 (Con't) Production of Selected Industries
A.10 Index of Domestic Production (1977 = 100)
A.11 Annual Changes in the Indices of Production and Hours Worked
A.12 Annual Changes in the Indices of Average Weekly Earnings and Employment (All Workers)
A.13 Annual Changes in the Indices of Real Earnings and Output per Man Hour
A.14(a) Retail Price Index: Inflation Rates
A.14(b) Retail Prices Index for Major Expenditure Categories
A.17 Central Government Revenue
A.18 Central Government Expenditure
A.19(a) Public Sector External Debt - Selected Data
A.19(b) Non-Government Public Sector External Debt - Selected Data
A.19(c) Public Sector: Variable Rate External Debt Outstanding
A.19(d) Public Sector External Debt Outstanding: Maturity Structure
A.19(e) Public Sector External Debt Outstanding: Currency Composition
A.20 Commercial Banks: Selected Data
A.21 Liquidity Position of Commercial Banks
A.22 Commercial Banks: Distribution of Loans and Advances by Sector
A.23 Commercial Banks: Percentage Distribution of Loans & Advances by Sector
A.24 Commercial Banks - Interest Rates
A.25 Money Supply
A.26 Changes in Money Supply
A.27 Finance Companies and Merchant Banks: Summary of Assets and Liabilities
A.28 Finance Companies and Merchant Banks: Distribution of Loans and Advances by Sector
A.29 Finance Companies and Merchant Banks: Percentage Distribution of Loans and Advances by Sector
A.30 Trust and Mortgage Finance Companies: Summary of Assets and Liabilities
A.31 Development Banks: Summary of Assets and Liabilities
A.32 Thrift Institutions: Summary of Assets and Liabilities
A.33 Non-Bank Financial Institutions Interest Rates
A.34 Money and Capital Market Activity
A.35 Selected Interest Rates
A.36 Balance of Payments
A.37 Value of Exports and Imports by Sections of the S.I.T.C. (R2)
A.38 Exports by Economic Function
A.39 Imports by Economic Function
A.40 Direction of Trade - Exports
A.41 Direction of Trade - Imports
A.42 Weighted Average TT Dollar Exchange Rates for Selected Currencies
A.43 Trinidad and Tobago - International Reserves

e	-	estimated	r	-	revised
p	-	provisional	..	-	negligible
n.a.	-	not available	--	-	nil

TABLE A.1

ANNUAL CHANGES IN G.D.P. AT FACTOR COST (1985 PRICES)
BY SECTOR OF ORIGIN 1996-2000[1]
/Per Cent/

SECTORS	WEIGHTS	1996	1997	1998	1999[r]	2000[p]
Agriculture	47.8	2.9	2.7	-15.2	-2.0	2.4
Petroleum	267.8	1.8	-2.0	5.4	8.1	0.8
Manufacturing	66.5	-0.4	3.5	4.1	3.3	3.5
Electricity and Water	25.4	3.9	5.1	5.3	-0.6	0.4
Construction	110.9	7.6	15.0	13.9	7.9	8.0
Transport, Storage and Communication	115.3	6.5	4.7	4.3	10.5	7.3
Distribution	59.2	9.8	17.7	13.6	12.2	9.2
Finance, Insurance and Real Estate[2]	74.7	1.2	0.8	2.5	2.2	2.5
Government	152.3	0.5	-0.3	3.2	-0.7	4.0
Other Services[3]	80.1	1.1	2.0	3.3	1.8	3.4
TOTAL	1000.0	2.9	3.0	4.0	5.1	4.0

SOURCE: Central Bank of Trinidad and Tobago

[1] Annual changes are based on averages of the four quarters of the Index of Quarterly Real G.D.P.
[2] Includes the Correction for Imputed Service Charge.
[3] Includes Hotels and Guest Houses, Education and Community Services and Personnel Services.
r-revised; p-provisional

TABLE A.2

GROSS DOMESTIC PRODUCT AT MARKET PRICES (CURRENT PRICES)
BY SECTOR OF ORIGIN, 1996 - 2000
/TT$Mn/

SECTOR	1996[r]	1997[r]	1998[r]	1999[r]	2000[p]
Agriculture	721.1	777.7	783.4	830.3	838.2
Petroleum	10,060.4	9,130.9	7,756.5	9,656.4	13,100.8
Manufacturing	2,412.5	2,792.4	3,270.2	3,509.4	3,887.9
Electricity and Water	455.7	579.1	849.2	910.4	865.6
Construction	2,685.0	3,228.6	3,748.7	4,479.6	4,672.4
Transport, Storage and Communication	3,206.5	3,354.4	3,608.9	4,002.3	4,438.5
Distribution	5,030.3	5,653.0	6,377.1	7,152.0	8,260.3
Finance, Insurance and Real Estate	4,148.1	5,193.9	5,622.2	5,695.2	7,449.3
Government	3,398.4	3,314.6	3,489.1	3,917.8	3,738.1
Other Services[1]	1,946.2	2,167.4	2,445.5	2,610.8	2,884.7
Correction for Imputed Service Charge	-891.5	-1,373.7	-1,645.5	-1,844.4	-1,922.3
PLUS: Value Added Tax	1,413.9	1,624.0	2,153.9	1,667.1	2,018.0
GROSS DOMESTIC PRODUCT AT MARKET PRICES	34,586.6	36,442.0	38,459.2	42,586.9	50,231.5

SOURCE: Central Statistical Office.

[1] Includes Hotels and Guest Houses, Education and Community Services and Personal Services.

TABLE A.3

ANNUAL CHANGES IN G.D.P. AT MARKET PRICES (CURRENT PRICES)
BY SECTOR OF ORIGIN, 1996 -2000
/Per Cent/

SECTORS	1996[r]	1997[r]	1998[r]	1999[r]	2000[p]
Agriculture	-1.6	7.8	0.8	6.0	1.0
Petroleum	15.5	-9.2	-15.1	24.5	35.7
Manufacturing	-7.5	15.7	17.1	7.3	10.8
Electricity and Water	-1.8	27.1	46.6	7.2	-4.9
Construction	8.9	20.2	16.1	19.5	4.3
Transport, Storage and Communication	8.2	4.6	7.6	10.9	10.9
Distribution	13.0	12.4	12.8	12.2	15.5
Finance, Insurance and Real Estate	6.4	25.2	8.2	1.3	30.8
Government	10.0	-2.5	5.3	12.3	-4.6
Other Services[1]	8.9	11.4	12.8	6.8	10.5
Correction For Imputed Service Charge	8.6	54.1	19.8	12.1	4.2
PLUS: Value Added Tax	5.1	14.9	32.6	-22.6	21.0
TOTAL	9.1	5.4	5.5	10.7	18.0

SOURCE: Table A.2

1 Includes Hotels and Guest Houses, Education and Community Services and Personal Services.

TABLE A.4
SECTORAL COMPOSITION OF G.D.P
AT MARKET PRICES (CURRENT PRICES), 1996- 2000
/Per Cent/

SECTORS	1996[r]	1997[r]	1998[r]	1999[r]	2000[p]
Agriculture	2.1	2.1	2.0	1.9	1.7
Petroleum	29.1	25.1	20.2	22.7	26.1
Manufacturing	7.0	7.7	8.5	8.2	7.7
Electricity and Water	1.3	1.6	2.2	2.1	1.7
Construction	7.8	8.9	9.7	10.5	9.3
Transport, Storage and Communication	9.3	9.2	9.4	9.4	8.8
Distribution	14.5	15.5	16.6	16.8	16.4
Finance, Insurance and Real Estate	12.0	14.3	14.6	13.4	14.8
Government	9.8	9.1	9.1	9.2	7.4
Other Services[/1]	5.6	5.9	6.4	6.1	5.7
Correction for Imputed Service Charge	-2.6	-3.8	-4.3	-4.3	-3.8
PLUS: Value Added Tax	4.1	4.5	5.6	3.9	4.0
TOTAL	100.0	100.0	100.0	100.0	100.0

SOURCE: Table A.2

1 Includes Hotels and Guest Houses, Education and Community Services and Personal Services

TABLE A.5

MAJOR AGRICULTURAL COMMODITIES 1996-2000

PRODUCTS	1996	1997	1998	1999	2000 p
SUGAR					
Cane Production (000 tonnes)					
Estates	657	657	442	549	599
Farmers	747	762	615	707	774
Production of raw sugar (000 tonnes)*	92.0	90.8	64.7	68.5	111.0
Production of refined sugar (000 tonnes)	42.0	45.9	36.5	43.6	51.5
Sales (000 tonnes)					
Exports	71.5	109.3	58.0	64.3	83.4
Local **	66.0	71.9	42.3	51.6	186.2
Estate Canes Reaped (hectare/acre)	11,257	11,250	10,727	10,993	10,060
Estate Canes Yield (tonnes/acre)	59.9	58.3	40.7	49.8	59.4
Conversion Factor (tonnes cane/ tonnes sugar)	12.0	11.8	13.2	13.7	12.0
COCOA (000 kgs)					
Production	2,292	1,740	1,270	1,160	1,536
Exports	1,741	1,454	1,319	1,155	349
Local Sales	239	326	372	72	19
COFFEE (000 kgs)					
Production	353	1,102	367	343	553
Exports	0	0	0	0	0
Local Sales	382	746	710	378	508
CITRUS (000 kgs)					
Production	11,798	10,443	7,725	10,677	7,421
Exports	-	-	-	-	-

SOURCE: Central Statistical Office.

* Includes production of wash grey sugar.
** Data for 1995 to 2000 include the sale of imported sugar.

TABLE A.6

PRODUCTION OF SELECTED FOOD CROPS, 1995-1999
/000 Kgs/

CROP	1995	1996	1997	1998	1999
Tomato	2,000	2,837	1,832	1,548	2,728
Cabbage	1,864	1,450	1,471	2,660	1,533
Cucumber	3,697	3,452	2,684	3,861	2,494
Dasheen	894	1,478	2,405	1,929	3,458
Rice	10,193	17,858	6,796	7,037	3,110
Pigeon Peas	3,307	3,183	2,724	915	2,613
Pumpkin	7,548	6,653	7,550	7,657	2,064
Melongene	1,721	1,324	2,182	1,795	1,320

SOURCE: Central Statistical Office.

TABLE A.7

LOCAL PRODUCTION AND IMPORTS OF SELECTED AGRICULTURAL PRODUCTS, 1996-2000

PRODUCTS	1996	1997	1998	1999	Jan-Mar 1999	Jan-Mar 2000p
Total Meat Supply (000 kgs) (excluding poultry)	**7,802**	**9,278**	**8,179**	**8,115**	**1,886**	**1,643**
Production	3,950	3,570	2,829	2,926	605	603
Imports	3,852	5,708	5,350	5,189	1,281	1,040
Beef and Veal (000 kgs)	**3,712**	**4,269**	**4,394**	**4,576**	**1,053**	**973**
Production	1,210	1,069	914	982	194	225
Imports	2,502	3,200	3,480	3,594	859	748
Pork (000 kgs)	**3,297**	**2,910**	**2,331**	**2,344**	**638**	**473**
Production	2,678	2,439	1,878	1,924	408	375
Imports	619	471	453	420	230	98
Mutton (000 kgs)	**793**	**2,099**	**1,454**	**1,195**	**195**	**197**
Production	62	62	37	20	3	3
Imports	731	2,037	1,417	1,175	192	194
Broilers (000 birds)[1] Production	**15,333**	**13,986**	**14,543**	**15,319**	**na**	**na**
Table Eggs (000 doz)[1] Production	**4,328**	**4,768**	**4,587**	**4,757**	**na**	**na**
Milk (000 litres)	**21,019**	**20,595**	**21,696**	**10,241**	**2,646**	**2,684**
Production	9,623	9,838	9,976	10,241	2,646	2,684
Imports	11,396	10,757	11,720	na	na	na

SOURCE: Central Statistical Office.

1 Imports of broilers and table eggs are negligible.

TABLE A.8

PRODUCTION AND UTILIZATION OF CRUDE OIL AND
RELATED PRODUCTS AND PETROCHEMICALS: 1996-2000

COMMODITY GROUP	1996	1997	1998	1999[r]	2000
Crude Oil					
Exploration (metres)					
Depth Drilled	121,765	157,485	156,688	132,083	138,846
of which: Exploration	21,580	37,881	40,751	41,995	33,139
Production (000 barrels)					
Crude Oil and Condensates	47,171	45,174	44,895	45,685	43,691
of which: Condensates	6,018[r]	3,420[r]	3,400[r]	4,497	4,314
Daily Average (b/d)	128,879	123,762	122,915	125,164	119,373
Imports (000 barrels)					
Crude Oil Imports	14,634	8,824	26,348	28,607	35,195
of which: u.p.a.	8,500	5,454	12,770	12,639	na
Refining (000 barrels)					
Refinery Throughput	40,249	34,264	50,338	54,597	58,958
Refinery Output	41,067	33,539	49,022	53,320	57,543
Capacity Utilization (%)[1]	42.4	53.6	79.6	85.7	92.1
Exports (000 barrels)					
Crude Oil Exports	20,886	20,322	18,804	20,357	19,188
Petroleum Products	40,896	35,194	45,823	49,249	52,198
Natural Gas (Mn cubic feet/day)					
Production	689.6	884.0	996.0	1,281.0	1,498.0
of which: used by LNG			-	250.0	450.0
Utilization[2]	682.0	714.0	837.0	904.4	936.0
of which: Petrochemicals	417.0	427.0	538.0	596.3	618.5
Electricity Generation	154.8	167.0	181.0	183.3	186.5
Natural Gas Liquids (000 barrels)					
Production	4,459.7	4,111.2	4,150.3	5,752.7	6,992.8
Exports	4,309.9	4,144.6	4,127.9	5,593.0	6,800.0
Local Sales	241.4	0.0	0.9	0.0	0.0
Closing Stock	(91.6)	(33.4)	21.5	159.7	192.8
Asphalt (000 tonnes)					
Production	18.1	15.4	18.7	12.6	9.9
Exports	14.9	12.3	13.9	14.0	7.6
Local Sales	0.5	0.4	1.7	1.6	2.9
Stock Change	2.7	2.7	3.1	(3.0)	(0.6)
Fertilizers (000 tonnes)					
Production	2,674.2	2,690.7	3,246.7	3,946.8	3,718.7
Exports	2,336.3	2,291.7	2,924.1	3,601.4	3,340.5
Local Sales	16.8	12.2	13.6	12.1	126.5
Stock Change	321.1	386.8	309.0	333.3	251.7
Methanol (000 tonnes)					
Production	1,358.0	1,520.3	1,948.0	2,136.1	2,480.2
Exports	1,317.4	1,545.7	1,902.3	2,190.7	2,438.6
Local Sales	6.8	10.4	14.1	16.9	18.0
Stock Change	33.8	(35.8)	31.6	(71.6)	23.6

SOURCE: Ministry of Energy; Central Bank of Trinidad and Tobago
1 Refinery capacity is estimated at 175,000 barrels per day from 1995.
2 Utilization refers to gas sales, and does not include natural gas used in own consumption
p Provisional data
r Revised
na Not available

TABLE A.9

PRODUCTION OF IRON AND STEEL PRODUCTS AND CEMENT, 1996-2000

COMMODITY	1996	1997	1998	1999	2000
Steel Products (000 tonnes)					
(i) Direct Reduced Iron					
Production	**954.5**	**1,133.8**	**1,023.1**	**1,293.0**	**1,524.8**
Exports	272.9	344.9	209.1	521.7	677.2
Local Sales	-	-	-	-	-
Own Consumption	679.0	780.5	798.3	738.2	777.9
Closing Stock	2.6	8.4	15.7	33.1	69.7
(ii) Billets					
Production	**643.6**	**747.0**	**776.9**	**723.9**	**743.8**
Exports	8.2	12.7	3.8	0.0	0.0
Local Sales	54.4	64.3	63.9	87.2	57.3
Own Consumption	595.5	659.8	675.0	664.9	656.3
Closing Stock	-14.9	10.2	34.2	-28.2	30.2
(iii) Wire Rods					
Production	**575.4**	**668.0**	**649.9**	**638.2**	**630.8**
Exports	551.9	603.7	626.8	588.8	590.4
Local Sales	27.0	30.5	35.2	29.2	27.5
Own Consumption	1.2	1.3	1.2	1.5	1.4
Closing Stock	-4.7	32.5	-13.4	18.7	11.5
Cement (000 tonnes)					
Production	**617.1**	**652.5**	**690.4**	**688.4**	**742.7**
Imports	-	-	-	-	-
Local Sales	292.3	338.9	366.2	348.8	453.0
Exports	323.2	282.2	320.3	341.6	288.0
Change in Stock	1.6	31.4	3.9	-2.0	1.7

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.9 (continued)

PRODUCTION OF SELECTED INDUSTRIES, 1995 - 1999

COMMODITY	1995	1996r	1997	1998	1999
Assembly Products (units)					
(iii) Gas Cookers*					
Production	12,392	10,211	11,658	397	n.a
Exports	2,802	2,214	2,196	108	n.a
Local Sales	9,833	7,512	9,890	437	n.a
Change in Stock	-243	485	-428	-148	n.a
(iv) Radios					
Production	-	-	-	-	-
Exports	-	-	-	-	-
Local Sales	3	-	-	-	-
Change in Stock	-3	-	-	-	-
(v) Television Sets**					
Production	3,071	2,877	1,012	0	n.a
Exports	3,326	2,498	893	25	n.a
Local Sales	1,353	475	17	5	n.a
Change in Stock	-608	-96	102	-30	n.a
Alcholic Beverages					
(i) Spirits (000) proof gallons)	2,281.2	2,058.2	2,296.4	2,136.9	14,604.2
(ii) Stout and beer (000 litres)	42,799.9	41,884.6	43,148.8	45,239.0	46,980.5
(iii) Malta (000 litres)	4,514.4	4,257.6	4,740.4	5,101.2	5,402.2
Edible Oil and Related Products					
(i) Edible Oil (000 litres)	4,044.4	n.a	n.a	n.a	n.a
(ii) Margarine (000 kgs)	5,866.6	n.a	n.a	n.a	n.a
(iii) Lard Substitute (000 kgs)s	1,342.8	n.a	n.a	n.a	n.a
(iv) Soap (000 Kgs)	1,579.4	n.a	n.a	n.a	n.a
Electricity Generation by Public Utilities (Thous. kwt. hrs.)	4,228.6	4,486.1	4,709.7	5,123.8	5,184.4

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

* Represents data for Qtr. I 1998 only.
** Represents data for Qtrs. I and II of 1998 only.

TABLE A.10

INDEX OF DOMESTIC PRODUCTION (1995=100), 1997-2000[1]

INDUSTRY	Weight	1997	1998	1999	Jan-Sept 1999	Jan-Sept 2000
Food Processing	58	124.4	167.5	198.0	196.0	213.1
Drink and Tobacco	63	157.2	210.5	230.5	222.1	247.7
Textiles, Garments and Footwear	6	158.1	241.2	557.3	541.1	717.4
Printing, Publishing and Paper Converters	27	93.4	115.2	118.0	113.1	125.2
Wood and Related Products	7	174.0	212.1	252.3	214.3	305.3
Chemicals and Non-Metallic Minerals	43	128.1	157.4	169.3	168.8	184.0
Assembly-Type and Related Industries	61	112.5	129.7	146.9	145.3	176.8
Miscellaneous Manufacturing Industries	10	110.2	124.7	130.1	132.6	149.9
Electricity	40	106.3	120.2	127.1	126.7	122.3
Water	6	102.4	108.8	114.3	113.6	125.4
Sugar	-1	44.4	101.7	64.8	66.8	226.3
All Industry Index (excluding petrochem, oil & natural gas, explor. product & refining)	320	125.2	156.8	13.8	174.6	196.2
Explor. & product of Oil, natural gas, etc.	445	99.9	100.5	101.5	100.1	99.3
Petrochemicals	182	115.9	116.4	138.6	138.9	122.2
Oil & natural gas refining	53	130.5	174.4	101.5	100.1	99.3
All Industry Index (including petrochem, oil & natural gas, explor. product & refining)	1,000	112.5	125.3	139.0	136.7	142.3

SOURCE: Central Statistical Office.

1 Indices are computed as quarterly averages for the relevant period.

TABLE A.11

ANNUAL CHANGES IN THE INDICES OF PRODUCTION AND HOURS WORKED (ALL EMPLOYEES), 1998-Sept. 2000[1]

/Per Cent/

INDUSTRY	Index of Domestic Production[2]				Index of Hours Worked[2]			
			Jan-Sept				Jan-Sept	
	1998	1999	1999	2000	1998	1999	1999	2000
Food Processing	34.6	18.3	20.0	8.8	0.9	27.5	24.8	-1.0
Drink and Tobacco	33.9	9.5	5.9	11.9	5.2	-5.6	-9.7	-0.1
Textiles, Garments and Footwear	52.5	131.1	111.4	73.3	4.8	43.8	44.7	3.0
Printing, Publishing and Paper Converters	23.3	2.4	2.5	10.8	-12.0	26.5	21.1	-0.3
Wood and Related Products	21.9	19.0	4.8	42.9	2.4	-5.9	-9.8	9.7
Chemical and Non-Metallic Minerals	22.9	7.6	7.3	9.0	0.9	7.6	7.0	14.3
Assembly-Type and Related Industries	15.3	13.2	15.0	21.4	0.5	4.3	2.8	4.7
Miscellaneous Manufacturing Industries	13.2	4.3	8.3	12.8	-5.9	28.8	26.5	5.4
Electricity	13.1	5.7	5.7	-1.5	-5.7	5.2	6.6	7.2
Water	6.2	5.1	4.8	10.5	-23.4	-1.2	-1.2	0.1
Sugar	129.1	-36.4	-37.3	242.9	-5.3	2.9	3.3	2.4
All Industry Index (excluding petrochem, oil, natural gas, explor. product & refining etc.)	**25.2**	**13.8**	**12.8**	**12.6**	**-4.4**	**9.1**	**7.6**	**1.5**
Explor. & product of oil, natural gas, etc	0.6	0.9	1.2	-0.8	12.5	-6.8	-9.1	9.3
Petrochemicals	0.4	19.0	18.1	-12.0	7.9	-6.6	-4.8	-17.3
Oil & natural gas refining	33.7	-41.8	-42.0	-0.8	-5.3	-9.3	-10.3	1.1
All Industry Index (including petrochem, oil & natural gas, explor. product & refining etc)	**11.4**	**10.9**	**10.0**	**4.1**	**-3.9**	**4.2**	**2.8**	**0.8**

SOURCE: Central Statistical Office.

1 Indices are computed as quarterly averages for the relevant period.
2 Percentage change over the corresponding period.

TABLE A.12

ANNUAL CHANGES IN THE INDICES OF AVERAGE WEEKLY EARNINGS AND EMPLOYMENT (ALL EMPLOYEES), 1998-Sept. 2000[1]

/Per Cent/

INDUSTRY	Average Weekly Earnings[2]				Employment[2]			
			Jan-Sept				Jan-Sept	
	1998	**1999**	**1999**	**2000**	**1998**	**1999**	**1999**	**2000**
Food Processing	0.2	10.4	10.1	3.0	9.6	0.0	1.0	3.4
Drink and Tobacco	6.2	-11.3	-11.6	3.1	5.5	6.5	11.0	1.5
Textiles, Garments and Footwear	45.3	-3.0	3.1	-4.9	-2.7	-11.7	-8.6	0.3
Printing, Publishing and Paper Converters	18.7	-6.8	-10.5	5.3	-0.2	12.3	12.9	18.0
Wood and Related Products	61.5	1.1	1.3	14.9	0.5	2.7	1.6	-10.6
Chemical and Non-Metallic Minerals	7.0	13.1	9.3	11.2	0.4	-8.2	-7.0	6.5
Assembly-Type and Related Industries	19.9	-11.2	-10.8	11.9	2.6	2.3	1.2	-5.2
Miscellaneous Manufacturing Industries	22.4	-4.3	-2.4	7.5	-12.0	0.8	-1.1	-1.8
Electricity	0.1	7.4	8.1	4.2	-2.1	-0.5	-0.5	-3.5
Water	9.8	-7.9	-7.2	22.4	-22.9	-8.6	-10.3	0.9
Sugar	-8.5	16.7	22.1	13.1	12.8	-14.4	-16.2	-2.1
All Industry Index (excluding petrochem, oil, natural gas, explor. product & refining etc.)	**7.5**	0.7	-0.7	9.2	**-1.4**	-1.2	-1.2	1.3
Explor. & product of oil, natural gas, etc	14.4	25.2	25.0	-6.6	-0.2	1.5	2.4	8.2
Petrochemicals	0.4	-7.0	27.9	-2.8	-19.1	-0.5	0.0	-6.7
Oil & natural gas refining	-0.2	-20.9	-29.5	28.8	5.8	14.6	23.4	-4.1
All Industry Index (including petrochem, oil & natural gas, explor. product & refining etc)	**5.0**	-5.0	2.5	12.2	**-0.2**	3.9	6.3	-0.3

SOURCE: Central Statistical Office.

1 Indices are computed as quarterly averages for the relevant period.

2 See footnote 2 of Table A.11

TABLE A.13

ANNUAL CHANGES IN REAL EARNINGS AND OUTPUT PER MAN HOUR WORKED (ALL EMPLOYEES), 1998-Sept. 2000[1]

/Per Cent/

INDUSTRY	Real Earnings[2]				Index of Output[2] Per Man Hour Worked			
			Jan-Sept				Jan-Sept	
	1998	1999	1999	2000	1998	1999	1999	2000
Food Processing	-5.1	6.7	6.1	-0.2	33.4	-7.3	-3.3	10.2
Drink and Tobacco	0.3	-14.1	-15.1	-0.1	27.2	16.0	17.2	12.2
Textiles, Garments and Footwear	27.7	-0.8	-0.3	-18.1	38.6	83.6	70.0	74.2
Printing, Publishing and Paper Converters	12.4	-10.0	-13.8	2.0	40.2	-19.0	-15.3	11.4
Wood and Related Products	53.0	-2.2	-2.5	11.3	19.1	26.4	17.7	30.0
Chemical and Non-Metallic Minerals	1.4	9.3	5.3	7.7	21.7	0.0	0.6	-4.5
Assembly-Type and Related Industries	13.8	-14.1	-14.1	8.4	14.7	8.5	13.3	17.4
Miscellaneous Manufacturing Industries	16.0	-7.5	-6.0	4.1	20.2	-19.0	-14.3	8.0
Electricity	-5.3	3.9	4.0	0.9	19.9	0.5	-1.0	5.8
Water	4.0	-10.9	-10.7	18.6	38.7	6.4	6.5	10.3
Sugar	-13.4	12.8	17.4	9.5	141.8	-38.1	-37.9	242.9
All Industry Index (excluding petrochem, oil & natural gas explor. product & refining)	**1.8**	**-2.7**	**-4.4**	**5.7**	**31.0**	**4.4**	**4.9**	**10.9**
Explor. and prod. of oil, natural gas etc.	8.4	21.1	20.5	-9.5	-10.5	8.3	11.3	-9.3
Petrochemicals	-4.8	-10.0	23.8	-5.9	-6.9	27.4	24.3	6.2
Oil & natural gas refining	-5.3	-23.7	-32.1	24.7	41.1	-35.9	-34.9	-1.8
All Industry Index (including petrochem, oil & natural gas explor. product & refining)	**-0.5**	**-8.2**	**-11.7**	**8.7**	**15.9**	**6.5**	**7.1**	**3.3**

SOURCE: Central Statistical Office.

1 Indices are computed as quarterly averages for the relevant period.
2 See footnote 2 of Table A.11.

TABLE A.14(a)

RETAIL PRICES INDEX: INFLATION RATES, 1996-2000[1]
/September 1993=100/

ITEM	Weight	1996	1997	1998	1999	2000
All Items	1000	114.9	119.1	125.8	130.1	134.7
Inflation Rate (%)		3.3	3.7	5.6	3.4	3.6

SOURCE: Tables A.14(b).

1 The Retail Prices Index was revised and rebased to September 1993 = 100. The above All Items Index series was obtained by splicing the new index (shown in table A.14(b)) with the old series at September 1993

TABLE A.14(b)

RETAIL PRICES INDEX FOR MAJOR EXPENDITURE CATEGORIES, 1997-2000
/September 1993 = 100/

SECTIONS	Weights	1997	1998	1999	2000	2000 I	2000 II	2000 III	2000 IV
All Items[1]	**1000**	**119.1**	**125.8**	**130.1**	**134.7**	**132.7**	**133.8**	**134.4**	**138.0**
		3.7	***5.6***	***3.4***	***3.6***	***0.4***	***0.8***	***0.5***	***2.7***
(i) Food	217	158.3	182.2	197.9	214.4	207.1	211.6	211.9	226.7
		10.0	***15.1***	***8.6***	***8.3***	***0.6***	***2.2***	***0.1***	***7.0***
(ii) Clothing	104	96.4	95.8	93.3	91.7	92.0	92.0	91.5	91.4
		-1.3	***-0.6***	***-2.5***	***-1.7***	***-0.1***	***0.0***	***-0.5***	***-0.1***
(iii) Transportation	152	111.8	113.7	114.8	116.6	114.9	115.1	118.0	118.3
		1.9	***1.7***	***0.9***	***1.6***	***0.2***	***0.2***	***2.5***	***0.3***
(iv) Housing	216	109.3	111.8	113.6	114.4	114.2	114.3	114.5	114.5
		0.4	***2.3***	***1.6***	***0.7***	***0.4***	***0.1***	***0.2***	***0.0***
(v) Others[2]	311	109.7	112.2	114.0	116.5	115.8	116.1	116.5	117.7
		2.5	***2.5***	***1.8***	***2.2***	***0.3***	***0.3***	***0.3***	***1.0***
Per Cent Contribution To Change In Index									
(i) Food	217	73.2	78.6	88.5	59.3	53.3	86.1	9.4	88.7
(ii) Clothing	104	-9.5	-1.6	-99.9	-2.7	-2.7	-0.3	-7.4	-0.4
(iii) Transportation	152	15.5	4.5	7.5	20.7	5.9	2.7	72.6	1.3
(iv) Housing	216	3.9	8.2	0.3	7.5	21.0	1.9	7.1	0.0
(v) Others[2]	311	16.9	10.3	103.7	15.2	22.4	9.7	18.4	10.5
Memorandum:									
All Items (Sept. 1982=100)[r]		**335.6**	**354.5**	**366.6**	**379.6**	**373.9**	**377.0**	**378.7**	**388.9**

SOURCE: Central Statistical Office.

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

TABLE A.15

INDEX OF PRODUCERS' PRICES, 1997-2000
/Oct. 1978=100/

INDUSTRY	*Weights*	1997	1998	1999	2000	2000 I	2000 II	2000 III	2000 IV
Food Processing	*191*	420.0	423.8	424.0	419.3	423.0	419.1	417.4	417.7
		1.5	***0.9***	***0.0***	***-1.1***	***0.4***	***-0.9***	***-0.4***	***0.1***
Drink and Tobacco	*121*	416.8	436.2	470.8	479.8	477.5	477.6	481.0	483.0
		4.8	***4.7***	***7.9***	***1.9***	***0.0***	***0.0***	***0.7***	***0.4***
Textiles, Garments and Footwear	*101*	297.3	297.7	298.7	299.2	298.9	299.3	299.3	299.3
		0.0	***0.1***	***0.4***	***0.1***	***0.0***	***0.1***	***0.0***	***0.0***
Printing, Publishing & Paper Converters	*93*	324.4	322.6	327.1	339.3	338.8	338.8	339.8	339.8
		-2.1	***-0.5***	***1.4***	***3.7***	***-0.4***	***0.0***	***0.3***	***0.0***
Wood & Related Products	*89*	247.1	257.6	260.6	267.3	264.2	266.8	266.8	271.2
		6.3	***4.3***	***1.2***	***2.5***	***0.0***	***1.0***	***0.0***	***1.7***
Chemicals and Non-Metallic Minerals	*148*	378.0	386.2	398.4	415.5	414.7	415.4	416.0	416.0
		4.0	***2.2***	***3.1***	***4.3***	***0.8***	***0.2***	***0.1***	***0.0***
Assembly-Type and Related Industries	*257*	297.0	296.5	293.3	294.0	293.6	293.5	292.9	295.9
		0.4	***-0.2***	***-1.1***	***0.2***	***0.0***	***0.0***	***-0.2***	***1.0***
All Industry	*1000*	345.1	350.1	356.1	360.4	360.6	360.3	360.3	360.3
		1.9	***1.4***	***1.7***	***1.2***	***0.2***	***-0.1***	***0.0***	***0.0***

SOURCE: Central Statistical Office.

The figures in bold represent the percentage change over the average for the previous year/quarter.

TABLE A.16

CENTRAL GOVERNMENT FISCAL OPERATIONS, 1998-2000[1]

/Dollars Million/

	1998[r]	1999[r]	2000	Oct98-Sep99[r]	Oct99-Sep00
Current Revenue	9,629.4	9,613.2	13,006.7	9,476.1	11,954.1
Current Expenditure[2]	9,539.7	10,541.9	10,993.5	10,008.3	10,879.0
Current Account Surplus(+)/Deficit(-)	**89.7**	**-928.7**	**2,013.2**	**-532.2**	**1,075.1**
Capital Revenue	29.0	100.8	29.9	101.2	18.7
Capital Expenditure and Net Lending[3]	859.8	527.4	1,224.0	518.0	1,190.6
Overall Surplus(+)/Deficit(-)[4]	**-741.0**	**-1,355.3**	**819.1**	**-949.0**	**-96.8**
Total Financing (net)	**741.0**	**1,355.3**	**-819.1**	**949.0**	**96.8**
EXTERNAL FINANCING (Net)	**-435.8**	**896.7**	**878.4**	**953.9**	**1,660.4**
Net External Borrowing	**-473.4**	**842.8**	**846.9**	**900.0**	**1,628.9**
Disbursements[5]	359.9	1,802.3	2,344.3	1,868.6	2,360.6
Repayments	833.3	959.5	1,497.4	968.6	731.8
Divestment Proceeds	37.6	53.9	31.5	53.9	31.5
DOMESTIC FINANCING (Net)	**1,176.9**	**458.6**	**-1,697.5**	**-4.9**	**-1,563.6**
Treasury Bills (Net)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Bonds (net)	-370.0	347.0	56.8	160.1	246.0
Disbursements	941.8	904.7	895.4	1,486.5	1,251.3
Repayments	1,311.8	557.7	838.6	1,326.4	1,005.3
Divestment Proceeds	78.4	0.0	0.0	78.4	0.0
Uncashed Balances (Net)[6]	1,468.5	111.6	-1,754.2	-243.4	-1,809.6
Memo Items					
Primary Balance[7]	**1,174.9**	**988.8**	**3,248.8**	**1,037.2**	**2,466.6**
Surplus(+)/Deficit(-) as a Percent of GDP (current market prices)					
Current Account Surplus(+)/Deficit(-)	0.2	-2.2	4.0		
Overall Surplus(+)/Deficit(-)	-1.9	-3.2	1.6		
Primary Surplus(+)/Deficit(-)	3.1	2.3	6.5		

SOURCE: Auditor General: **Report on the Accounts of Trinidad and Tobago**, various years.
Ministry of Finance: **Review of Fiscal Measures**, various years. **Review of the Economy,** 1998.
Central Bank of Trinidad and Tobago: **Monthly Statistical Digest**, various issues.

1 Refers to accounts of Consolidated Fund, Unemployment Fund, Road Improvement Fund and the Infrastructure Development Fund.
2 Current Expenditure for the period 1995-1999 carries an adjustment to include the issue of emolument bonds in settlement of the oustanding salary arrears to public servants. (For a further explanation see the June 1995 issue of the QEB, Page 6, Box 2).
3 Includes an adjustment for Repayment of Past Lending.
4 In 1997, the transfer of $500 million for the creation of an infrastructure development fund is excluded from total revenue and expenditure.
5 Figures do not include repayments of loans from the IDB and the EIB received by the Central Government for onlending to the energy sector.
6 Includes advances from the Central Bank.
7 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, 1998-2000[1]
/Dollars Million/

REVENUE	1998	1999r	2000	Oct 98-Sep 99r	Oct 99-Sep 2000
A. **Oil Sector**	**1,706.9**	**1,999.7**	**4,475.6**	**1,703.6**	**3,761.1**
Corporation Tax	173.2	904.7	2,895.0	479.5	2,441.9
Withholding Tax	24.1	20.4	29.4	22.3	22.6
Royalties	449.8	446.5	751.9	519.6	574.8
Oil Impost	5.1	32.4	2.7	19.7	17.6
Unemployment Levy	13.5	83.1	164.7	50.8	151.2
Excise Duties	484.1	480.7	560.0	580.1	480.7
National Recovery Impost	1.6	0.0	0.0	0.0	0.0
Other[2]	555.5	31.8	72.0	31.6	72.2
B. Non-Oil Sector	**7,922.5**	**7,613.4**	**8,531.1**	**7,772.5**	**8,193.0**
Taxes on Income	***3,388.5***	***3,448.8***	***3,919.0***	***3,443.2***	***3,765.0***
Companies	1,081.2	1,093.5	1,281.4	1,055.2	1,139.0
Individuals	1,893.7	2,008.7	2,207.4	2,013.3	2,216.4
Unemployment Levy	2.5	1.9	2.7	2.0	2.7
National Recovery Impost	0.0	0.0	0.0	0.0	0.0
Health Surcharge	119.5	121.4	145.4	122.8	144.7
Other	291.5	223.3	282.0	249.9	262.2
Taxes on Property	***60.1***	***61.5***	***62.3***	***61.7***	***63.5***
Estate and Succession Duties	0.1	0.2	0.0	0.2	0.0
Lands & Buildings	60.0	61.3	62.3	61.6	63.5
Taxes on Goods and Services	***3,072.0***	***2,543.7***	***2,906.2***	***2,753.4***	***2,712.4***
Purchase Tax	0.4	0.4	0.2	0.4	0.3
Excise Tax	309.6	317.8	318.6	311.9	320.0
Motor Vehicles	302.0	287.5	221.6	297.1	238.4
Value Added Tax	2,153.9	1,637.5	2,037.7	1,849.8	1,818.2
Other[3]	306.1	300.6	328.1	294.1	335.5
Taxes on International Trade	***695.3***	***698.5***	***765.3***	***687.7***	***752.5***
Import Duties	695.3	698.5	765.3	687.6	752.5
Other	0.0	0.0	0.0	0.0	0.0
Non-Tax Revenue	***706.6***	***861.0***	***878.3***	***826.6***	***899.6***
National Lottery	150.0	147.6	159.5	149.5	162.1
Interest	185.9	137.5	186.0	145.7	158.3
Central Bank	76.8	59.2	78.2	59.2	78.2
Other	293.8	516.6	454.6	472.2	501.0
TOTAL CURRENT REVENUE	**9,629.4**	**9,613.2**	**13,006.7**	**9,476.1**	**11,954.1**
Capital Revenue	29.0	100.8	29.9	101.2	18.7
TOTAL REVENUE[4]	**9,658.4**	**9,714.0**	**13,036.5**	**9,577.3**	**11,972.8**

SOURCE: Ministry of Finance: **Review of Fiscal Measures**, various years; **Estimates of Revenue**, various years.

1 Refers to accounts of Consolidated Fund, Unemployment Fund, Road Improvement Fund and the Infrastructure Development Fund.
2 Includes receipts of $555.4 million and $72 million from signature bonuses for the award of product sharing contracts in 1998 and 2000, respectively.
3 Includes Road Improvement Tax.
4 The data excludes the transfers from the Treasury Deposit accounts in 1998, 1999 and 2000 of $48.5 million, $505.6 million and $208 million, respectively since they do not represent actual revenues received in these periods.

TABLE A.18

CENTRAL GOVERNMENT EXPENDITURE - AN ECONOMIC CLASSIFICATION[1]
1998-2000
/Dollars Million/

	1998[r]	1999[r]	2000	Oct 98-Sep 99 r	Oct 99-Sep 00
Current Expenditure[2]	**9,539.7**	**10,541.9**	**10,993.5**	**10,008.3**	**10,879.0**
Wages & Salaries	3,521.6	3,657.0	3,190.1	3,665.1	3,143.7
Goods & Services	959.8	1,111.0	1,205.4	1,095.4	1,191.7
Interest	1,916.0	2,344.1	2,429.7	1,986.2	2,563.4
Transfers & Subsidies[3]	3,142.3	3,429.7	4,168.3	3,261.6	3,980.2
of which:					
Loans & Grants to Statutory					
Boards and State Enterprises	*669.1*	*662.1*	*1,095.8*	*638.1*	*1,015.8*
Households	*1,122.1*	*1,241.6*	*1,403.9*	*1,206.0*	*1,360.6*
Capital Expenditure and Net-Lending[4]	**859.8**	**527.4**	**1,224.0**	**518.0**	**1,190.6**
TOTAL EXPENDITURE[5]	**10,399.4**	**11,069.3**	**12,217.5**	**10,526.3**	**12,069.6**
(As % of GDP at current					
market prices)	27.2	27.0	24.3	-	-
PER CENT					
Memo Items					
Current Expenditure	91.7	95.2	90.0	95.1	90.1
Capital Expenditure and Net-Lending	8.3	4.8	10.0	4.9	9.9
Total Expenditure	100.0	100.0	100.0	100.0	100.0

SOURCE: Ministry of Finance: **Review of Fiscal Measures**, various years; **Review of the Economy**, various years.

1. Refers to combined accounts of Consolidated Fund, Unemployment Fund , Road Improvement Fund and Infrastructure Development Fund.
2. For the period 1995 to 1999, current expenditure carries an adjustment to include the issue of emolument bonds in settlement of the outstanding salary arrears to public servants. (For a further explanation see the June 1995 issue of the QEB, Page 6, Box 2).
3. In September 2000, $415.3 million was transferred to the Revenue Stabilisation Fund. This is not expenditure and is therefore omitted.
4. See footnotes to Table A.16.
5. In 1998, 1999 and 2000 the central government brought to account $290.9 million, $304.6 million and $289 million, respectively. This represented the deferred liabilities of extra budgetary financing facilities incurred from previous years.

TABLE A.19(a)

PUBLIC SECTOR EXTERNAL DEBT - SELECTED DATA
1996-2000
/US$ Mn/

SECTOR	END OF PERIOD 1996[r]	1997[r]	1998[r]	1999[r]	2000
CENTRAL GOVERNMENT					
Receipts	253.9	73.6	58.7	294.3	383.6
of which: Leases	0.0	0.0	0.0	0.0	0.0
Amortization	193.9	318.2	163.6	170.6	268.9
of which: Leases	23.4	16.3	9.4	11.1	5.8
Debt Conversion	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	-28.0	-31.1	20.7	-2.5	-16.9
Balance Outstanding[1]	1,673.1	1,397.4	1,313.2	1,434.4	1,532.2
of which: Leases	47.6	125.2	79.7	50.9	0.0
Interest	134.6	120.5	114.8	96.2	107.4
NON-GOVERNMENT PUBLIC SECTOR[2]					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	57.3	32.3	11.0	5.1	1.4
Rescheduling[3]	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	-2.7	-4.4	1.5	-2.4	-1.4
Balance Outstanding	204.1	167.4	157.9	150.4	147.6
Interest	7.3	3.5	1.6	0.8	0.4
TOTAL					
Receipts	253.9	73.6	58.7	294.3	383.6
Amortization	251.2	350.5	174.6	175.7	270.3
of which: Debt Conversion	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	-30.7	-35.5	22.2	-4.8	-18.3
Balance Outstanding	1,877.2	1,564.8	1,471.1	1,584.8	1,679.8
Interest	141.9	124.0	116.5	97.0	107.8

SOURCE: Central Bank of Trinidad Tobago.

1. Excludes a short-term US dollar denominated bond of US$150 million provided by resident financial institutions, in 1998.
2. Comprises state enterprises and Central Bank external debt (see Table A.19(b)).
3. Once rescheduled, the external debt of the state enterprises becomes the external liability of the central government.

TABLE A.19(b)

NON-GOVERNMENT PUBLIC SECTOR EXTERNAL DEBT-SELECTED DATA*
1996-2000
/US$ Mn/

SECTOR	END OF PERIOD				
	1996	1997	1998	1999	2000
GOVERNMENT-GUARANTEED[1]					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	10.7	7.8	6.0	4.9	1.4
Rescheduling	0.0	0.0	0.0	0.0	0.0
Balance Outstanding	67.8	56.8	52.6	45.3	42.6
Interest	3.7	2.7	1.7	0.8	0.0
NON-GOVERNMENT GUARANTEED[2]					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	10.1	5.2	0.0	0.0	0.0
Balance Outstanding	109.2	103.9	103.9	103.8	103.8
Interest	1.9	0.8	0.0	0.0	0.0
CENTRAL BANK					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	36.5	19.3	5.0	0.2	0.0
Balance Outstanding	27.1	6.7	1.6	1.3	1.2
Interest	1.7	0.0	0.0	0.0	0.0
TOTAL					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	57.3	32.3	11.0	5.1	1.4
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustments	-2.6	-4.4	1.5	-2.4	-1.4
Balance Outstanding	204.1	167.4	157.9	150.4	147.6
Interest	7.3	3.5	1.7	0.8	0.0

SOURCE: Central Bank of Trinidad Tobago.

* See note on Table A.19(a).

1 External debt of state enterprises and public utilities guaranteed by the government of the Republic of Trinidad and Tobago.

2 Non-guaranteed debt of state enterprises and public utilities.

TABLE A.19(c)

PUBLIC SECTOR VARIABLE RATE EXTERNAL DEBT OUTSTANDING,
1996-2000
/US $Mn/

SECTOR	END OF PERIOD				
	1996	1997	1998	1999	2000
CENTRAL GOVERNMENT	**805.0**	**738.7**	**646.6**	**558.2**	**571.1**
US Libor - 6 months	172.3	122.1	79.6	31.7	10.5
Japan Prime Rate	81.0	59.7	46.5	28.7	11.5
Tokyo Floating Rate	21.3	13.8	9.9	4.4	1.7
US Eximbank Rate	40.9	28.0	16.3	4.6	1.3
IDB Cost of Borrowing	416.4	435.9	417.6	417.2	487.5
Other	73.1	79.2	79.4	71.6	58.6
STATE ENTERPRISES GOVERNMENT GUARANTEED	**9.0**	**10.3**	**9.9**	**9.4**	**9.4**
STATE ENTERPRISES NON-GOVERNMENT GUARANTEED	**20.3**	**17.6**	**17.6**	**17.6**	**17.6**
US Libor - 6 months	17.8	17.6	17.6	17.6	17.6
US Libor - 3 months	0.0	0.0	0.0	0.0	-
Other	2.5	0.0	0.0	0.0	-
CENTRAL BANK	**24.9**	**5.5**	**1.3**	**1.2**	**1.2**
of which					
US Libor - 6 months	0.1	0.1	0.1	0.1	0.1
IMF Cost of Borrowing	24.8	5.4	1.2	1.1	1.1
TOTAL	**859.2**	**772.1**	**675.4**	**586.4**	**599.3**

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.19(d)

PUBLIC SECTOR EXTERNAL DEBT OUTSTANDING: MATURITY STRUCTURE*, 2000
/US$Mn/

MATURITY	2000				
	Central Government	Government Guaranteed	Non-Gov't Guaranteed	Central Bank	Total
Short-term[1]	0.0	0.0	0.0	0.0	0.0
Medium-term[2]	524.5	0.0	1.3	1.2	527.0
Long-term[3]	1,007.7	42.6	102.5	0.0	1,152.8
TOTAL	**1,532.2**	**42.6**	**103.8**	**1.2**	**1,679.8**

SOURCE: Central Bank of Trinidad and Tobago.

* See notes on Tables A.19(a) and A.19(b).

1 Refers to loans with maturity 3 years and under.
2 Refers to loans with maturity between 3-10 years.
3 Refers to loans with maturity over 10 years.

TABLE A.19(e)

PUBLIC SECTOR EXTERNAL DEBT OUTSTANDING: CURRENCY COMPOSITION, 2000*
/US$ Mn/

CURRENCY	2000					
	Central Government	Government Guaranteed	Non-Gov't Guaranteed	Central Bank	TOTAL ($)	TOTAL (%)
US Dollar	1,451.2	24.0	103.1	0.1	1,578.4	94.0
Japanese Yen	18.0	2.2	0.0	0.0	20.2	1.2
Swiss Franc	0.0	1.7	0.0	0.0	1.7	0.1
French Franc	0.0	0.0	0.0	0.0	0.0	0.0
Deutsche Mark	1.0	8.4	0.0	0.0	9.4	0.5
Pound Sterling	45.4	4.3	0.0	0.0	49.7	3.0
SDR	0.0	0.0	0.0	1.1	1.1	0.1
Other	16.6	2.0	0.7	0.0	19.3	1.1
TOTAL	**1,532.2**	**42.6**	**103.8**	**1.2**	**1,679.8**	**100.0**

SOURCE: Central Bank of Trinidad and Tobago

* See notes on Tables A.19(a) and A.19(b).

TABLE A.19 (f)

PUBLIC SECTOR EXTERNAL DEBT OUTSTANDING: CREDITOR COMPOSITION, 2000*
/US$ Mn/

CREDITORS	2000				
	Central Government	Government Guaranteed	Non-Gov't Guaranteed	Central Bank	Total
Official Creditors	**609.7**	**31.2**	**13.5**	**1.1**	**655.5**
Multilateral	573.4	22.9	13.5	1.1	610.9
Bilateral	36.3	8.3	-	-	44.6
Private Creditors	**922.5**	**11.4**	**90.3**	**0.1**	**1,024.3**
Commercial Banks	-	11.4	89.0	0.1	100.5
Bondholders[1]	922.1	-	-	-	922.1
Lessors[2]	-	-	-	-	-
Other	0.4	-	1.3	-	1.7
TOTAL	**1,532.2**	**42.6**	**103.8**	**1.2**	**1,679.8**

SOURCE: Central Bank of Trinidad and Tobago.

* See notes on Tables A.19(a) and A.19(b).
1 Bondholders may also include commercial banks.
2 Refer to leasing companies holding financial leases.

TABLE A.20

COMMERCIAL BANKS: SELECTED DATA, 1996-2000
/Dollars Million/

	END OF PERIOD				
	1996	1997	1998r	1999r	2000
A. Outstanding					
1. Aggregate Deposits (adj.)	12,426.3	13,855.8	15,873.7	15,923.3	17,916.9
Demand Deposits (adj.)	2,406.4	2,835.2	3,052.2	2,989.5	3,612.4
Time Deposits (adj.)	2,746.8	2,765.2	3,611.9	3,288.4	3,274.5
Savings Deposits (adj.)	4,305.3	4,903.8	5,324.4	5,487.1	5,793.6
Foreign Currency Deposits (adj)	2,967.8	3,351.6	3,885.2	4,158.3	5,236.4
2. Gross Bank Credit[1]	8,138.2	9,996.5	11,120.3	11,955.2	12,827.5
of which:					
Business purposes	3,905.3	4,576.7	5,102.9	5,465.3	6,420.8
Corporate	3,168.0	3,820.1	3,981.5	4,680.6	5,696.2
Non-corporate	737.3	756.6	1,121.4	784.7	724.6
3. Investments	5,898.7	7,609.2	4,725.3	5,453.7	6,002.4
Government Securities	1,929.7	3,295.1	2,065.6	2,237.9	2,048.8
Other Investments[2]	3,969.0	4,314.1	2,659.7	3,215.8	3,953.6
of which:					
Special Deposits	59.8	58.2	222.1	21.0	284.1
B. Annual Change					
1. Aggregate Deposits (adj.)	612.0	1,429.5	2,017.9	49.6	1,993.6
Demand Deposits (adj.)	-68.1	428.8	217.0	-62.7	622.9
Time Deposits (adj.)	-286.5	18.4	846.7	-323.5	-13.9
Savings Deposits (adj.)	192.9	598.5	420.6	162.7	306.5
Foreign Currency Deposits (adj.)	773.7	383.9	533.5	273.1	1,078.1
2. Gross Bank Credit[1]	549.5	1,858.3	1,123.8	834.9	872.3
of which:					
Business purposes	173.7	671.4	526.2	362.4	955.5
Corporate	225.3	652.1	161.4	699.1	1,015.6
Non-Corporate	-51.6	19.3	364.8	-336.7	-60.1
3. Investments	1,686.2	1,710.5	-2,883.9	728.4	548.7
Government Securities	328.9	1,365.4	-1,229.5	172.3	-189.1
Other Investments[2]	1,357.3	345.1	-1,654.4	556.1	737.8
of which:					
Special Deposits	2.1	-1.6	163.9	-201.1	263.1

SOURCE: Central Bank of Trinidad and Tobago.

1 Total loans excluding loans to non-residents and central government.
2 Special Deposits, other local and foreign securities, and equity in subsidiaries and affiliates.

TABLE A.21

LIQUIDITY POSITION OF COMMERCIAL BANKS, 1998: IV - 2000: IV[1]
/Dollars Million/

	END OF PERIOD								
	1998	1999				2000			
	IV	I	II	III	IV	I	II	III	IV
Legal Reserve Position[2]									
Required Reserve	2,541.4	2,521.5	2,572.1	2,519.0	2,515.8	2,529.5	2,526.8	2,560.2	2,611.5
Cash Reserve	2,547.9	2,530.0	2,593.7	2,515.0	2,536.7	2,567.5	2,576.8	2,625.1	2,658.9
Excess (+) or Shortage (-)	6.5	8.5	21.6	-4.0	20.9	38.0	50.0	64.9	47.4
Liquid Assets									
Cash Reserve	2,547.9	2,530.0	2,593.7	2,515.0	2,536.7	2,567.5	2,576.8	2,625.1	2,658.9
Special Deposits	222.1	489.2	178.9	409.6	21.0	309.9	264.0	82.9	284.1
Total Deposits	2,770.0	3,019.1	2,772.6	2,924.5	2,557.7	2,877.4	2,840.8	2,708.0	2,943.0
Local Cash in Hand	288.7	229.4	199.1	236.3	416.6	232.2	186.0	208.0	427.2
Treasury Bills	384.7	402.2	429.3	438.3	437.9	362.0	788.8	435.3	462.5
TOTAL	3,443.4	3,650.7	3,401.0	3,599.1	3,412.2	3,471.6	3,815.6	3,351.3	3,832.7
Total Deposit Liabilities(Adj)	12,101.9	12,007.1	12,248.0	11,995.2	11,980.0	12,045.2	12,032.4	12,191.4	12,435.7
As % of Total Deposit Liabilities (Adj)									
Legal Reserve Position									
Required Reserve	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
Cash Reserve	21.1	21.1	21.2	21.0	21.2	21.3	21.4	21.5	21.4
Excess (+) or Shortage (-)*	0.1	0.1	0.2	0.0	0.2	0.3	0.4	0.5	0.4
Average Excess (+) or Shortage (-)**	10.1	2.4	2.4	3.2	6.6	13.3	17.4	10.2	12.4
Liquid Assets									
Cash Reserve	21.1	21.1	21.2	21.0	21.2	21.3	21.4	21.5	21.4
Special Deposits	1.8	4.1	1.5	3.4	0.2	2.6	2.2	0.7	2.3
Total Deposits	22.9	25.1	22.6	24.4	21.3	23.9	23.6	22.2	23.7
Local Cash in Hand	2.4	1.9	1.6	2.0	3.5	1.9	1.5	1.7	3.4
Treasury Bills	3.2	3.3	3.5	3.7	3.7	3.0	6.6	3.6	3.7
TOTAL	28.5	30.4	27.8	30.0	28.5	28.8	31.7	27.5	30.8

SOURCE: Central Bank of Trinidad and Tobago

1. The statutory cash reserve requirement was reduced to 21 per cent effective April 15, 1998. Simultaneously, the definition of deposit liabilities was expanded to include other fund raising instruments.

2 See note (1) of Table A.20.

* Represents the excess/shortage for the end of the month.

** Represents the excess/shortage as an average through the month.

TABLE A.22

COMMERCIAL BANKS: DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR, 1996-2000
/Dollars Million/

SECTORS	END OF PERIOD							
					2000			
	1996	1997	1998	1999	I	II	III[p]	IV[p]
Central & Local Government	8.7	6.8	17.1	26.2	91.7	180.0	97.5	146.5
Agriculture	247.8	293.0	362.5	351.8	123.4	140.6	178.7	119.9
Petroleum	186.2	356.6	576.3	276.8	379.1	444.5	312.5	376.3
Manufacturing	1,189.5	1,131.3	1,430.4	1,395.2	1,574.9	1,554.6	1,651.9	1,629.0
Construction	211.9	340.1	383.1	634.6	475.7	508.2	586.1	590.6
Distributive Trades	860.0	815.9	878.9	544.0	961.8	1,213.6	982.2	951.6
Hotels and Guest Houses	83.9	123.8	215.4	268.2	203.4	126.1	142.7	174.2
Transport, Storage and Communication	543.9	490.5	563.4	685.2	763.3	689.0	893.4	903.0
Finance, Insurance and Real Estate	1,084.9	1,574.9	1,221.6	1,330.6	1,512.8	1,516.5	1,622.6	1,675.9
Education, Cultural and Community Services	85.7	11.4	28.3	38.3	70.2	52.8	71.4	41.9
Personal Services	328.8	215.7	525.0	417.7	445.0	562.5	390.6	354.1
Electricity and Water	46.4	8.2	10.7	243.1	92.2	30.3	126.2	105.3
Consumers	2,387.8	3,780.6	4,397.8	5,297.7	5,214.0	5,212.9	5,440.0	5,425.9
TOTAL (excluding Real Estate Mortgage Loans)	7,265.4	9,148.8	10,610.5	11,509.4	11,907.5	12,231.6	12,495.8	12,494.2
Real Estate Mortgage Loans & Lease Financing	881.4	856.2	844.3	816.4	807.7	803.9	805.0	732.4
TOTAL LOANS	8,146.8	10,005.0	11,454.8	12,325.8	12,715.2	13,035.5	13,300.8	13,226.6

SOURCE: Central Bank of Trinidad and Tobago

p provisional

TABLE A.23

COMMERCIAL BANKS: PERCENTAGE DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR, 1996-2000[1]
/Per Cent/

SECTOR	END OF PERIOD							
					2000[p]			
SECTOR	**1996**	**1997**	**1998**	**1999**	**I**	**II**	**III**	**IV**
Central Government	0.1	0.1	0.1	0.2	0.7	1.4	0.7	1.1
Agriculture	3.0	2.9	3.2	2.9	1.0	1.1	1.3	0.9
Petroleum	2.3	3.6	5.0	2.2	3.0	3.4	2.3	2.8
Manufacturing	14.6	11.4	12.5	11.3	12.4	11.9	12.4	12.3
Construction	2.6	3.4	3.3	5.1	3.7	3.9	4.4	4.5
Distributive Trades	10.6	8.2	7.7	4.4	7.6	9.3	7.4	7.2
Hotels and Guest Houses	1.0	1.2	1.9	2.2	1.6	1.0	1.1	1.3
Transport, Storage and Communication	6.7	4.9	4.9	5.6	6.0	5.3	6.7	6.8
Finance, Insurance and Real Estate	13.3	15.7	10.7	10.8	11.9	11.6	12.2	12.7
Education, Cultural and Community Services	1.1	0.1	0.2	0.3	0.6	0.4	0.5	0.3
Personal Services	4.0	2.2	4.6	3.4	3.5	4.3	2.9	2.7
Electricity and Water	0.6	0.1	0.1	2.0	0.6	0.2	1.0	0.9
Consumers	29.3	37.8	38.4	43.0	41.0	40.0	41.0	41.0
TOTAL (excluding Real Estate Mortgage Loans)	**89.2**	**91.5**	**92.6**	**93.4**	**93.6**	**93.8**	**93.9**	**94.5**
Real Estate Mortgage Loans and Lease Financing	10.8	8.5	7.4	6.6	6.4	6.2	6.1	5.5
TOTAL LOANS	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

SOURCE: Table A.22.

1 Figures may not sum to 100 due to rounding.
p Provisional.

TABLE A.24

COMMERCIAL BANKS - INTEREST RATES, 1998-2000
/Per Cent, Per Annum/

INTEREST RATES[1]		FOR THE PERIOD						
					2000			
		1998	1999	2000	I	II	III	IV
A. Loan Rates (Prime)								
(i) Term	- Range	5.00-30.00	5.00-30.00	3.00-29.80	3.00-28.30	5.00-29.80	5.00-26.75	5.00-26.75
	- Median	17.50	17.12	17.00	17.00	17.00	17.00	16.50
(ii) Demand	- Range	3.50-25.75	2.00-28.00	5.00-25.90	5.00-25.70	5.00-25.90	5.00-24.00	5.00-24.00
	- Median	17.13	18.00	16.50	16.50	16.50	16.50	16.50
(iii) Overdraft	- Range	7.00-24.00	5.00-26.50	5.00-26.50	5.00-26.50	5.00-26.50	5.00-24.00	5.00-24.00
	- Median	17.50	17.00	16.50	16.50	16.50	16.50	16.50
(iv) Basic Prime Rate	- Range	15.00-17.50	15.00-18.00	16.50-17.00	16.50-17.00	16.50-17.00	16.50-17.00	16.50-17.00
	- Median	17.50	17.25	16.50	16.50	16.50	16.50	16.50
(v) Real Estate Mortgage	- Range	2.00-26.25	2.00-28.30	2.00-28.30	2.00-28.30	2.00-16.00	2.00-22.00	2.00-16.00
	- Median	18.50	18.00	17.50	17.50	17.50	17.50	17.50
B. Deposit Rates (Announced)								
(i) Ordinary Savings	- Range	2.00-9.75	2.00-9.75	2.00-9.25	2.00-9.25	2.00-5.50	2.00-8.25	2.00-6.00
	- Median	2.75	2.88	3.00	3.25	2.75	3.25	2.75
(ii) Special Savings	- Range	2.50-9.75	2.00-10.00	2.00-9.25	2.00-9.25	2.50-9.25	2.00-9.25	2.50-9.25
	- Median	5.38	5.25	5.25	5.25	5.25	5.56	5.25
(iii) 3-Month Time	- Range	4.00-9.80	3.00-9.75	2.50-9.20	2.50-8.80	3.00-8.80	3.00-9.20	3.00-8.80
	- Median	6.83	6.53	6.45	5.56	6.45	6.45	6.45
(iv) 6-Month Time	- Range	5.00-10.40	5.00-10.10	5.00-9.40	5.00-9.20	5.00-9.20	5.00-9.20	5.00-9.40
	- Median	6.00	7.80	6.00	6.00	6.00	6.00	6.00
(v) 1-Year Time	- Range	5.00-10.50	5.00-10.20	5.00-9.80	5.00-9.60	5.00-9.70	5.00-9.70	5.00-9.80
	- Median	8.55	8.13	7.93	7.85	7.93	7.93	7.93

SOURCE: Central Bank of Trinidad and Tobago.

[1] Annual and quarterly data represent the rates for the twelve (12) months of the year and three (3) months of the quarter respectively.

TABLE A.25

MONEY SUPPLY, 1996-2000
/Dollars Million/

	END OF PERIOD				
	1996	**1997**	**1998**[r]	**1999**[r]	**2000**
A. **Narrow Money Supply**	**3,316.2**	**3,898.2**	**4,072.3**	**4,281.9**	**4,883.0**
Currency in Active Circulation	909.8	1,063.0	1,020.1	1,292.4	1,270.6
Demand Deposits (adj.)	2,406.4	2,835.2	3,052.2	2,989.5	3,612.4
B. **Factors Affecting Changes in Money Supply**					
1. **Net Bank Credit to Central Government**	**638.7**	**2,111.5**	**1,631.8**	**1,260.1**	**-1,093.0**
(a) Central Bank	-1,139.0	-1,131.7	-365.9	-856.2	-3,066.1
(b) Commercial Banks	1,777.7	3,243.2	1,997.7	2,116.3	1,973.1
2. **Bank Credit**	**11,334.9**	**13,430.7**	**13,202.5**	**15,108.6**	**16,560.9**
(a) Public Sector[1]	1,725.7	2,107.6	1,877.9	1,791.9	1,537.4
(b) Private Sector[2]	9,609.2	11,323.1	11,324.6	13,316.7	15,023.5
3. **External Assets** (net)	**4,776.6**	**5,851.7**	**6,600.3**	**7,105.5**	**10,773.2**
4. **Quasi-Money**[3]	**-7,052.1**	**-7,669.0**	**-8,936.3**	**-8,755.5**	**-9,068.1**
5. **Foreign Currency Deposits (Adj)**	**-2,967.8**	**-3,351.7**	**-3,885.2**	**-4,158.3**	**-5,236.4**
6. **NFIs Foreign Currency Deposit (Adj)**	**-295.8**	**-573.3**	**-720.6**	**-1,709.0**	**-1,601.4**
7. **Other Items** (Net)	**-3,414.1**	**-6,475.0**	**-4,540.8**	**-6,278.5**	**-7,053.6**
C. **Broad Money Supply** (M-2)	**10,368.3**	**11,567.2**	**13,008.7**	**13,057.5**	**13,951.2**
D. **Broad Money Supply (M2*)**[4]	**13,336.0**	**14,918.8**	**16,893.9**	**17,215.8**	**19,187.6**
Memo:[5]					
Money Supply M-3	12,866.4	14,250.8	16,588.9	17,359.8	17,940.2
Money Supply M-3*	16,109.3	18,100.9	21,142.0	23,215.2	24,724.6

SOURCE: Central Bank of Trinidad and Tobago.

1. Includes Central Bank's and commercial banks' loans and holdings of public sector securities.
2. Includes commercial banks' loans and holdings of private sector securities.
3. Excludes foreign currency deposits of residents which are shown separately below.
4. Includes foreign currency deposits of residents.
5. 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 NFI's.

TABLE A.26

CHANGES IN MONEY SUPPLY, 1996-2000
/Dollars Million/

	1996	1997	1998[r]	1999	2000
A. Narrow Money Supply (M-lA)	8.9	582.0	127.8	265.4	591.6
	0.3	17.6	3.3	6.6	13.8
Currency in Active Circulation	77.0	153.2	-42.9	272.3	-21.8
	9.2	16.8	-4.0	26.7	-1.7
Demand Deposits (adj.)	-68.1	428.8	170.7	-6.9	613.4
	-2.8	17.8	6.0	-0.2	20.5
B. Factors Affecting Changes in Money Supply					
1. Net Bank Credit to Government	-657.5	1,472.8	-479.7	-371.7	-2,353.1
	-50.7	230.6	-22.8	-22.8	-186.7
Central Bank	-874.8	-7.3	596.1	-490.3	-2,209.9
	-331.1	-0.6	52.7	-134.0	-258.1
Commercial Banks	217.2	1,465.6	-1,245.6	118.6	-143.2
	13.9	82.4	-38.0	5.9	-6.8
2. Bank Credit	1,208.7	2,095.7	-228.2	1,906.1	1,452.3
	11.9	18.5	-1.7	14.4	9.6
Public Sector[1]	37.0	381.9	-229.7	-86.0	-254.5
	2.2	22.1	-10.9	-4.6	-14.2
Private Sector[2]	1,171.7	1,713.8	1.5	1,992.1	1,706.8
	13.9	17.8	-	17.6	12.8
3. Net Foreign Assets	-8.8	1,075.1	748.6	505.2	3,667.7
	-0.2	22.5	12.8	7.7	51.6
4. Quasi-Money[3]	-93.6	-616.9	-1,267.3	160.8	-292.6
	-1.3	-8.7	-16.5	1.8	-3.3
5. Foreign Currency Deposits	-773.7	-383.9	-533.5	-273.1	-1,078.1
	-35.3	-12.9	-15.9	-7.0	-25.9
6. NFIs Foreign Currency Deposits (Adj)	-108.2	-277.5	-147.3	-988.4	107.6
	57.7	-93.8	-25.7	-137.2	6.3
7. Other Items (net)	146.6	-3,060.9	1,887.9	-1,661.9	804.6
Increase (-), Decrease (+)	4.1	-89.7	-29.2	-36.2	12.9
C. Broad Money Supply (M-2)	-84.7	1,198.9	1,441.5	48.8	893.7
	-0.8	11.6	12.5	0.4	6.8
D. Broad Money Supply (M-2*)[4]	688.9	1,582.8	1,975.1	321.9	1,971.8
	5.4	11.9	13.2	1.9	11.5
Memo:Money Supply M-3	292.0	1,384.4	2,338.1	770.9	580.4
	-2.2	10.8	16.4	4.6	3.3
Money Supply M-3*	610.3	1,991.6	3,041.1	2,073.2	1,509.9
	3.9	12.4	16.8	9.8	6.5

SOURCE: Table A.25

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

2 Includes commercial banks' loans to the private sector and holdings of private sector securities.

3 See footnote (3) of Table A.25.

4 See Note (4) of Table A.25.

Figures in italics represent percentage changes.

TABLE A.27

FINANCE COMPANIES AND MERCHANT BANKS: SUMMARY OF ASSETS AND LIABILITIES, 1996-2000
/Dollars 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)
1996	17,463	92,079	-30,000	843,224	929,082	1,772,306
1997	9,504	78,869	90,660	888,373	984,018	1,872,391
1998	-62,355	153,665	281,222	2,066,669	965,698	3,032,367
1999	7,983	175,321	240,092	2,652,855	1,292,718	3,945,573
2000	66,263	245,326	63,085	2,586,725	1,473,471	4,060,196
1999						
I	-7,650	181,024	319,309	1,773,735	1,030,510	2,804,245
II	8,472	186,985	283,011	2,193,797	1,083,535	3,277,332
III	-3,288	206,231	357,587	2,685,716	1,249,213	3,934,929
IV	7,983	175,321	240,092	2,652,855	1,292,718	3,945,573
2000						
I	-14,082	230,463	177,338	2,510,891	1,341,336	3,852,227
II	27,563	222,668	-5,988	2,450,139	1,396,441	3,846,580
III	28,503	181,017	-32,275	2,619,238	1,450,532	4,069,770
IV	66,263	245,326	63,085	2,586,725	1,473,471	4,060,196

End of Period	Total Assets/ Liabilities	Deposits	Borrowings[1]	Provisions	Capital and Reserves	Other Items (Net)
	(7)	(8)	(9)	(10)	(11)	(12)
1996	1,851,848	845,927	23,091	27,935	291,916	662,979
1997	2,053,516	978,959	44,691	34,082	385,271	610,513
1998	3,404,899	1,935,723	254,748	38,261	563,726	612,441
1999	4,368,969	2,768,465	373,863	52,592	660,455	513,594
2000	4,434,870	2,611,663	365,533	38,403	661,540	757,731
1999						
I	3,296,928	1,851,295	244,779	47,948	575,348	577,558
II	3,755,800	2,219,217	248,136	48,194	594,792	645,461
III	4,492,959	2,606,573	372,302	49,817	637,938	826,329
IV	4,368,969	2,768,465	373,863	52,592	660,455	513,594
2000						
I	4,245,946	2,600,702	376,511	51,552	688,847	528,334
II	4,090,823	2,538,175	386,408	37,577	597,607	531,056
III	4,247,015	2,686,329	385,141	37,170	618,430	519,945
IV	4,434,870	2,611,663	365,533	38,403	661,540	757,731

SOURCE: Central Bank of Trinidad and Tobago.

1 – 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, 1997-2000
/Dollars Million/

SECTORS	END OF PERIOD						
	1997[r]	1998[r]	1999	2000 I	2000 II	2000 III	2000 IV
Public Sector	0.0	2.5	104.4	0.0	125.9	126.0	116.4
Private Sector	772.1	809.7	1,018.3	1,165.4	1,092.0	1,135.2	1,180.8
Agriculture	21.7	29.4	21.8	30.3	30.1	18.2	17.3
Petroleum	13.2	16.3	15.6	19.4	17.2	16.5	15.2
Manufacturing	235.0	219.4	206.5	218.6	190.1	167.6	207.3
Construction	56.4	57.4	62.2	117.2	121.6	132.3	130.5
Distributive Trades	57.3	48.8	80.3	95.7	68.4	75.3	76.7
Hotels and Guest Houses	39.9	43.7	62.9	71.0	84.5	91.4	93.4
Transport, Storage and Communication	84.2	85.5	91.9	91.7	63.8	100.4	100.6
Finance, Insurance, Real Estate and Services	133.0	117.3	231.4	238.0	220.3	232.4	242.3
Education, Cultural and Community Services	3.3	5.8	7.2	9.8	7.1	6.6	5.2
Personal Services	27.3	33.2	16.7	15.4	22.0	22.3	26.8
Consumers	100.8	152.9	221.8	258.3	266.9	272.2	265.5
TOTAL (excluding Real Estate Mortgage & Leases)	772.1	812.2	1,122.7	1,165.4	1,217.9	1,261.2	1,297.2
Real Estate Mortgage Loans	47.2	59.4	63.2	64.8	63.0	63.5	43.1
Leases	164.7	94.1	106.7	111.1	115.5	125.8	133.2
TOTAL LOANS	984.0	965.7	1,292.6	1,341.3	1,396.4	1,450.5	1,473.5

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.29

FINANCE COMPANIES AND MERCHANT BANKS: PERCENTAGE DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR, 1997-2000

/Per Cent/

SECTORS	END OF PERIOD						
				2000			
	1997r	1998r	1999	I	II	III	IV
Public Sector	0.0	0.3	8.1	0.0	9.0	8.7	7.9
Private Sector	78.5	83.8	78.8	86.9	78.2	78.2	80.2
Agriculture	2.2	3.0	1.7	2.3	2.2	1.3	1.2
Petroleum	1.3	1.7	1.2	1.4	1.2	1.1	1.0
Manufacturing	23.9	22.7	16.0	16.3	13.6	11.6	14.1
Construction	5.7	5.9	4.8	8.7	8.7	9.1	8.9
Distributive Trades	5.8	5.1	6.2	7.1	4.9	5.2	5.2
Hotels and Guest Houses	4.1	4.5	4.9	5.3	6.1	6.3	6.3
Transport, Storage and Communication	8.6	8.9	7.1	6.8	4.5	6.9	6.8
Finance, Insurance, Real Estate and Business Services	13.5	12.1	17.9	17.8	15.8	16.0	16.4
Education, Cultural and Community Services	0.3	0.6	0.6	0.7	0.5	0.4	0.5
Personal Services	2.8	3.5	1.3	1.2	1.6	1.5	1.8
Consumers	10.3	15.8	17.1	19.3	19.1	18.8	18.0
TOTAL (excluding Real Estate Mortgage & Leases)	78.5	84.1	86.9	86.9	87.2	86.9	88.1
Real Estate Mortgage Loans	4.8	6.2	4.9	4.8	4.5	4.4	2.9
Leases	16.7	9.7	8.2	8.3	8.3	8.7	9.0
TOTAL LOANS	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Table A.28.

TABLE A.30

TRUST AND MORTGAGE FINANCE COMPANIES: SUMMARY OF ASSETS AND LIABILITIES, 1996-2000

/Dollars Thousand/

	Cash and Deposits at Central Bank	Balances due from Banks (Net)	Domestic Credit			Total Assets/ Liabilities
			Investment	Loans	Total	
	(1)	(2)	(3)	(4)	(5)	(6)
1996	167,552	303,930	1,975,163	1,872,010	3,847,173	4,318,655
1997	187,981	97,284	2,788,553	2,261,421	5,049,974	5,335,239
1998	250,348	134,785	1,888,860	2,431,689	4,320,549	4,705,682
1999	304,317	814,590	2,281,011	2,944,894	5,225,905	6,344,812
2000	387,136	894,682	3,669,753	3,663,523	7,333,276	8,615,094
1999						
I	264,510	280,194	2,233,090	2,545,110	4,778,200	5,322,904
II	304,728	373,739	2,300,351	2,679,409	4,979,760	5,658,227
III	317,748	842,166	2,031,589	2,791,226	4,822,815	5,982,729
IV	304,317	814,590	2,281,011	2,944,894	5,225,905	6,344,812
2000						
I	328,951	876,861	2,421,412	3,001,328	5,422,740	6,628,552
II	314,024	730,169	2,625,220	3,216,949	5,842,169	6,886,362
III	373,075	887,894	2,892,240	3,544,773	6,437,013	7,697,982
IV	387,136	894,682	3,669,753	3,663,523	7,333,276	8,615,094

End of Period	Deposits	Borrowings	Provisions	Capital and Reserves	Other Items (Net)
	(7)	(8)	(9)	(10)	(11)
1996	2,348,114	240,565	28,573	317,879	1,383,524
1997	2,462,609	141,769	27,123	323,868	2,379,870
1998	2,493,467	241,740	20,835	429,812	1,519,828
1999	3,358,989	177,100	24,438	578,328	2,205,957
2000	3,089,685	144,703	33,946	948,467	4,398,293
1999					
I	2,969,162	185,400	19,048	438,396	1,710,898
II	3,152,611	183,011	18,449	477,700	1,826,456
III	3,110,196	196,774	22,122	532,154	2,121,483
IV	3,358,989	177,100	24,438	578,328	2,205,957
2000					
I	3,246,082	176,659	19,746	656,724	2,529,341
II	3,228,923	183,676	35,328	818,289	2,620,146
III	3,221,206	156,464	37,180	857,619	3,425,513
IV	3,089,685	144,703	33,946	948,467	4,398,293

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.31

DEVELOPMENT BANKS: SUMMARY OF ASSETS AND LIABILITIES, 1996-2000

/Dollars 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)
1996	-166,809	-10,679	-446,784	887,160	429,697	262,888	65,859	138,562	58,467
1997	-37,880	-22,526	-440,266	923,448	460,656	422,776	50,845	305,171	66,760
1998	-33,570	-13,746	-430,748	1,025,191	580,697	547,127	46,278	331,424	169,425
1999	-29,400	-9,851	-426,897	1,027,781	591,033	561,633	43,897	360,149	157,587
2000	-25,272	-9,242	-418,197	1,054,919	627,480	602,208	42,963	384,985	174,260
1999									
I	-32,550	-19,179	-430,749	1,036,235	586,307	586,307	44,071	340,343	169,343
II	-31,500	-36,026	-426,897	1,039,850	576,927	545,427	43,687	347,277	154,463
III	-30,450	-17,492	-426,897	1,033,349	588,960	558,510	42,801	352,889	162,820
IV	-29,400	-9,851	-426,897	1,027,781	591,033	561,633	43,897	360,149	157,587
2000									
I	-28,365	-15,332	-418,197	1,036,405	602,876	574,511	39,913	377,068	157,530
II	-27,331	-15,223	-418,197	1,059,835	626,415	599,084	41,353	384,391	173,340
III	-26,301	-15,806	-418,197	1,059,865	625,862	599,561	41,908	385,177	172,476
IV	-25,272	-9,242	-418,197	1,054,919	627,480	602,208	42,963	384,985	174,260

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.32

THRIFT INSTITUTIONS: SUMMARY OF ASSETS AND LIABILITIES, 1996-2000[1]

/Dollars 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)
1996	7,160	11,289	5,043	42,363	58,695	65,855	4,874	15,767	20,641	35,385	9,829
1997	7,160	9,431	6,517	42,916	58,864	66,024	5,790	16,119	21,909	33,132	10,983
1998	7,160	11,575	5,222	42,885	59,682	66,842	6,190	16,174	22,364	31,268	13,210
1999	7,160	9,267	8,772	41,191	59,230	66,390	6,302	15,993	22,295	29,048	15,047
2000	7,160	3,012	10,896	40,130	54,038	61,198	7,002	15,124	22,126	21,906	17,166
1999											
I	7,160	11,704	5,140	43,410	60,254	67,414	6,152	15,973	22,125	30,442	14,847
II	7,160	11,569	4,906	43,124	59,599	66,759	6,250	15,997	22,247	30,552	13,960
III	7,160	10,802	5,772	43,814	60,388	67,548	6,208	15,843	22,051	30,228	15,269
IV	7,160	9,267	8,772	41,191	59,230	66,390	6,302	15,993	22,295	29,048	15,047
2000											
I	7,160	4,949	8,725	41,168	54,842	62,002	6,234	16,099	22,333	23,296	16,373
II	7,160	3,731	9,699	41,424	54,854	62,014	6,307	16,034	22,341	23,472	16,201
III	7,160	3,911	9,651	41,431	54,993	62,153	6,331	15,957	22,288	23,236	16,629
IV	7,160	3,012	10,896	40,130	54,038	61,198	7,002	15,124	22,126	21,906	17,166

SOURCE: Central Bank of Trinidad and Tobago.

1 Thrift institutions include the Post Office Savings Bank and three Building Societies.

TABLE A.33

NON-BANK FINANCIAL INSTITUTIONS INTEREST RATES: 1998 - 2000
/Per Cent/

INTEREST RATES[1]	FOR THE PERIOD						
				2000			
	1998	1999	2000	I	II	III	IV
1. Thrift Institutions							
(a) Savings Deposits							
Range	5.00-5.00	5.00-5.00	5.00-5.00	5.00-5.00	5.00-5.00	5.00-5.00	5.00-5.00
Median	5.00	5.00	5.00	5.00	5.00	5.00	5.00
(b) Time Deposits							
(i) l - 3 years							
Range	6.00-9.00	6.00-10.00	6.00-10.00	6.00-9.00	6.00-10.00	6.00-10.00	6.00-10.00
Median	7.50	8.00	8.00	7.50	8.00	8.00	8.00
(c) Mortgage Loans (Residential)							
Range	12.50-14.00	13.00-14.00	13.00-14.00	13.00-14.00	13.00-14.00	13.00-14.00	13.00-14.00
Median	13.50	13.50	13.50	13.50	13.50	13.50	13.50
2. Trust & Mortgage Finance Companies							
(a) Time Deposits							
(i) 1 - 3 years							
Range	6.00-11.75	8.00-11.00	7.00-12.00	7.00-12.00	7.00-12.00	7.00-12.00	7.00-12.00
Median	9.74	9.69	9.91	9.45	9.63	9.91	9.91
(ii) Over 3 years							
Range	6.00-12.50	6.00-12.50	6.00-11.50	6.00-11.50	6.00-11.50	6.00-11.50	6.00-11.50
Median	9.63	10.50	9.50	9.50	9.50	9.50	9.50
(b) Mortgage Loans							
(i) Residential							
Range	5.00-15.00	5.00-17.00	5.00-17.00	5.00-17.00	5.00-17.00	5.00-17.00	5.00-17.00
Median	10.75	11.00	13.00	10.75	13.50	13.00	13.00
(ii) Commercial							
Range	6.00-15.00	4.00-17.00	6.00-16.50	6.00-16.50	6.00-15.00	6.00-15.00	7.00-16.50
Median	14.75	14.50	14.50	14.50	14.75	14.50	14.25
3. Finance Companies and Merchant Banks							
(a) Time Deposits							
1 year to 3 years							
Range	7.50-11.75	5.50-13.00	7.00-12.00	7.50-12.00	7.50-12.00	7.50-12.00	7.00-12.00
Median	9.63	10.50	9.44	9.19	9.44	9.44	10.16
(b) Instalment Loans							
Range	7.00-21.00	6.00-23.00	6.00-21.00	6.00-21.00	6.00-19.00	6.00-19.87	6.00-19.87
Median	10.00	9.50	9.40	9.50	9.50	9.30	9.30

SOURCE: Central Bank of Trinidad and Tobago.

1 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, 1997-2000

	New Issues ($Million)			Secondary Market Turnover[1]						
				Government Securities[2]		Treasury Bills		Public Company shares		
End of Period	Government Securities[3]	Treasury Bills	Other[4]	Face Value ($M)	No. of Transactions	Face Value ($M)	No. of Transactions	Market Value ($M)	No. of Transactions	Volume of Shares Traded (Mn)
1997	**1,894.2**	**0.0**	**0.0**	**22.3**	**15**	**6,177.9**	**1,573**	**846.1**	**7,679**	**100.7**
I	339.2	0.0	0.0	22.2	11	1,882.4	625	159.2	1,719	29.5
II	53.3	0.0	0.0	0.1	2	345.1	187	103.9	1,974	13.9
III	310.7	0.0	0.0	0.0	2	2,341.5	401	204.8	1,764	22.9
IV	1,191.0	0.0	0.0	0.0	0	1,608.9	360	378.2	2,222	34.4
1998	**1,377.2**	**0.0**	**0.0**	**0.3**	**4**	**5,928.2**	**2,299**	**1,113.9**	**7,370**	**102.7**
I	1.2	0.0	0.0	0.0	0	1,521.4	341	189.3	1,992	17.4
II	212.9	0.0	0.0	0.0	0	2,990.9	472	483.8	2,171	42.2
III	225.6	0.0	0.0	0.2	3	679.4	694	256.8	2,027	24.0
IV	937.5	0.0	0.0	0.0	1	736.5	792	184.0	1,180	19.1
1999[r]	**904.6**	**0.0**	**1,063.0**	**11.9**	**14**	**421.3**	**289**	**594.0**	**5,808**	**73.6**
I	180.2	0.0	0.0	0.6	2	182.4	162	95.6	931	10.0
II	126.5	0.0	1,063.0	0.1	2	2.0	35	160.1	1,696	18.8
III	242.0	0.0	0.0	10.2	9	139.1	61	169.8	1,442	25.6
IV	355.9	0.0	0.0	1.0	1	97.8	31	168.5	1,739	19.2
2000	**895.4**	**0.0**	**0.0**	**19.9**	**15**	**991.2**	**306**	**885.8**	**6,691**	**82.6**
I	245.2	0.0	0.0	11.2	2	281.9	62	255.2	2,322	25.0
II	650.0	0.0	0.0	1.7	6	321.7	132	222.1	1,570	20.8
III	0.2	0.0	0.0	4.3	4	10.3	18	209.7	1,439	22.7
IV	0.0	0.0	0.0	2.7	3	377.3	94	198.8	1,360	14.1

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

1 Data refer to the double transactions of buying and selling.

2 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.

3 Includes all other public loan issues.

4 Data include new issues by state corporations and other private organizations.

TABLE A.35

SELECTED INTEREST RATES, 1998-2000[1]
/Per Cent Per Annum/

	FOR THE PERIOD						
				2000			
	1998	1999	2000	I	II	III	IV
A. Central Bank							
(i) Bank Rate	13.00	13.00	13.00	13.00	13.00	13.00	13.00
(ii) Special Deposits Rate	4.00	4.00	4.00	4.00	4.00	4.00	4.00
B. Government							
(i) Treasury Bills[2]	11.92	10.39	10.56	10.16	10.54	10.69	10.85
C. Commercial Banks - Local Currency							
(i) Weighted Average Rate on Loans	15.18	15.92	15.27	15.21	15.18	15.35	15.34
(ii) Weighted Average Rate on Deposits	5.75	6.91	6.03	6.06	6.03	6.06	5.98
(iii) Interest Spread (i - ii)	6.67	9.01	9.24	9.15	9.15	9.29	9.36
D. Non-Bank Financial Institutions[3]							
(i) Weighted Average Rate on Loans	12.37	12.10	11.98	12.31	11.93	11.90	11.76
(ii) Weighted Average Rate on Deposits	10.47	10.55	10.18	10.07	10.04	10.14	10.47
(iii) Interest Spread (i - ii)	1.91	1.55	1.80	2.24	1.89	1.76	1.29

SOURCE: Central Bank of Trinidad and Tobago.

1 Annual data refer to the average of the quarterly averages for the respective years, except for the Bank Rate which reflects the end of quarter/year position.

2 Data are weighted averages of the monthly discount rates for issues occurring during the period.

3 Includes Finance Houses, Trust and Mortgage Finance Companies and represents rates for reporting institutions only.

TABLE A.36

BALANCE OF PAYMENTS, 1996-2000
/US$ Million/

ITEMS	1996	1997	1998	1999[r]	2000[p]
(l) Merchandise (Net)	346.5	-493.9	-743.0	63.6	1,168.0
Exports	2,505.8	2,542.3	2,264.6	2,815.8	4,724.5
Imports	2,159.3	3,036.2	3,007.6	2,752.2	3,556.5
(2) Services (Net)	244.1	292.5	417.6	329.1	286.9
Transportation	103.2	88.2	78.2	80.9	83.7
Travel	32.2	121.0	134.0	126.8	130.4
Communication	84.5	79.8	91.9	102.8	30.3
Insurance	25.4	35.5	30.1	23.9	48.0
Other Government	-5.0	-11.3	77.5	-10.2	-12.5
Other Services	3.8	-20.7	5.9	4.9	7.0
(3) Income	-515.3	-381.3	-342.3	-399.9	-499.6
Investment Income	-515.3	-381.3	-342.3	-399.9	-499.6
(4) Unrequited Transfers (Net)	-7.1	3.8	22.3	37.8	35.3
(5) Current Account (1+2+3+4)	68.2	-578.9	-645.3	30.6	990.6
(6) Capital & Financial Movements (Net)	43.1	840.8	694.4	217.9	-150.5
Portfolio Investment	7.4	-0.4	-0.4	-170.0	-146.3
Direct Investment	356.3	999.6	731.9	379.2	487.8
Other Private[1]	-319.3	50.2	117.6	-174.9	-509.8
Commercial Banks[2]	-27.4	21.9	-49.7	73.7	-85.9
Official Borrowing	47.4	-245.5	-105.7	124.4	114.7
Official Loans	0.0	0.0	0.0	0.0	0.0
State Enterprise Borrowing	-24.3	-13.0	-5.7	-14.5	-11.0
Other Assets	3.0	28.0	6.0	0.0	0.0
(7) Net Errors and Omissions	102.2	-86.6	31.5	-86.3	-399.0
(8) Overall Surplus or Deficit	213.5	175.3	80.6	162.2	441.0
(9) Official Financing	-213.5	-175.3	-80.6	-162.2	-441.0
Government	-0.3	-0.4	-0.3	0.0	3.5
Central Bank (Net)[3]	-213.2	-174.9	-80.3	-162.2	-444.5
(10) Exceptional Financing	0.0	0.0	0.0	0.0	0.0
of which:					
Debt Rescheduling	0.0	0.0	0.0	0.0	0.0
Memoranda Items:					
Current Account/GDP (per cent)	1.2	-9.9	-10.5	0.5	12.4
Gross International Reserves (US $Mn)	937.7	1,120.3	1,184.5	1,367.8	1,890.2
(in months of imports)	4.7	4.1	4.7	4.2	5.2
Debt Service Ratio	13.4	15.4	9.9	8.0	6.9

SOURCE: Central Bank of Trinidad and Tobago.

1 Represents estimated short-term foreign capital.
2 As a result of the change in the exchange rate regime in 1993 commercial banks are classified as part of private sector capital.
3 Includes Central Bank holdings, IMF Reserve Tranche and SDR holdings, and Use of Fund (IMF) Credit.
r revised
p provisional

TABLE A.37

VALUE OF EXPORTS[1] AND IMPORTS BY SECTIONS OF THE S.I.T.C.(R2), 1997-2000
/Dollars Million/

SECTION	1 9 9 7 Exports	1 9 9 7 Imports	1 9 9 8 Exports	1 9 9 8 Imports	1 9 9 9 Exports	1 9 9 9 Imports	2000* Exports	2000* Imports
Total[2]	15887.6	18,705.9	14,220.5	18,886.8	17,661.2	17,263.0	12,175.3	9,305.8
0. Food and Live Animals	979.6	1,559.1	959.0	1,619.6	938.3	1,651.8	560.8	719.1
1. Beverages and Tobacco	472.2	137.8	555.4	180.3	491.0	126.3	276.3	35.9
2. Crude Materials Except Fuels	63.2	780.2	48.7	773.5	40.6	352.3	18.6	350.0
3. Mineral Fuel Lubricants	7,319.6	2,449.6	6,310.4	2,483.3	9,554.8	3,628.3	7,994.2	3,041.7
4. Animal and Vegetable Oils and Fats	49.7	95.2	57.5	149.5	35.3	122.1	5.9	36.4
5. Chemicals	3,822.3	1,500.2	3,146.3	1,704.6	3,362.0	1,606.9	1,766.1	802.1
6. Manufactured Goods	2,237.8	2,756.9	2,343.0	3,205.7	2,191.5	2,707.3	1,216.8	1,323.5
7. Machinery & Transport Equipment	607.2	8,625.4	432.0	7,657.5	652.7	5,880.4	149.1	2,513.2
8. Misc. Manufactured Articles	333.9	761.4	366.9	1,067.3	393.5	1,044.3	183.8	453.3
9. Misc. Transactions and Commodities	2.1	40.1	1.3	45.5	1.5	143.3	3.7	30.6
Memorandum Item: Ships' Stores/Bunkers	147.8	-	170.6	-	171.8	-	115.0	-

SOURCE: Central Statistical Office.

1 Domestic Exports
2 Unadjusted for Balance of Payments
* Reflects data for the period Jan-Jun 2000 only.

TABLE A.38

EXPORTS BY ECONOMIC FUNCTION, 1996-June 2000
/Dollars Million/

COMMODITY GROUPS	1996	1997	1998	1999	Jan-Jun 2000
1. **Consumer Goods**	**1,468.1**	**1,880.7**	**2,379.2**	**1,959.0**	**1,070.0**
NON-DURABLES	1,254.4	1,644.6	2,198.7	1,662.1	929.6
Food	682.6	907.1	1,361.2	912.1	534.4
Other	571.8	737.5	837.5	750.0	395.2
DURABLES	213.7	236.1	180.5	296.9	140.4
2. **Raw Materials and Inter. Goods**	**12,418.9**	**12,822.9**	**11,235.9**	**14,475.1**	**10,701.3**
Fuels	7,546.2	7,319.6	6,231.3	9,554.8	7,994.2
Construction Materials	1,247.8	1,490.2	1,634.4	1,347.2	802.6
Chemicals	3,401.8	3,822.3	2,466.8	3,362.0	1,766.1
Other Raw Materials	223.1	190.8	903.4	211.1	138.4
3. **Capital Goods**	**176.7**	**364.5**	**462.2**	**405.0**	**114.4**
Transport Equipment	2.8	1.8	181.5	50.6	12.3
Other Machinery and Equipment	173.9	362.7	280.7	354.4	102.1
4. **Other Commodities**	**291.4**	**819.5**	**143.2**	**822.1**	**289.6**
5. **Total Exports, Unadjusted for Balance of Payments (1+2+3+4)**	**14,355.1**	**15,887.6**	**14,220.5**	**17,661.2**	**12,175.3**

SOURCE: Central Statistical Office.

TABLE A.39

IMPORTS BY ECONOMIC FUNCTION, 1996-June 2000

/Dollars Million/

COMMODITY GROUPS	1996	1997	1998	1999	Jan-Jun 2000
1. **Consumer Goods**	**2,481.8**	**2,854.4**	**2,826.8**	**3,627.9**	**1,608.1**
NON-DURABLES	1,857.1	2,080.5	1,891.9	2,202.2	955.1
Food	1,339.8	1,407.4	1,381.2	1,496.6	658.4
Other	517.3	673.1	510.7	705.4	296.7
DURABLES	624.7	773.9	934.9	1,425.7	653.0
C.K.D. Passenger cars	-	n.a	n.a	-	33.9
Non-C.K.D. Passenger Cars	400.6	n.a	n.a	561.5	248.1
Other	224.1	-	-	864.2	371.0
2. **Raw Materials and Inter. Goods**	**4,966.9**	**5,577.3**	**7,104.8**	**6,233.3**	**4,240.9**
Fuels	2,470.5	2,449.6	2,308.1	3,628.3	3,041.7
Construction Materials	429.8	737.1	886.7	586.9	315.6
Other Raw Materials	2,066.6	2,390.6	3,910.0	2,018.1	883.6
3. **Capital Goods**	**3,960.0**	**8,759.0**	**7,417.8**	**3,815.5**	**1,859.9**
Transport Equipment	696.0	892.1	1,175.8	928.7	704.5
Oil and Mining Machinery	163.0	388.3	420.2	11.9	46.1
Other Machinery and Equipment	3,101.0	7,478.6	5,821.8	2,874.9	1,109.3
4. **Other Commodities**	**1,458.1**	**1,515.2**	**1,537.4**	**3,586.3**	**1,596.9**
5. **Total Imports Unadjusted for Balance of Payments (1+2+3+4)**	**12,866.8**	**18,705.9**	**18,886.8**	**17,263.0**	**9,305.8**

SOURCE: Central Statistical Office.

TABLE A.40

DIRECTION OF TRADE - EXPORTS, 1996-2000

COUNTRY	1996 $M	1996 %	1997 $M	1997 %	1998 $M	1998 %	1999 $M	1999 %	2000* $M	2000* %
United States	6,594.6	44.3	6,240.9	39.7	5,189.4	36.9	6,876.3	39.3	5,137.3	42.6
United Kingdom	280.7	1.9	372.2	2.4	282.5	2.0	409.0	2.3	273.8	2.3
Japan	37.7	0.3	6.7	0.1	8.1	0.1	13.3	0.1	7.7	0.1
Other European Community (excluding U.K.)	576.7	3.9	913.7	5.8	599.4	4.3	593.7	3.4	683.7	5.7
Canada	336.2	2.3	141.0	0.9	166.3	1.2	266.1	1.5	170.5	1.4
CARICOM of which:	3,566.1	23.9	3,857.7	24.5	4,124.0	29.4	4,558.6	26.1	2,866.4	23.8
Jamaica	***1,278.8***	***8.6***	***1,300.5***	***8.3***	***1,474.2***	***10.5***	***1,523.8***	***8.7***	***1,079.1***	***8.9***
Guyana	***484.3***	***3.3***	***581.2***	***3.7***	***492.8***	***3.5***	***452.8***	***2.6***	***262.7***	***2.2***
Barbados	***512.9***	***3.4***	***560.6***	***3.6***	***766.6***	***5.5***	***922.6***	***5.3***	***606.7***	***5.0***
Puerto Rico and U.S. Virgin Islands	709.3	4.8	705.7	4.5	427.0	3.0	411.0	2.3	401.5	3.3
Central and South America[1]	1,137.4	7.6	1,638.9	10.3	1,364.9	9.7	1,655.1	9.5	1,038.5	8.6
European Free Trade Association	25.7	0.2	42.4	0.3	57.5	0.4	67.7	0.4	25.8	0.2
Other	1,616.2	10.8	1,820.6	11.5	1,830.8	13.0	2,638.6	15.1	1,455.1	12.0
TOTAL[2]	**14,880.6**	**100.0**	**15,739.8**	**100.0**	**14,049.9**	**100.0**	**17,489.4**	**100.0**	**12,060.3**	**100.0**

SOURCE: Central Statistical Office

1 Excludes Guyana, French Guiana, Suriname and Belize
2 Excluding ships' stores/bunkers.
* Reflects data for the period Jan-Jun 2000 only.

TABLE A.41

DIRECTION OF TRADE - IMPORTS, 1996-2000

COUNTRY	1996 $M	1996 %	1997 $M	1997 %	1998 $M	1998 %	1999 $M	1999 %	2000* $M	2000* %
United States	4,826.3	37.5	9,770.2	52.2	8,440.9	44.7	6,867.6	39.8	2,974.2	32.0
United Kingdom	769.3	6.0	925.0	4.9	930.6	4.9	804.9	4.7	397.9	4.3
Japan	519.1	4.0	677.8	3.6	912.7	4.8	876.7	5.1	349.6	3.8
Other European Community (excluding U.K.)	1,287.3	10.0	1,671.4	8.9	1,656.4	8.8	1,213.8	7.0	527.1	5.7
Canada	465.6	3.6	498.2	2.7	661.1	3.5	841.9	4.9	300.9	3.2
CARICOM	493.7	3.8	601.6	3.2	668.7	3.5	827.3	4.8	310.6	3.3
of which:										
Jamaica	113.0	0.9	108.9	0.6	111.5	0.6	114.3	0.7	58.7	0.6
Guyana	72.8	0.6	84.3	0.4	66.9	0.4	74.9	0.4	37.0	0.4
Barbados	98.2	0.8	97.7	0.5	151.3	0.8	239.5	1.4	96.6	1.0
Central and South America[1]	3,174.1	24.7	3,087.9	16.5	3,576.8	18.9	3,868.2	22.4	3,196.3	34.3
of which:										
Brazil	428.4	3.3	405.2	2.2	516.4	2.7	245.3	1.4	305.2	3.3
Venezuela	1,567.8	12.2	1,624.1	8.9	1,342.5	7.1	2,062.0	11.9	1,713.2	18.4
European Free Trade Association	151.8	1.2	212.9	1.2	318.5	1.7	153.2	0.9	69.4	0.7
Indonesia	18.8	0.2	24.2	0.2	31.0	0.2	29.6	0.2	24.0	0.3
Other	1,160.8	9.0	1,236.7	6.6	1,690.1	9.0	1,779.8	10.2	1,155.8	12.4
TOTAL[2]	12,866.8	100.0	18,705.9	100.0	18,886.8	100.0	17,263.0	100.0	9,305.8	100.0

SOURCE: Central Statistical Office.

1 Excludes Guyana, French Guiana, Suriname and Belize.
2 Unadjusted for balance of payments purposes.
* Reflects data for the period Jan-Jun 2000 only.

TABLE A.42

WEIGHTED AVERAGE TT DOLLAR EXCHANGE RATES FOR SELECTED CURRENCIES [1]
1996 - 2000

PERIOD	UNITED STATES DOLLAR Buying (1)	UNITED STATES DOLLAR Selling (2)	CANADIAN DOLLAR Buying (3)	CANADIAN DOLLAR Selling (4)	UK POUND STERLING Buying (5)	UK POUND STERLING Selling (6)	JAPANESE YEN Buying (7)	JAPANESE YEN Selling (8)	DEUTSCHE MARK Buying (9)	DEUTSCHE MARK Selling (10)
1996	5.9432	6.0354	4.3125	4.4702	9.2268	9.5093	0.0547	0.0556	3.9117	4.0531
1997	6.2186	6.2846	4.4499	4.6091	10.1456	10.4470	0.0515	0.0522	3.5359	3.6761
1998	6.2606	6.2982	4.2003	4.3398	10.3213	10.6453	0.0481	0.0485	3.5149	3.6610
1999	6.2457	6.2997	4.1701	4.3332	10.0375	10.3680	0.0552	0.0557	3.3572	3.4999
2000	6.2503	6.2998	4.1599	4.3188	9.3961	9.7412	0.0581	0.0587	2.8972	3.0426
2000										
January	6.2403	6.2996	4.2636	4.4152	10.1890	10.5144	0.0593	0.0601	3.2039	3.3318
February	6.2418	6.2998	4.2623	4.4153	9.9208	10.2781	0.0570	0.0576	3.1029	3.2305
March	6.2492	6.2998	4.2303	4.3853	9.7942	10.1465	0.0588	0.0594	3.0294	3.1771
I	6.2437	6.2997	4.2524	4.4056	9.9708	10.3157	0.0584	0.0590	3.1134	3.2476
April	6.2501	6.2998	4.2262	4.3751	9.8434	10.1759	0.0596	0.0603	2.9667	3.1045
May	6.2515	6.2998	4.0987	4.2812	9.3750	9.6962	0.0578	0.0585	2.8253	2.9831
June	6.2595	6.2998	4.1818	4.3200	9.3386	9.7128	0.0589	0.0597	2.9803	3.0954
II	6.2537	6.2998	4.1647	4.3216	9.5034	9.8456	0.0587	0.0594	2.9194	3.0570
July	6.2517	6.2998	4.1834	4.3433	9.3379	9.7199	0.0579	0.0584	2.9405	3.0818
August	6.2513	6.2998	4.1690	4.3277	9.2413	9.5825	0.0578	0.0585	2.8291	3.1016
September	6.2513	6.2998	4.1636	4.3391	8.8899	9.2436	0.0586	0.0591	2.7472	2.8649
III	6.2514	6.2998	4.1720	4.3367	9.1564	9.5153	0.0581	0.0587	2.8389	3.0161
October	6.2528	6.2998	4.0880	4.2611	8.9993	9.3529	0.0578	0.0585	2.6965	2.8124
November	6.2493	6.2998	4.0116	4.1621	8.8435	9.1598	0.0574	0.0579	2.6861	2.8111
December	6.2561	6.2997	4.0477	4.2069	9.0362	9.3686	0.0558	0.0564	2.7751	2.9336
IV	6.2525	6.2998	4.0485	4.2094	8.9540	9.2878	0.0571	0.0577	2.7159	2.8477

Source: Central Bank of Trinidad and Tobago

1 Monthly rates are an average for the month

TABLE A.43

TRINIDAD AND TOBAGO - INTERNATIONAL RESERVES, 1996-2000
/US-$Mn/

END OF PERIOD	CENTRAL BANK					Central Government	Net Official Reserves (5+6)
	Foreign Assets	of which IMF Reserve Tranche Position	of which SDR Holdings	Foreign Liabilities	International Reserves (1-4)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1996	543.4	0.0	0.0	36.7	506.7	2.3	509.0
1997	702.9	0.0	0.1	21.3	681.6	3.3	684.9
1998	779.4	0.0	0.1	17.5	761.9	3.6	765.5
1999	941.9	0.0	0.0	17.8	924.1	3.6	927.7
2000	1,386.1	0.0	0.1	17.5	1,368.6	0.1	1,368.7
1999							
Qtr. I	708.7	0.0	0.2	18.2	690.5	3.6	694.1
Qtr. II	691.8	0.0	0.1	18.2	673.6	3.7	677.3
Qtr. III	898.0	0.0	0.2	18.5	879.5	3.5	883.0
Qtr. IV	941.9	0.0	0.0	17.8	924.1	3.6	927.7
2000							
Qtr.I	882.1	0.0	0.1	17.5	864.6	3.9	868.5
Qtr.II	1,291.5	0.0	0.2	17.5	1,274.0	3.7	1,277.7
Qtr.III	1,381.9	0.0	0.1	17.5	1,364.4	0.1	1,364.5
Qtr.IV	1,386.1	0.0	0.1	17.5	1,368.6	0.1	1,368.7

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)
1996	391.4	199.9	191.5	937.1	236.6	700.5
1997	414.1	244.6	169.5	1,120.3	265.9	854.4
1998	401.6	182.2	219.4	1,184.6	199.7	984.9
1999	422.3	276.7	145.6	1,367.8	294.5	1,073.3
2000	504.0	272.5	231.5	1,890.2	290.0	1,600.2
1999						
Qtr. I	414.1	157.0	257.1	1,126.3	175.2	951.1
Qtr. II	467.1	251.7	215.4	1,162.6	269.9	892.7
Qtr. III	395.3	247.7	147.6	1,296.8	266.2	1,030.6
Qtr. IV	422.3	276.7	145.6	1,367.7	294.5	1,073.2
2000						
Qtr.I	409.4	282.0	127.4	1,295.4	299.5	995.9
Qtr.II	411.6	298.6	113.0	1,706.8	316.1	1,390.7
Qtr.III	328.9	236.1	92.8	1,710.9	253.6	1,457.3
Qtr.IV	504.0	272.5	231.5	1,890.2	290.0	1,600.2

SOURCE: Central Bank of Trinidad and Tobago.

E-Commerce in Trinidad and Tobago: IMPLICATIONS FOR THE CENTRAL BANK OF TRINIDAD & TOBAGO

Philip Colthrust

The author is an Economist in the Research Department of the Central Bank of Trinidad and Tobago and was a member of the National E-Commerce Policy Committee. The views expressed are those of the author and not necessarily those of the Central Bank. It should be noted that other developments with respect to e-commerce may have occurred subsequent to the completion of this Paper in September, 2000.

INTRODUCTION

Since the 1960's large corporations worldwide have used electronic commerce to conduct business-to-business transactions. Companies have used electronic data interchange (EDI) on private networks to exchange business documents in a standard form, while banks have been using electronic funds transfer (EFT) to settle transactions by electronic means. However, the birth and rapid growth of the Internet have redefined the scope and breadth of electronic commerce. Indeed, electronic commerce or e-commerce as it is popularly referred to has evolved to include not only large corporations but as well individual consumers and businesses of all sizes. Further, the term e-commerce has evolved to be Internet-specific and as such now excludes EDI and EFT which utilize private communication networks.

Broadly, **e-commerce may be defined as the sale and purchase of goods and services over the Internet**. However, closing this apparently simple transaction involves a complex interrelated system. This system includes the delivery of information in the form of on-line catalogues, promotion and payment; the provision of services in the form of after sales and customer support; and fulfillment which involves the delivery of the purchased good or service. This system of promotion, sales, payment, delivery and service, though common to offline transactions, requires a transformation in the way business is conducted. This is particularly true in terms of the increasing application of e-commerce to the service industry for which a "paper-trail" was critical for auditing, monitoring and the transparency of business activity. This is particularly so in the financial services sectors where issues of security, privacy, auditability assume critical importance.

The increasing use of e-commerce technology in Trinidad and Tobago among manufacturers and financial institutions implies that these businesses will have to change the way they conduct businesses, that is their business operations. This implies further that the agencies, which supervise and regulate these businesses, will too have to redefine their operations and become *au courant* with technology and its implications. It is in this connection that central banks and financial system regulators must be prepared to proactively redefine marketplace rules and prudential requirements in order to maintain the integrity of the entire system. This note seeks to identify and highlight many of the issues and challenges facing central banks as a first step to achieving the level of awareness and the proactive nature required in the fast changing Internet environment.

The main issues which must be addressed by the Central Bank of Trinidad & Tobago may be categorized into three broad classes namely, (a) **supervisory issues**; (b) **regulatory issues**; (c) **operational issues**. While an attempt is made to categorize the issues in this manner, it should be noted that some issues may relate to more than one category. In addition, the issues, which relate to electronic commerce are not new issues particularly, but the manner in which the issues arise and the degree to which they can impact on the banking system are new.

Supervisory Issues

The oversight function of the Central Bank is perhaps the most important function for ensuring financial system soundness and safety. Supervisory issues associated with electronic commerce relate mainly to the provision of electronic banking services. A natural consequence of e-commerce among the business community is the growth in e-banking services to facilitate payment and financial transactions over the Internet. However, the provision of e-banking services has a number of associated risks. While e-banks are exposed to the same risks as conventional banks such as financial and credit risks, the main risks faced by e-banks are **operational**, **reputational** and **legal risks**. These risks are further complicated by cross-border issues that naturally arise with the use of the Internet to provide services. These risks if left unchecked can undermine the integrity of the entire banking system. In this respect the Central Bank must play a supervisory role by ensuring the banks engaged in e-banking limit their exposure by implementing risk management strategies.

Supervisory issues also arise with respect to Internet-based payment systems and the possible acceptance of electronic payment schemes. Because of the nature of many electronic payment systems, issuers of electronic or digital cash assume a deposit taking function. In addition, the operation of these systems involves the electronic transfer of confidential information over open networks. The oversight function of the Central Bank in this respect is required to ensure that issuers and operators of electronic payment systems maintain appropriate standards of authentication, privacy, securing and prudential requirements to avoid or limit loss resulting from fraud or external attacks.

Regulatory Issues

The main regulatory issues for the Central Bank stem from the operation of electronic payment systems. In the same manner explicit rules exist for conventional payment systems, which clearly state the extent of liability for consumers, merchants and banks, the development of new electronic payment systems requires a supportive framework of explicit rules and regulations. While other public authorities may define some of these rules, the Central Bank, as regulator for the banking systems must address issues related to the issuance of electronic money, the control of the money supply, money laundering, bank consumer protection and authentication standards.

Operational Issues

From an operational point of view the main issue is associated with the role of the Central Bank as an e-banker to an e-government. At present Cabinet is considering the recommendations of its National Electronic Commerce Policy Committee (NECPC). One of the main recommendations of this committee was the establishment of an e-government through the provision of government services over the Internet. It is anticipated that the Central Bank as banker to the Government will have to implement the systems required to facilitate payment of service charges, fees and taxes online. However, the realization of this goal may still be a number of years away. More short - term operational issues relate to the Central Bank's interaction with an electronic clearing house which may be established to settle electronic transactions.

E-COMMERCE IN TRINIDAD AND TOBAGO

E-Commerce in Trinidad and Tobago though limited is growing. The limited use of e-commerce technologies is evidence of the "Digital Divide" that typically exists between the developed world (in particular the US) and the developing world where computer and Internet technology is concerned. The comprehension and acquisition of the requisite technologies for conducting business on the Internet over the period 1995 to 1999 has been particularly slow. However, the increase in technical expertise, a willingness to make substantial investments in Internet-related technologies and the growth of third party application service providers (ASPs) have contributed in 2000 to a slow but increasing acquisition and use of e-commerce technologies among local businesses. This trend has been seen particularly in the manufacturing sector among export-oriented producers. However, since the start of 2000 insurance companies have also moved closer to allowing on-line processing of insurance policies. All the same, the pace of e-commerce activity has been relatively slow compared to the activity, which has been witnessed in North America.

The National E-Commerce Policy Committee

In an attempt to close the "Digital Divide" between the developed and developing world, Cabinet in September 1999, appointed a National e-commerce Policy Committee (NECPC). Over the period September 1999 to May 2000, the NECPC conducted a preliminary examination of Trinidad and Tobago's current e-commerce environment with a view to formulating policy recommendations which would allow Trinidad and Tobago to capitalize on the benefits of the new digital economy (*see Appendix I for Terms of Reference*). The NECPC's was organized into the following four working groups:

1. Strengthening the e-commerce Infrastructure
2. Increasing Participation in Electronic Commerce
3. Clarifying Marketplace Rules
4. Building Confidence for Users of Electronic Commerce

The work and the resulting recommendations of the NECPC were thus primarily constituted around these four areas. These also formed the base of the committee's policy objectives and an enabling environment for two additional objectives:

1. Jumpstarting the E-Economy and
2. Positioning Trinidad and Tobago as a regional e-commerce Hub.

An examination of the state of e-commerce in Trinidad and Tobago by the NECPC revealed the following four characteristics:- (i.) a weak physical infrastructure; (ii.) legislative infrastructure; (iii.) a poor financial and banking infrastructure; and (iv.) a lack of availability of e-commerce service providers.

Physical Infrastructure

The issue of physical infrastructure relates to the computing and telecommunications infrastructure. The committee cited a combination of high cost and low bandwidth as the main infrastructural impediments to the growth of e-commerce in Trinidad and Tobago. Specifically, the committee noted that while access cost (dial-up) compares favorably with most of the Caribbean region, the local Internet user pays more than ten times as much for comparable access as a user in the United States. For the average business seeking dedicated access, the cost factor would be in most cases extremely prohibitive.

Additionally, in order to take advantage of the many available Internet-related services, broadband access (access at high bit transfer rates) must be available. The US Federal Communications Commission (FCC) currently defines broadband as the capability of supporting at least 200 kilobits per second (kbps) bi-directionally (upstream and downstream) in the consumer's connection to the network or the "last mile". All of Trinidad and Tobago's existing access methods are considerably insufficient for providing broadband access to the Internet.

Legal Infrastructure

With respect to the legal infrastructure, the committee noted that current laws do not expressly address e-commerce issues. However, a number of new legal issues related to intellectual property rights, taxation, cross-border jurisdiction and digital signatures arise which must be addressed. Already the Attorney General's office has drafted two e-commerce related bills:

1. The Digital Signatures Bill, 1999 - which seeks to regulate the use of digital signatures; and
2. The Electronic Transfer of Funds Crime Bill, 1999 - which seeks to regulate the transfer of money by electronic means for the purpose of purchasing goods and other related products.

The Computer Misuse Bill, 1999 has also been drafted by the Attorney General's office. However, this Bill deals more with the general misuse of computers and less with specific electronic commerce issues.

Financial and Banking Infrastructure

Perhaps one of the main impediments to businesses conducting e-commerce in Trinidad and Tobago is the apparently weak financial and banking infrastructure. The conduct of e-commerce relies on electronic payment systems, which often incorporate the use of a merchant account for credit card validation and processing. The growth of e-commerce locally requires that domestic banks be capable of providing local businesses with merchant accounts. However, according to a statement from the Bankers Association of Trinidad and Tobago, it appears that although the banks are fully cognizant of what is required for true e-commerce enablement, those services have not yet been made available in the local payments system. According to the Bankers Association, its members *"... are aware of the trend towards payments for goods and services across the Internet and individually and collectively have been reviewing strategies to position the local payment systems infrastructure to support Internet-based payments."* (NECPC Report 2000). This statement suggests that the banks are still at a technology and business case review stage. There is no official indication as to when local banks will be ready to provide Internet credit card processing. In the interim, businesses that wish to engage in e-commerce have to resort to offline credit card validation and processing, which is not a viable option for high transaction based businesses. Businesses that wish to have automatic processing of Internet payments therefore have to face the costs of establishing merchant accounts with an offshore financial institution or a US based bank. However, the local Bankers have indicated a willingness to work with their customers on a one on one basis to come up with *"viable solutions for the acceptance of Internet-based payments".*

Recommendations of the NECPC

The report of the NECPC, entitled "*Preparing Trinidad and Tobago for Doing Business in the Internetworked Global Digital Economy*", was submitted to the Minister of Trade on June 2, 2000. In general, the main recommendations of the NECPC focus on:

Physical Infrastructure

- Improvements to the telecommunication infrastructure through the de-monopolization of the sector

Increasing Participation

- The establishment of a resource pooling facility to lower cost of fulfillment;
- The encouragement of on-shore payment processing services for locally hosted e-commerce businesses.
- The establishment of Community Access Centres in order to provide access to the widest cross section of the Trinidad and Tobago population.
- The introduction of new payment systems by local banks to facilitate on-line purchases by individuals who would not normally qualify for credit cards.

Clarifying Marketplace Rules

- The continued development of a legal framework that is technology neutral and clarifies issues related to intellectual property, security and liability of users and providers.
- The Ministry of Trade, Industry and Consumer Affairs and the Office of the Attorney General immediately begin to review existing policies (competition and

other), laws and rules to ensure technological neutrality and the removal of potential obstacles to electronic trade. There should also be a mandate that all-new policies and laws conform to the technological neutrality requirement.

Building Consumer Confidence

- The review of existing and drafting of new consumer protection legislation, that provide for equal treatment for both local and foreign consumers.

The report of the NECPC also has significant implications for the way government conducts business. One of the main recommendations of the NECPC is that government use the new technology to radically transform how it functions and how it addresses the needs of the country's citizens. To this end the committee suggests that government transform itself into an "e-government". This strategy will allow the government to operate more efficiently and effectively and thereby improve the services provided to citizens - at significantly reduced costs.

E-COMMERCE: IMPLICATIONS FOR CENTRAL BANKS

In general, the recommendations of the NECPC have implications for the Central Bank of Trinidad and Tobago, as the advancement of e-commerce among local businesses will require the involvement of the local banking sector for the processing of online transactions. In this connection, the NECPC has proposed that *"...the Central Bank (of Trinidad and Tobago) begin to evaluate electronic payment systems and their requirements in order to determine which should be introduced in Trinidad and Tobago and when*". Although this recommendation is the only one put forward by the NECPC that specifically relates to the Central Bank or the banking sector, it does not imply that the Central Bank's role or involvement in a local e-commerce environment is a limited one. On the contrary, the very nature of e-commerce which involves an on-line payments system that revolves around an online banking sector has numerous implications for the Central Bank in the fulfillment of its mission to ensure "*the promotion of monetary, credit and exchange conditions favourable to economic growth and development, monetary and financial stability and public confidence*". The issues surrounding payment settlement, wider issues of security, privacy and risk management evolve out of this new transaction medium. Further, the expansion of e-commerce activity can impact on the growth of the economy and the way Government conducts business. As such, the conduct of e-commerce impacts on the Central Bank's core purpose as defined under the Central Bank Act 1994, Section (3) and its powers, to ensure the prudent operations of financial operations in the public interest, granted under the Financial Institutions Act 1993, Section 47.

Electronic Payment Systems

Definition of Payment Systems

Electronic payment systems (EPS) refer to the collection of payment instruments, which are used to settle transactions initiated over the Internet that involve the purchase and sale of goods, services and information. While EPS are still in their nascent stages worldwide, existing electronic payments systems may be divided into two broad classes. The first class, which at present is the most popular, includes **access products** which allow consumers to use the Internet to conveniently and securely access otherwise conventional payment services, while the second includes **electronic technology products** that produce entirely new payment instruments designed predominantly for Internet use. As e-commerce gains popularity among consumers and businesses and transaction volumes grow it is likely that the second class of payment systems may gain greater dominance. Already, there has been a host of new payment mechanisms for on-line purchases, which have been proposed by various independent companies. However, these new instruments have gained limited acceptance and at present merchants and companies generally allow payment via credit cards only.

Irrespective of class, electronic payment systems satisfy the same basic requirements of conventional payment systems. That is, they are:

- Secure
- Reliable

- Acceptable
- Convertible
- Efficient
- Auditable
- Ease of Integration; and
- Easy to Use

In addition to these basic requirements that are common across the physical and digital world, EPS must satisfy the need for:

- Scalability
- Anonymity
- Customer Base
- Flexibility

Two features of EPS further distinguish them from traditional payment systems. These characteristics involve (a) the use of encryption and (b) the system architecture. Comprehension of these characteristics is crucial to understanding how digital payment systems may differ from traditional systems and consequently understanding what are the issues that arise in the supervision and regulation of these systems.

The use of encryption is a necessary feature of all electronic payment systems. Typically, making payments via the World Wide Web requires the transmission of data among participants, a large component of which would be confidential in nature (for example credit card numbers). Protecting all participants therefore requires that confidential information be concealed. This is typically achieved with the use of encryption technology. At present, virtually all existing electronic payment systems utilize public-key cryptography which is a well accepted form of cryptography that allows people to communicate sensitive information over the Internet through the use of encryption and decryption codes to which only the sender and receiver have access.

The system architecture of most EPS require the use of three special types of software; one that is resident on the consumer's computer referred to as a "wallet"; one that is resident on the merchant's computer called an Internet cash register and the third, a gateway server, that runs on the transaction processor's (transacting bank) computer. Each type of software enables encryption of the communication among the three parties to secure the transaction.

Types of Electronic Payment Systems

Secure Credit Card Transactions

Secure credit card transactions (SCCT), which constitute the first class of EPS specified earlier, utilizes public-key cryptography to encrypt customers' credit card numbers so that only the transaction processor can read it. The main advantages of this approach are its acceptability, ease of use and convertibility, since credit cards are widely used and accepted internationally and its use is not specific to the Internet as they are more commonly used to purchase goods offline. The main disadvantage of SCCT is that the encrypted credit card number does not constitute a signature in that anyone who has knowledge of the credit card information can make a fraudulent transaction. In addition, credit cards are not efficient payment instruments in that the transaction costs involved make its use inappropriate for small payments.

Although the use of credit cards to facilitate payment by electronic means (over private networks) is not new, their use to do so over the Internet, which is a public network, is new and as such raises certain issues which are not associated with transactions over traditional private point-of-sale networks. Of greatest concern to policy makers and financial system regulators is that although the incidence of credit card fraud is limited, the value of each fraudulent transaction is potentially much higher. This is because over the Internet all transactions take place in a "card not present" environment and as such the thief does not have to be present at the point of sale and the anonymity of the thief remains completely secure.

Electronic Money

The Bank for International Settlements (BIS) (1996) has defined **electronic money or e-money as "stored-value" or "prepaid" products in which a record of the funds or "value" available to a customer is stored on an electronic device in the consumer's possession**. The electronic value is purchased in advance in the same manner as traditional prepaid products (for example telephone cards) and is debited each time the consumer makes a purchase. Unlike telephone cards and other traditional prepaid instruments, however, e-money is a multi-purpose payment mechanism that allows the purchase of a variety of goods and services. Further, e-money relates to both prepaid cards and computer software products that facilitate payment over the Internet such as digital cash.

At present, there are a number of e-money schemes operated largely by privately owned companies. However these schemes may be differentiated according to the features of the schemes. Typically, e-money schemes may differ in terms of:

- ***Technical Implementation*** - This refers to

Table 1
Characteristics and Issues Related to Types of Electronic Payment Systems

Payment System Categories	Characteristics	Advantages/ Disadvantages	Issues for Central Banks
Access Based (Secured Credit Card Transactions)	Technical Implementation: Access over Internet via personal computer Institutional Arrangements: 2 providers: Issuer (bank); and Systems operator. Transferability: Very Limited Record Keeping: Detailed records of all transactions Currency Denomination: Foreign currency (US dollars)	Advantages: 1. Wide Acceptability 2. Ease of Use 3. Convertibility Disadvantages: 1. Weak Authentication 2. Inefficient	1. Consumer Protection from loss associated with fraud
Technology Based Account Based e-money	Technical Implementation: Access over Internet via software on personal computer Institutional Arrangements: 3 providers: Issuer (bank); Systems operator; and Clearing House Transferability: Very Limited Record Keeping: Detailed records of all transactions Currency Denomination: National or Foreign currency	Advantages: 1. Auditability 2. Efficient Disadvantages: 1. Lack of Anonymity	1. The development of standards of authentication 2. Development of guidelines for joint ventures between local banks and foreign service providers.
Token Based e-money (e.g. digital cash and stored-value cards)	Technical Implementation: Access over Internet via software on personal computer Institutional Arrangements: 3 providers: Issuer (bank); Systems operator; and Clearing House Transferability: Very Transferable Record Keeping: Very few to no transaction details Currency Denomination: National or Foreign currency	Advantages: 1. Anonymity 2. Efficient 3. Transferability 4. Scalability Disadvantages: 1. High potential for money Laundering 2. Unauditable	1. The development of standards of authentication 2. The development of guidelines for money laundering. 3. Impact on Monetary Aggregates. 4. Development of criteria for the licensing of issuers. 5. Development of guidelines for joint ventures between local banks and foreign service providers.

how value is stored. Value may be stored through the use of computer software resident on the consumer's personal computer or on cards (such as smart cards).

- ***Institutional Arrangements*** - This refers to the type of service providers involved in the scheme. Typically, four service providers are involved (a) the issuer; (b) the systems operator; (c) the vendors of specialized hardware and software; and (d) the clearers of e-money transactions.

- ***Transferability*** - This refers to the ability to transfer electronic balances. In most cases this is allowed only from consumer to merchant, but some schemes allow balances to be transferred among consumers.

- ***Record Keeping*** - This refers to how and what transactions involving the transfer of electronic balances are recorded within the system.
- ***Currency Denomination*** - At present, the valued stored in most e-money schemes is denominated in national currency. However, it is likely that future schemes will allow balances to be held in different national currencies.

Based on these features, e-money schemes may be divided into two broad categories, namely **account-based systems** and **token-based systems**. Account-based systems, also known as notional systems, employ elements of the traditional financial system. Account-based systems utilize an automated clearing house (ACH), similar to that operated by the Federal Reserve Board, to credit and debit a consumers account held with the system operator. In the first instance, the consumer credits her account or "Internet wallet" with money transferred from a credit card or chequing account through the ACH. Subsequently, when a purchase is made a message is sent to the system operator to debit the consumer's wallet. The system operator or payment gateway checks the message to ensure that it is authentic and then simultaneously debits the consumer's account and credits the merchant's account.

From a policy perspective account-based systems are favourable since they do not create money. Moreover, they have the particular advantage of auditability. Since the transaction uses elements of conventional payment systems, funds remain within the banking sector and as such may be easily traced. The implication of this is that these systems do not typically lend themselves to money laundering.

Token-based systems on the other hand have a greater money laundering potential. With token-based systems, the system operator (usually a bank or a group of banks) issues digital tokens in exchange for value. The tokens, which are created through public-key cryptography, are simply data packets containing long number with special properties that may be likened to the serial number on banknotes. These tokens can be used to purchase goods and services or may be redeemed at a later date for physical money from the issuer. Moreover, digital tokens are completely transferable. They may be transferred from computer to computer or from computer to physical cards (smart cards). Subsequently, these cards may then be transferred by hand and then redeemed for physical cash. This perhaps is the greatest policy concern of token-based systems. Their ease of transfer among individuals without the use of a third party tracking or validation system makes them virtually unauditable. This raises concerns for money laundering. From a monetary policy point of view, digital tokens as a store of value and their ease of transferability represent in essence a new form of money which can be circulated at a much faster rate than physical money. Further, the estimation of monetary aggregates can become more difficult with the extensive use of digital cash (or tokens).

Policy Implications of Electronic Payment Systems for Central Banks

A number of regulatory, supervisory and operational implications arise out of the growing development and use of electronic payment systems worldwide. Those issues that are relevant to central banks relate to the oversight function of payment systems, financial system regulation, bank soundness and safety and the effect on monetary aggregates.

Regulatory Issues

The proper functioning of any payment system is based on explicit laws, rules, guidelines and regulations.

A payment system specific to the Internet is no exception. However, e-commerce and payment settlement over the Internet have grown by almost exponential rates with very little legal and regulatory response. Although, it is understandable that trends in e-commerce and the development of payment systems that support it must be understood before effective and appropriate regulations can be developed this trend cannot continue indefinitely. Indeed, central banks in countries of all stages of Internet development should begin to consider the regulatory issues associated with e-commerce.

Perhaps one of the most important regulatory issues concerning e-money involves the clarification of **marketplace rules**. Marketplace rules provide explicit rules with respect to the burden of liability, the role of trust parties and rights of consumers. **In the same manner explicit rules exist for credit card transactions, which clearly state the extent of liability for consumers, merchants and banks, the development of new electronic payment systems requires a supportive framework of explicit rules and regulations**. Although issuers of electronic payment instruments may seek to define this framework of rules, the protection of consumer rights may require public authorities such as the Central Bank to take an active role in the development of EPS guidelines.

The Issuance of E-money

While the acceptance of token-based payment instruments is very limited at present, bank regulators must be prepared for the eventual extensive use of digital cash. One of the main concerns associated with a wide scale adoption of digital cash involves the impact on the money supply and weaker central bank control of the monetary aggregates. This impact is greatest where private non-financial institutions become issuers of digital money. Under token-based systems, the creation of digital money represents an increase in the money supply, which may be outside of central banks legal control. The impact of this money creation effect must be fully explored by central banks regulators in order to determine whether to limit the right to issue digital currency to commercial banks. This regulation will ensure that central banks can maintain control of the money supply through the use of conventional monetary tools such as the reserve requirement. Alternatively, through legislative amendments, central banks can require private e-money issuers to oblige with special reserve requirements. However, in less Internet technology developed economies the issue is somewhat more complex. The *Digital Divide* may result in local banks acting as agents to foreign issuers of electronic money rather than as issuers themselves. As such, a central bank's control of the increase in the money supply from e-money deposits becomes more difficult.

The growth of token-based systems such as digital cash, which is designed to be completely transferable from consumer to consumer, raises a further issue of what kind of backing this form of electronic money should have. Banking regulators must determine whether issuers of digital cash must back their virtual money 100 per cent by holding equivalent amounts of cash in their vaults at all times or can digital cash be partially backed by short-term securities such as T-Bills.

Consumer Protection Issues

The potential benefit to consumers from new electronic payment instruments may be considerable. Potential consumer benefits could include the availability of lower cost, faster and more convenient means of payment. However, the benefits of electronic money are accompanied by a myriad of potential risks to the consumer. While these risks in general are not peculiar to e-money schemes as they are present in conventional payment instruments, it is unclear whether consumers utilizing e-money schemes will be protected by conventional rules that apply non-electronic payment instruments.

Consumers face the risk of financial loss resulting from theft, fraudulent use and loss or damage of electronic payment instruments. Consumers may also suffer loss if the issuer of the instrument becomes insolvent, bankrupt or is unable to otherwise honour payments by consumers. This risk is increased where issuers hold large balances of their clients. Consumers are also exposed to the extent that they may be unable to complete payments as a result of malfunction or where non-acceptance of the instrument by merchants limits the scope of usage. A third risk relates to the issue of privacy where information about users is disclosed without their consent.

Consumer protection is not an explicit role of any central bank. In addition, it is expected the issuers may collectively define self-regulatory measures to ensure consumer protection. However, there are cases where bank regulators may determine that such self-regulation is insufficient to protect the consumer from special types of risk. For instance, a central bank may determine that the self-imposed measures by issuers are inadequate to limit the risk of financial loss to consumers associated with financial failure of issuers resulting from poor prudential requirements. Such a failure not only impacts on consumers individually but also may impact the entire banking system where e-money schemes are widespread and digital cash is easily substituted for actual cash. In a related issue, the operation of deposit insurance schemes typically falls under the oversight of central banks. Deposit insurance schemes are primarily consumer protection mechanisms. Central bank regulators have to determine whether the use of e-money schemes locally warrants consumer protection under the existing deposit insurance scheme or whether special insurance mechanisms must be developed.

Bank and System Soundness

The likely reliance of the local banking system on foreign service providers of electronic money also raises concerns for bank and system soundness. If electronic payments become a major source of deposits and revenue for the banking system, the failure of an external provider could have serious implications for the soundness of local banks, especially if critical information on balances are lost. In addition, the need for third party providers opens another avenue for fraud and financial loss through unauthorized access. As such, central banks in countries where there is a large dependence on foreign providers will have to determine whether it will be necessary to develop guidelines with respect to the degree and kind of standards for foreign service providers.

Money Laundering

The development of new forms of electronic money raises the issue of their use to facilitate money laundering over the Internet. This is particularly so where token-based systems allow ease of transfer and a great deal of unauditability. However, the issue of money laundering is not a new one. In general, there exists regulations governing conventional payment systems with respect to limits on the size of deposits and money transfers. Similar regulations can easily be developed to limit the use of e-money for money laundering purposes. One such regulation may be to limit the value of stored value cards. For transactions above the specified limit, a certain amount of disclosure may be required with respect to account statements, the participants involved and electronic receipts for transactions. However, this raises consumer privacy issues, which must be carefully balanced.

Authentication Standards

Proper authentication is at the heart of new electronic payment systems. This is necessary to prevent fraud. Given its critical role in the success of EPS, bank regulators may wish set authentication standards for operators of EPS.

Electronic Banking Issues

Definition of Electronic Banking

The e-commerce revolution is not in any way limited to participants in the wholesale and retail goods business. E-commerce is rapidly expanding in service industries. Of particular note is the banking sector. The role of banks in electronic payment systems and as issuers of electronic payments instruments require them to be able to provide customer account information over the Internet. However, the Internet also provides new opportunities for banks, where traditional banking services are concerned. Specifically, electronic banking may allow banks to expand their markets for traditional deposit-taking and credit extension services. The Basle Committee on Banking Supervision (1998) has **defined electronic banking (or e-banking) as the provision of retail and small value banking products and services through electronic channels**. Such products can include deposit-taking, lending, account management, the provision of financial advice, electronic bill payment and the provision of other electronic payment products and services such as electronic money.

E-banking services may be provided over **closed networks** or **open networks**. Closed networks which restrict access to participants such as other financial institutions, consumers, merchants and third party service providers, based on certain membership requirements, while open networks have no membership requirements. Another fundamental aspect of e-banking relates to customers access to the service, which may include point of sale terminals, automatic teller machines, personal computers via the Internet and other devices.

The Risks of E-banking

The provision of banking services over the Internet exposes banks to particular risks. While these risks are comparable to the basic risks faced by the banking fraternity prior to the rise of Internet banking, the manner in which they arise and the degree to which banks may be exposed have not been previously experienced by financial institutions and regulatory authorities. Among the numerous types of risk that are faced by e-banking institutions, three risk categories appear most significant, namely (a) operational risk (b) reputational risk (c) legal risk. Further the factors which impact on one risk category has implications for the others. For instance, loss arising from operational risk could lead to greater loss resulting from a weakened reputation and legal actions taken by customers or merchants. Moreover the Internet which by nature is inconsiderate of geographical boundaries exposes banks engaged in electronic banking to other risks associated with cross-border issues.

Operational Risks

Operational risks arise from the potential for loss due to significant deficiencies in system reliability or integrity. Operational risk may result from security deficiencies, system design, implementation and maintenance weaknesses and customer misuse.

Reputational Risks

Reputational risk is the risk of significant negative public opinion that results in a critical loss of funding or customers (BIS 1998). Reputational risk may arise as a result of actions by the bank itself or due to the actions of third parties. This "third party" effect is exacerbated where the Internet is concerned. E-commerce technologies are at such a nascent stage, with different options being explored that the failure of one type of system utilized by one bank may cause customers to have a negative view of other electronic banking solutions used by other banks.

Legal Risks

Another category of risk associated with the nascent nature of e-commerce technologies and Internet payment systems is legal risk. Legal risk may be defined as the risk arising from violations of, or non-conformance with laws, rules, regulations, or prescribed practices, or when the legal rights and obligations of parties are uncertain. At present, there are still a number of unanswered questions regarding jurisdictional issues, the rights of participants and the rules and regulations governing e-banking and Internet payment systems. As such there exists a significant degree of legal risk associated with e-banking.

Cross Border Issues

The degree of exposure created by operational, reputational and legal risks is increased by the inherent nature of the Internet to break down geographical and national boundaries. At present, different countries are at different stages of Internet development. Further, the supporting legal and regulatory frameworks are also at varied stages of development. This environment particularly increases the legal risk associated with electronic banking. The lack of certainty with respect to the rules and regulations, which apply from country to country, makes cross border supply of financial services over the Internet risky. In addition, operational and reputation risk is increased in situations where weaker electronic commerce infrastructures in some countries intensify the risk of financial loss resulting from security breaches and unauthorized access to confidential information. Cross border electronic banking also exposes banks to country risk to the extent that foreign-based service providers are unable to fulfill their obligations due to economic, social or political factors. An associated scenario exists for banks in countries, which are typically reliant on technology from other countries. Banks that find themselves on the wrong side of the "Digital Divide" but are still interested in electronic banking may seek strategic alliances with technology rich banks in other countries. Such alliances not only expose banks to the risks identified above but as well they assume the risk level of their strategic partners. Such factors must be closely supervised in the management of electronic banking risks.

Risk Management Strategies for E-banking

The risks associated with electronic banking must be weighed against the associated benefits. While the issues related to Internet banking technologies and payment systems may be new, the risks arising from them should be carefully assessed and managed like any other risk associated with the provision of conventional banking services. As such banking supervisors and regulators should implement a risk management framework that enables the bank management to identify and respond to current risks and adjust to new risks as the technology develops.

The Basle Committee on Banking Supervision (1998) suggests a three-phased approach to electronic risk management. This approach involves three basic elements of (a) risk assessment; (b) risk control; and (c) risk monitoring.

Risk Assessment

Risk Assessment is an ongoing process that comprises three main steps. The first involves the identification and quantification of risks where possible. The second phase involves the determination of risk tolerance limits, which specify the extent of loss the bank can sustain if the identified risks materialize. Meanwhile, the final step requires bank managers to compare risk exposures with tolerance limits in order to determine whether risk exposures are within tolerance levels.

While continuous risk assessment is a requisite phase of all risk management frameworks, ongoing risk assessment is particularly critical in an e-banking environment. The pace with which Internet technology evolves requires a constant assessment of the risk associated with acquiring new technologies and retaining old or obsolete technologies.

Risk Management and Control

This phase of the risk management process involves the implementation of written and documented security policies, procedures and measures that manage and control the risks of electronic banking and limit bank exposure. A key component of this phase is an independent authority within the bank that is distinct from the departments undertaking electronic banking which has the power to enforce risk limits and intervene where necessary. There are a number of measures and policies which can be implemented to limit risk, but the main ones include:

- ***Security policies and measures*** - This refers to the combination of systems, applications and internal controls used to safeguard the integrity, authenticity and confidentiality of data and operating processes. These measures limit operational risk.

- ***Internal communication*** - This refers to the bi-directional flow of written communiqué between bank management and staff with respect to electronic banking issues. Specifically, bank management communicates the objective of the e-banking strategy of the bank while the (technical) staff communicates how systems are designed to work, fully detailing the strengths and weaknesses of individual systems.

- ***Product evaluation and upgrade*** - This involves the continuous evaluation of products and services to determine whether electronic systems function properly and that technologies are appropriate to ensure secure uninterrupted service to customers. This process is used to limit reputational and legal risks associated with system failures.

- ***Outsourcing evaluation*** - In many cases banks will not have the core competencies required to fully implement e-banking strategies. As such, elements of electronic system design and implementation may be outsourced to third party providers. The exposure associated with this process can be limited by an ongoing assessment of external service providers to evaluate their operational and financial performance.

- ***Disclosure and customer education*** - This measure may be used to limit legal and reputational risks. Disclosure and educational programmes may be used to inform bank customers of the use, associated fees, problems, error resolution issues associated with products and services provided by the bank.

- ***Contingency planning*** - This important aspect of risk management and control directly addresses how the bank will deal with operational failure, security breaches and loss of important data. As such contingency plans define alternative data processing facilities, emergency staffing and data recovery procedures. A significant aspect of this planning process involves the routine testing of back-up systems.

Risk Monitoring

Ongoing monitoring is an important aspect of any risk management process. Monitoring is particularly important in electronic banking environments where the nature of activities is likely to evolve rapidly as innovations occur and because of the reliance on the Internet, which is an open network. Two important elements of monitoring are system testing and auditing. System testing helps to detect unusual activity patterns and avert major system problems, disruptions and attacks, while internal and external auditing provides an important independent control mechanism for detecting deficiencies and minimizing e-banking risks.

Cross Border Risk Management

The management of cross border risks involves the use of the same three-phase management process, but with greater emphasis on the legal risk associated with differences in national laws and regulations. In addition, risk management systems may have to take into consideration differences in culture and customer expectations. Further, managers may have to develop special contingency plans to deal with country risk arising from disruptions linked to political developments, natural disasters and changes in economic fortunes in other countries.

The Central Bank as E-Banker to an E-Government

The government is soon to adopt a number of the recommendations put forward by the National E-commerce Policy Committee. One of the more important recommendations is that the government transform itself into an e-government. A significant factor in achieving this goal and indeed many of the other recommendations of the NECPC is the appointment of a National E-Commerce Coordinator (NECC). This Coordinator would have a mandate to continue the development of a comprehensive policy framework on e-commerce fully integrated within the national policy framework, and a consensus-based roadmap for implementation. In addition, the Coordinator will be responsible for coordinating the activities of the many private and public sector stakeholders and ensuring that policies are executed in a consistent and effective manner.

The government has displayed its willingness to proceed with many of the recommendations of the NECPC. At the end of August 2000, the positions of National e-commerce Coordinator and the Director of the National e-commerce Secretariat were advertised in the daily newspapers. This initiative by the government has implications for the Central Bank as banker to the government. Appendix II provides an example of the types of services that the government can provide over the Internet. The majority of the services involve on-line payment of taxes, duties for the search and processing of official documents and various types of government procurement and tendering procedures. From an operational perspective, these plans raise the question of how and which organization will be responsible for the on-line processing of payments to and by the government.

One option may be to process such transactions through payment systems provided by the local commercial banking system. However, this exposes the government to the risk of loss associated with individual bank or systemic bank failure. In addition, it also exposes the government to the risk of external and internal bank fraud associated with unauthorized access to confidential individual and government information. While these security issues cannot be completely eliminated, it can be limited by processing payments to and by the government through a dedicated payment system operated by the Central Bank. This strategy will eliminate information flow to third party private financial institutions.

However, this strategy presents particular challenges for the Central Bank. From an operational point of view, the Central Bank as e-banker to an e-government will require it to address all of the same issues that the e-banks have to deal with. For instance, the Central Bank will be required to develop a payment system, which is as secure, or more secure that those available in the banking system. Further, it then exposes the Central Bank to risks of e-banking similar to those described above. Perhaps paramount of these will be a legal risk since the Central Bank will act as the gateway between the citizenry and the Government. Disputes with respect to the payment or non-payment for a service and any loss associated with transactions can put the Central Bank at significant legal and reputational risk. Moreover, the processing of government e-commerce transactions will require the establishment of an information gateway over the Internet, which is a public network, and which may expose the Central Bank to attacks on its core information systems by external third parties.

CONCLUSION AND RECOMMENDATIONS

The development of electronic commerce internationally and locally aided by the expected thrust of the government to develop a facilitative environment for the growth of electronic commerce locally have special implications for both the domestic business and financial communities. The likely involvement of the local banking sector in facilitating payment over the Internet and providing banking services online raises a number of regulatory, supervisory and operational issues for the Central Bank. While the involvement of the local banking sector is very limited at present, there is a need for the Central Bank to identify the issues associated with e-commerce and to determine where and to what degree local regulations for e-banking and electronic payment system are required.

It is clear that before long, bank regulators will have to grapple with issues related to authentication standards, fraud, consumer privacy, risk management and the issuance of e-money. Although the nascent nature of the e-commerce environment makes the resolution of these issues unclear in the medium term, the options available to central banks must be analyzed now. In economies where technological advancements are dependent on external providers central bank regulators have to address additional issues to ensure bank soundness and system integrity.

From an economic perspective, central banks in small open economies also have to be cognizant of the possible impact of e-commerce on economic variables such as the external accounts and foreign exchange reserves. The development of a local e-commerce environment will require the importation of hardware and software technology to be implemented by banks and businesses. In addition, the ease with which purchase can be made and goods received from foreign suppliers is likely to increase the imports of consumer goods. The net effect of these flows may place pressure on the current account and the foreign exchange market.

In addition, the Central Bank of Trinidad and Tobago's role as banker to an e-government has operational implications with respect to the provision of a payment system for government transactions.

Effective regulations of these and other issues presented by the Internet as a new electronic medium for conducting business and facilitating financial transactions ultimately implies a need for the Central Bank to fully understand the Internet and its related technologies and how they impact on the regulatory and supervisory roles of the Bank. As such, future human resource considerations may hinge on training staff with respect to the new technology.

Finally, many of the issues that arise pertain to the supervisory and regulatory functions of the Central Bank. The Bank Inspection Department, under which these functions usually fall, may be required to further investigate these issues. In Table 2 the types of central banking issues associated with e-commerce are categorized into three classes, namely supervisory (or oversight) issues; regulatory issues; and operational issues. An attempt has been made to further classify these issues according to when they may become most pertinent and require attention.

Table 2
Summary of E-commerce-related Central Bank Issues

CATEGORY OF ISSUE	DESCRIPTION OF ISSUES	TIME HORIZON
Supervisory	1. Implementation of risk management criteria for e-banks	Short Term (< 1 year)
	2. Monitor and examine the financial condition of e-banks, e-money issuers and external service providers.	Medium Term (1 - 3 years)
Regulatory	1. Determine local authentication standards.	Short Term (< 1 year)
	2. Development of prudential requirements for e-money issuers.	Medium Term (1 - 3 years)
	3. Establishment of money laundering guidelines for electronic payments systems and e-banking activities	Short Term (< 1 year)
	4. Determination of marketplace rules to govern loss-sharing for e-money activities.	Short Term (< 1 year)
Operational	1. Development of electronic systems for processing online transactions by the Government.	Long Term (>3 years)
	2. Development of electronic systems for electronic transfers among clearing houses and banks.	Short Term (< 1 year)

GLOSSARY

Access Products	Products that allow consumers to access traditional payment instruments electronically, generally from a remote location.
Authentication	The methods used to verify the origin of a message or to verify the identity of a particular connected system.
Clearing house	A central location or central processing mechanism through which financial institutions agree to exchange payment instructions. The institutions settle for items exchanged at a designated time based on the rules and procedures of the clearing house. In some cases, the clearing house may assume significant counterparty, financial or risk management responsibilities for the clearing system.
Clearing System	A set of procedures whereby financial institutions present and exchange data and/or documents relating to funds or securities transfers to other financial institutions. The procedures often also include a mechanism for the calculation of participants' bilateral and/or multilateral net positions with a view to facilitating the settlement of their obligations on a net basis.
Closed network	A telecommunications network to which access is restricted based on special membership criteria.
Credit card	A card indicating that the holder has been granted a line of credit. It enables the holder to make purchases and/or withdraw cash up to a prearranged ceiling; the credit granted can be settled in full by the end of a specified period or can be settled in part, with the balance taken as extended credit. Interest is charged on the amount of any extended credit and the holder is sometimes charged an annual fee.
Cryptography	The application of mathematical theory to develop techniques and algorithms that can be applied to data to ensure goals such as confidentiality, data integrity and/or authentication.
Debit card	A card enabling the holder to have purchases directly charged to funds on his account.
Digital Divide	The gap between those who can effectively use new information and communication tools, such as the Internet, and those who cannot. This definition includes as well the difference between those who have access to new information and communication tools. Factors such as, geographical location, culture, education and economic conditions may contribute to the size of the Digital Divide.

GLOSSARY Cont'd.

Electronic money (e-money): Monetary value measured in currency units stored in electronic form on an electronic device in the consumer's possession. This electronic value can be purchased by the consumer and held on the device and is reduced whenever the consumer uses the device to make purchases. This contrasts with traditional electronic payment transactions such as those with debit or credit cards which typically require online authorization and involve the debiting of the consumer's bank account after the transaction. There are two different types of electronic devices: prepaid cards and prepaid software products. With prepaid cards, the electronic value is stored on a computer chip (or integrated circuit) embedded in the card and value is typically transferred by inserting the card in a card reader. With software products, the electronic value is stored on the hard disk of a computer and is transferred over communication networks such as the Internet when payments are made.

Electronic purse A replenishable multipurpose prepaid card which may be used for retail or other payments.

Encryption The use of cryptographic algorithms to encode clear text data into cipher text to prevent unauthorized access to confidential information.

Firewall A combination of hardware and software that screen and limit external access to internal networks such as the Internet. Firewalls may also separate segments of internal networks using Internet technology, such as Intranets.

Issuer (of e-money) The entity which receives payment in exchange for value distributed in the system and which is obligated to pay or redeem transactions or balances presented to it in a stored-value or similar prepaid electronic money system.

Money laundering The attempt to conceal or disguise the ownership or source of the proceeds of criminal activity and to integrate them into the legitimate financial systems, in such a way that they cannot be distinguished from assets acquired by legitimate means. Typically this involves the conversion of cash-based proceeds into account-based forms of money.

Offline In the context of payment and settlement systems, this term may refer to the transmission of transfer instructions

GLOSSARY Cont'd.

	by users, through conventional means which may involve non-automated, paper-based processing systems.
Online	In the context of payment and settlement systems, this term may refer to the transmission of transfer instructions by users, through such electronic means as computer-to-computer interfaces or electronic terminals, that are entered into a transfer processing system by automated means. The term may also refer to the storage of data by a transfer processing system on a computer database such that the user has direct access to the data (frequently in real time) through input/output devices such as terminals.
Open network	A telecommunications network to which access is not restricted.
Payment	The payer's transfer of a monetary claim on a party acceptable to the payee.
Payment system	A set of instruments, banking procedures and, typically, interbank funds transfer systems that facilitate the circulation of money.
Prepaid card	A card on which value is stored, and for which the holder has paid the issuer in advance.
Privacy	In the context of a payment system, the fact that no information, which might permit determination of transactions, may be collected without the consent of the counterparties involved.
Reserve requirement	The obligation for "banks" to maintain balances (bank reserves) at the central bank in respect of certain types of liabilities (in some cases vault cash can be counted towards this).
Settlement	An act that discharges obligations in respect of funds or securities transfers between two or more parties.
Stored- value card	A prepaid card in which the record of funds can be increased as well as reduced.
Systemic risk	The risk that the failure of one participant in a transfer system, or in financial markets generally, to meet its required obligations will cause other participants or financial institutions to be unable to meet their obligations (including settlement obligations in a transfer system) when due. Such a failure could cause significant liquidity or credit problems and, as a result, might threaten the stability of financial markets (with subsequent effects on the level of economic activity).

Main Source: Bank for International Settlement

APPENDICES

Appendix I
The National E-Commerce Policy Committee
Terms of Reference

On the advice of the Minister of Trade, Industry and Consumer Affairs, the Cabinet of the government of Trinidad and Tobago agreed to the establishment of the Committee with objectives and terms of reference as follows:

Objectives:

(i) to examine the relevant Electronic Commerce (e-commerce) issues, their likely impact on both the economic life and social life of Trinidad and Tobago.

(ii) to establish a National Electronic Commerce Policy which would guide Trinidad and Tobago into Electronic Commerce.

Terms of Reference:

To assess Trinidad and Tobago's readiness to fully engage in Electronic Commerce with regard to the following and other matters considered relevant by the Task Force –

(i) Legal and Regulatory – examine all the legal issues generated by trade and other forms of business and personal interaction in the electronic environment and recommend if required, an appropriate legislative framework. The task force should seek regional and international cooperation as far as possible to address these issues. Areas of concern here include but are not limited to –

- The guarantee of individual privacy – the protection of personal information
- Consumers' rights and obligations
- Intellectual property rights
- Administration and enforcement of taxation laws
- Harmful and illegal content
- Jurisdictional conflicts
- Labour laws
- Authentication of transactions and Certificate Authorities

(ii) Technology and Business – examine the required technology and business infrastructure for efficient and reliable EC and also to build and maintain confidence and trust in the EC medium. Areas of concern here include –

- Increased broad band capacity - removal of capacity bottlenecks
- Liberalization of Trade in Telecommunications and Information Technology
- Standards for interoperability
- Security and Access to encryption technology
- Electronic Payment Systems

(iii) Universal Access – to recommend a policy for the achievement of universal and affordable access.

(iv) Economic and Social Implications – to examine the Social and Economic Implications of Electronic Commerce and related technologies for Trinidad and Tobago.

(v) Training – examine the type of knowledge infrastructure and knowledge base that is required at all levels to facilitate efficient interaction in the new electronic environment.

(vi) The role of Government – to examine and make recommendations on the role to be played by Government in the promotion of e-commerce.

Appendix II
Excerpt from the Report of the National E-Commerce Policy Committee: E-Commerce in Government

The following list is a sample of some ways in which e-commerce could be applied to Government processes:

The Customs and Excise Division of the Ministry of Finance

- On-line listing of the arrival dates of expected shipments/cargo and the status of those which have arrived at the seaports of Trinidad and Tobago.
- Electronic submission of documents for advance review to expedite cargo clearance.

The Inland Revenue Division of the Ministry of Finance

- Electronic submission of tax returns.
- Electronic receipt of Individual Income Tax, Business Tax and Land and Property Tax payments.

The National Housing Authority

- On line status of a tenant's account status.
- On-line receipt of tenant rents.

The Ombudsman's Office

- On line submission of complaints to the Ombudsman.

The National Library

- Online listing of material housed at the National Library with borrowing status.

The Ministry of Public Utilities

- Online display of national weather conditions and forecasts.

The Ministry of the Attorney General & Legal Affairs

- Electronic receipt of payment for document search charges at the Red House.

The Licensing Division of the Ministry of Works and Transport

- Electronic receipt of payments from members of the public.

The Central Tenders Board

- On-line announcement of Government Contracts for bidding.
- On-line purchasing.
- On-line bidding for Government Tenders.

The Ministry of Works

- Use of e-commerce for payment to suppliers of materials used in construction and development programmes.

The Central Bank

- On-line receipt of payment of access fees and other charges.

The Water and Sewerage Authority

- On-line receipt of payments of water rates.

It is expected that once experience is gained within Government ministries and departments, and appreciation of the potential use of e-commerce and the Internet becomes more widespread, that there will be a dramatic expansion of the identification of opportunities for services to be delivered via the Internet.

REFERENCES

Bank for International Settlements (1998), Risk Management for Electronic Banking and Electronic Money Activities.

Bank for International Settlements (1997), Electronic Money: Consumer protection, law enforcement, supervisory and cross border issues.

Bank for International Settlements (1996), Implications for Central Banks of the Development of Electronic Money.

Crocker, Stephen and Russell Stevenson Jr. (1999), "Paying Up: Payment Systems for Digital Commerce," in **The Future of the Electronic Market Place** (ed) Derek Leebaert, The MIT Press, Cambridge, Massachusetts.

James J. Mc Andrews (1997), "Making Payments on the Internet", Federal Reserve Bank of Philadelphia Business Review, January/February 1997.

National E-commerce Policy Committee (2000), "*Preparing Trinidad and Tobago For Doing Business in the Internetworked Global Digital Economy".*

Nueman, B. Clifford and Gennady Medvinsky (1998), "Internet Payment Services," in **Internet Economics** (eds) Lee W. McKnight and Joseph P. Bailey, The MIT Press, Cambridge, Massachusetts.

The Computer Misuse Bill, 1999, Ministry of the Attorney General, Trinidad and Tobago.

The Digital Signature Bill, 1999, Ministry of the Attorney General, Trinidad and Tobago.

The Electronic Transfers of Funds Crime Bill, 1999, Ministry of the Attorney General's, Trinidad and Tobago

CALENDAR OF KEY ECONOMIC EVENTS JANUARY - DECEMBER, 2000

JANUARY

01 The Central Bank of Trinidad and Tobago (CBTT) reported that tests conducted by the banking system on January 1, 2000 indicated that all computer systems were functioning normally. The CBTT also reported that all its internal systems were tested and were also operational.

07 West Indies Stockbrokers Ltd (WISE) completed the purchase of all the issued shares of Money Managers Ltd. The Royal Bank of Trinidad and Tobago is the parent company of WISE.

31 Trinidad and Tobago signed an agreement with Guyana to establish a high-level Bilateral Commission to strengthen trade and investment ties between the two countries. The two countries will pursue joint ventures in the areas of agri-processing, manufacturing, energy and tourism.

The Finance (Variation of Appropriation) (1998/1999) Act, 2000 was assented to by the President. (*Act No. 4 of 2000*)

FEBRUARY

03 The Public Transport Service (Tax Exemption) Order, 2000 was made by the President under Section 45 of the Public Transport Service Act. Under this Order, the Public Service Transport Corporation is exempt from the payment of any taxes and duties under the Motor Vehicles and Road Traffic Act, the Stamp Duty Act, the Customs Act and the Value Added Tax Act in respect of the importation of fifty new buses that it requires for the purpose of carrying out its functions under the Public Transport Service Act. (*Legal Notice No. 21 of 2000*)

09 EOG Resources Inc (formerly Enron Oil and Gas Company) signed a 15 year contract to supply 60 million cubic feet of natural gas to the National Gas Company of Trinidad and Tobago.

The Fiscal Incentives (Trinidad and Tobago Methanol Company Limited) (Exemption From Tax) Order, 2000, was made by the President under Section 6 of the Fiscal Incentives Act. Under this Order the President granted the Trinidad and Tobago Methanol Company Limited total relief from income tax on dividends or other distributions, other than interest, out of profits or gains derived from the manufacture of the approved product during the remainder of the tax holiday. This order was deemed to have come into effect on October 1, 1999. *(Legal Notice No. 31 of 2000)*

15 Messer Trinidad and Tobago Ltd. in which Neal & Massy Gas Products has a 26 per cent stake, signed an agreement with the International Finance Corporation to access a US$51 million financing package for the construction of three industrial gas plants at Point Lisas. Messer Trinidad and Tobago Ltd. will use the financing for a US$90 million project, comprising three industrial gas plants to provide dedicated supplies of oxygen, nitrogen and hydrogen to Titan Methanol Co., Caribbean Ispat, and Cliffs and Associates.

22 Republic Finance and Merchant Bank Ltd. issued a 15 year bond for TT$153 million on behalf of the Government of Trinidad and Tobago. The bond will attract fixed-interest-only payments of 11.40 per cent a year for the first five years and capital plus interest for years six to fifteen.

MARCH

13 The Fiscal Incentives (Caribbean Nitrogen Company Limited) (Amendment) Order, 2000 was made by the President under Section 10 of the Fiscal Incentives Act. Under this Order, the Fiscal Incentives (Caribbean Nitrogen Company Limited) Order, 1999 was amended in paragraph 3:–

(a) by renumbering paragraph 3 as paragraph 3(1);

(b) by inserting after the renumbered paragraph 3(1) the following sub-paragraphs:

“(2) The relief from corporation tax granted in paragraph 3(1)(*a*) shall be extended by a further period of two years where the profits for either of the sixth or seventh year or both are computed on the basis of a weighted average actual FOB Caribbean price of ammonia realized by the company which is less than US$150 per tonne.

(3) The relief from income tax on dividends or other distributions, other than interest, out of profits or gains derived from the manufacture of the approved product granted in paragraph 3(1)(*c*) shall be extended to the further period that may be applicable under sub-paragraph (2)."
(Legal Notice No. 57 of 2000)

The Government of Trinidad and Tobago (GOTT) signed an agreement to facilitate the expansion of the US$1.1 billion liquefied natural gas plant at Point Fortin. Under this agreement two new trains (plants) of the Atlantic Liquefied Natural Gas (LNG) facility at Point Fortin will be added to the plant already in existence. This will triple the production and export of LNG from three million tonnes to nine million tonnes per year by the year 2003.

Two other agreements were also signed by the GOTT. These are a heads of terms for an expansion agreement between the GOTT and BP Amoco, which makes provision for security of supply of natural gas and a floor price for gas pricing; and a subsidiary agreement on the reduction of 12 per cent in the domestic natural gas price between the National Gas Company and BP Amoco.

15 Notice was given in accordance with Section 17(1) of the Financial Institutions Act 1993, that the following institutions are licensed to carry on business under the said Act:

COMMERCIAL BANKS

Citibank (Trinidad and Tobago) Limited
First Citizens Bank Limited
Intercommercial Bank Limited
Republic Bank Limited
Scotiabank Trinidad and Tobago Limited
The Royal Bank of Trinidad and Tobago Limited

NON-BANK FINANCIAL INSTITUTIONS

ANSA Finance and Merchant Bank Limited
Citicorp Merchant Bank Limited
Caribbean Finance Company Limited
CLICO Investment Bank Limited
Development Finance Limited
Fidelity Finance & Leasing Company Limited
First Citizens Merchant Bank Limited
First Citizens Bank Mortgage and Trust Limited
General Finance Corporation Limited
Republic Finance and Merchant Bank Limited
Royal Merchant Bank and Finance Company Limited
Royal Bank Trust Company (Trinidad) Limited
Scotiatrust and Merchant Bank Trinidad and Tobago Limited
The Mercantile Banking & Financial Corporation Limited
Total Finance Limited

(Legal Notice No. 60 of 2000)

20 The Trinidad and Tobago Unit Trust Corporation (UTC) launched its investment banking business with the underwriting of a Government of Trinidad and Tobago bond valued at TT$91,597,932, with a fixed interest rate of 11 per cent per annum for ten years. UTC will be performing the roles of trustee, registrar and paying agent for the bond.

APRIL

10 The Central Bank advised that with effect from April 10, 2000, the operations of the two licensed subsidiaries of First Citizens Bank Limited, namely First Citizens Bank Mortgage and Trust Company Limited and First Citizens Merchant Bank Limited, have been merged.

The merger was effected by the transfer of all the assets and liabilities of First Citizens Merchant Bank Limited to the ownership of First Citizens Bank Mortgage and Trust Company Limited. Consequently, First Citizens Merchant Bank Limited ceased to function as a licensed financial institution, and its licence to conduct business of a financial nature has been revoked effective April 10, 2000 in accordance with Section 10(10)(b) of the Financial Institutions Act, 1993.

The Central Bank also advised that in order to reflect the new structure of the merged institution, the licence of First Citizens Bank Mortgage and Trust Company Limited has been expanded to include the business of merchant banking and the name of First Citizens Bank Mortgage and Trust Company Limited has been changed to **First Citizens Trust and Merchant Bank Limited**.

13 Moody's Investors Service upgraded Trinidad and Tobago's long-term foreign currency country ceiling for bonds and notes to Baa3 from Ba1. Moody's indicated that the upgrade signals to international financial markets that Trinidad and Tobago "continues to be a stable economy for investment and opportunities are attractive to international investors." Moody's also upgraded the country's long-term currency ceiling for bank deposits up to Ba1 from Ba2. This upgrade to investment grade follows that of Standard & Poor's in September 1999.

14 The Trinidad and Tobago Unit Trust Corporation (UTC) signed a TT$330 million bond agreement with the Water and Sewerage Authority. The bond with an 11.4 per cent interest rate per annum for 20 years will be used to finance two phases of the North Water Project. The UTC announced that the first tranche of TT$85 million was fully subscribed by investors and two other tranches will follow on June 6 (TT$100 million) and on August 3 (TT$145 million).

The Trinidad and Tobago Unit Trust Corporation launched a US Dollar Money Market Fund (MMF). The Fund may invest its assets in any US dollar denominated fixed income securities which include US treasury and government agency obligations; short, intermediate and long-term debt securities; obligations issued by US state and municipal governments and their agencies and instrumentalities among others. The Fund is available to individuals over 18 years of age and any legal corporate body. The price of a unit in the Fund is fixed at US$20 per unit and the minimum initial investment is US$100.

18 The Board of Directors of Guardian Holdings Limited (GHL) announced that, in accordance with an agreement dated February 9, 2000 with the former shareholder, GHL had acquired 7.5 per cent of the shareholding of Royal Bank of Trinidad and Tobago Financial Holdings Limited (RBTT Financial). Together with GHL's previous shareholding this will bring GHL's interest in RBTT Financial to 20 per cent.

MAY

08 BP Amoco and Repsol announced the discovery of approximately two trillion cubic feet of natural gas off the south east coast of Trinidad. The discovery was made in block 5b, located 135 miles east of Galeota Point in 730 feet water depth on a large structure that straddles the Trinidad/ Venezuela median line.

JUNE

01 An Act to facilitate the development of the Tourism Industry by providing incentives and concessions to investors and to make provision for matters incidental thereto was assented by the President. This Act may be cited as the Tourism Development Act 2000 (*Act No.9 of 2000*).

02 The Minimum Wages Act, Chap. 88:04 was amended by the Minimum Wages (Amendment) Act, 2000 (*Act No.11 of 2000*).

05 Reema International Corporation of Denver, Colorado, awarded an engineering, procurement and construction contract to the US company Parsons Energy and Chemical Group, for the construction of a US$300 million gas to liquids plant at Point Lisas. The plant will be the first of its kind in the world and will be completed in three years. After completion, the plant is expected to convert 100 million cubic feet per day of natural gas into 10,000 barrels per day of diesel, jet fuels naptha and other high quality speciality products. The products, which will be sulphur-free, can be used as a blend to upgrade crude-based fuels to meet increasingly strict environmental standards.

12 The Central Bank of Trinidad and Tobago (CBTT) informed the public of attempts being made to circulate counterfeit Eastern Caribbean (EC) Notes of ten and twenty dollar denominations in Trinidad and Tobago. The CBTT therefore advised all persons, especially traders and others doing business in Trinidad and Tobago, to exercise caution when accepting EC Notes of all denominations. The Bank also highlighted the security features on the EC Notes:

- A security thread on the front right hand side is incorporated into the paper and can be clearly seen through the Note.

- Genuine bank notes are printed on a special paper that gives them a unique feel.

- Each genuine note bears a different serial number, printed vertically on the left-hand side and horizontally on the right-hand side of the notes.

- No two notes have the same serial number.

- A watermark of Queen Elizabeth on the front left hand side of a genuine note can only be seen when the note is held up to light.

15 The Maintenance Orders (Facilities for Enforcement) Act, 2000 was assented to by the President (*Act No. 12 of 2000*). This Act consolidates and revises the existing law and makes new provisions to facilitate the enforcement of maintenance orders abroad.

An Act to amend the Geographical Indications Act, 1996, the Patents Act, 1996, the Protection Against Unfair Competition Act, 1996, the Layout-Designs (Topographies) of Integrated Circuits Act, 1996, the Protection of New Plant Varieties Act 1997, and the Copyright Act, 1997, was assented to by the President. This Act may be cited as the Intellectual Property (Miscellaneous Amendments) Act, 2000 (*Act No.18 of 2000*).

The Finance (Supplementation and Variation of Appropriation) (1999/2000) Act, 2000 was assented to by the President. This Act is intended to supplement and vary the appropriation of the sum of the issue of which was authorized by the Appropriation Act, 1999/2000, (*Act No. 30 of 2000*).

16 Broken Hill Proprietary Company Limited (BHP) of Australia and the Ministry of Energy and Energy Industries announced the discovery of gas in Block 2(C), 40 kilometres off Trinidad's east coast in about 30 metres of water. BHP is the operator of Block 2(C) and holds 45 per cent working interest with other participants Elf Petroleum Trinidad BV (30 per cent), and Talisman (Trinidad) Limited (25 per cent).

26 The Minister of Foreign Affairs and the Change d'Affaires of the People's Republic of China signed the last part of the 1997 interest-free loan agreement between the two countries. The agreement paves the way for a $20 million loan from China to help develop small business in Trinidad and Tobago via the establishment of the Leasing Company of the Small Business Development Company. This Leasing Company would enable small companies to access and use equipment through a leasing arrangement.

27 The External Loans (Japanese Yen 11,000,000,000 Bond Issue) Order, 2000 was made by the Minister of Finance on this date, under Section 6 of the External Loans Act. This Order states that:

And whereas by—

a) A Purchase Agreement executed on June 27, 2000 between the Government of Trinidad and Tobago (hereinafter called "the Government") and Salomon Brothers International Limited (hereinafter called "SBIL"), it was agreed that the Government would issue and SBIL would arrange, manage and fully underwrite a Japanese Yen 11,000,000,000 Bond issue of 3.75 per cent Notes on behalf of the Government (hereinafter called "the Notes"); and

b) A Fiscal Agency Agreement executed on June 27, 2000 among the Government, Citibank N. A., acting through its specified offices in London as fiscal agent, registrar, transfer agent and paying agent, it was agreed that in pursuance of the issue of the Notes, that Citibank N. A., would perform its functions as fiscal agent, registrar, transfer agent of the Government in relation to the Notes.

The Minister in exercise of the powers conferred on him by Section 6 of the Act, ordered that:

The payment of principal, interest and other debt charges in respect of the Notes in the ownership of persons or corporations neither ordinarily resident nor domiciled in Trinidad and Tobago, are hereby exempt from all taxes levied or imposed by or under any written law. (Legal Notice No. 145 of 2000)

JULY

13 Republic Finance and Merchant Bank Ltd (FINCOR) signed a US$60 million financing agreement with the Desalination Company of Trinidad and Tobago (DESALCOTT) for the construction of the desalination plant at Pt. Lisas. The loan agreement covers half the cost of the plant which will free up for consumers six to eight million gallons of water currently fed to the Pt. Lisas Industrial Estate. The actual cost of building the plant is US$80 million, plus US$40 million added for insurance and the interest on the US$60 million loan. The remaining financing for the loan will come from the shareholders of the company.

25 The Government of Trinidad and Tobago (GOTT) established a Credit Union Supervisory Unit (CUSU) to develop a system of surveillance for the country's credit unions. The CUSU will be under the Ministry of Finance and will inspect credit unions to ensure they are complying with the legal requirements regarding their performance and prudential norms, as well as monitor and ensure there is integrity in the system. The CUSU started operations in February 2000.

AUGUST

14 The Development Finance Limited (DFL) announced, its sixth bond issue comprising three classes of Bond with a total value of TT$90 million. This issue is a private placement, however, it is expected that as with all other DFL Bonds, this issue will eventually be listed on the Bond Exchange subject to the required approval being obtained. The proceeds of the issue will be used to fund medium and long-term loans to enterprises in the industrial and tourism sectors. The proceeds will also be used to fund Caribbean Microfinance Limited which is expanding its operations.

The Royal Bank of Trinidad and Tobago (RBTT) Financial Holdings Limited acquired a 20 percent interest in Guardian Insurance Limited. The value of assets acquired by the Company through its ownership of 20 percent interest in Guardian Insurance Limited, based on a valuation as at May 31, 2000, is TT$225.5 million. The acquisition of a 20 percent interest in Guardian Insurance Limited is an important initiative of the new Strategic Alliance Agreement between the Company and Guardian Holdings signed on 14 August 2000. This new agreement deepens and expands the relationship forged some five years ago between the two parties. Another important feature of the strategic alliance is the establishment by the RBTT Group of an Insurance Agency to distribute insurance products and services of the Guardian Holdings Group and NEM (West Indies) Insurance Limited to its customer base and to the wider market. RBTT Insurance Agency Limited, a wholly owned subsidiary of the RBTT Financial, has been established with this mandate, and will be formally launched shortly.

28 The 2000/2001 Budget was delivered in Parliament by the Minister of Finance. The TT$13.448 Billion budget included an allocation of $2.1 Billion for Education, $1 Billion for Health and $1.2 Billion for Law Enforcement and Security.

SEPTEMBER

05 The Finance (Miscellaneous Provisions) Act, 2000 was assented to by the President. (Act No. 39 of 2000)

15 The Provisional Collection of Taxes Order, 2000 was confirmed subject to modifications. (Legal Notice No. 254 of 2000)

16 The Prudential Insurance Company of America and Colonial Life Insurance Company (Trinidad) Ltd (CLICO) completed a distribution agreement. Under this agreement Clico will offer four funds from the Prumerica Worldwide Investors' Portfolio - Prudential's family of mutual funds.

20 Guardian Holdings Ltd (GHL) listed 125,625,000 ordinary shares on the Jamaica Stock Exchange (JSE). The share price traded at TT $14.37 or J$101.55 on the JSE. GHL is the second Trinidad and Tobago company, following Caribbean Cement Ltd, to be listed on the JSE.

21 The financial Appropriation Act, 2001 was assented to by the President (Act No. 49 of 2000)

26 BP Amoco Energy Company announced the discovery of the largest oil and gas find in the history of Trinidad and Tobago. Approximately three trillion cubic feet of gas and 90 million barrels of associated oil and condensate was discovered in the company's Red Mango exploration well

located 35 miles east of Galeota Point.

27 The Finance (Supplementary Appropriation) Act, 2000 (Act No. 62 of 2000) was assented to by the President.

OCTOBER

1 State-owned Petrotrin and Texaco signed an agreement for Petrotrin to acquire the 33 per cent of Trinmar not owned by the Government of Trinidad and Tobago (GOTT) which was valued at US $115 million.

20 Trinidad and Tobago's first floating oil and gas production facility owned by Trinmar was commissioned. The $60 million barge (Adventura III) is part of a strategic plan to develop new fields where no platforms currently exist. The facility will process 15,000 barrels of oil daily, or more than one third the company's present production, and compress five million cubic feet of gas. Eventually, three new platforms will be placed in the Soldado Field, doubling Trinmar's existing capacity by another 30,000 barrels a day.

The Central Bank of Trinidad and Tobago and the Inter-American Development Bank signed a Technical Co-operation Agreement for the joint financing of an integrated supervision project. This project will explore the methodology to integrate the supervision of insurance companies and pension funds with that of banking institutions under the authority of the existing Bank Inspection Department in the Central Bank.

22 Air Caribbean Ltd was placed into receivership when First Citizens Bank (FCB) appointed Victor Herde, Receiver over the assets of Air Caribbean.

27 The Proceeds of Crime Act, 2000 was assented to on this date. This Act provides for confiscation of the proceeds of drug trafficking and other crimes, as well as the criminalising of money laundering. (*Act No. 55 of 2000*)

NOVEMBER

23 Clico Investment Bank launched its Islamic banking facility, the first service of its kind in Trinidad and Tobago. As a result of the Islamic prohibition on the payment and/or receipt of interest, the bank will offer loans and deposits on the basis of a profit-sharing system in which the rate of return on the financial resources is not known, nor is it fixed prior to the undertaking of the transaction. Clients of the facility do not have to be Muslims, however, it was stressed that the financial institution would adhere to sound banking principles in taking deposits and making loans. A Shari'a supervisory board comprising top Islamic Scholars and leaders will oversee and assist the merchant bank in ensuring all transactions are conducted according to the established principles.

DECEMBER

01 It was reported that Royal Bank of Trinidad and Tobago (RBTT) Financial Holdings had acquired the Suriname branches of the Dutch financial institution ABN-AMRO Bank. The price of the acquisition was not disclosed. ABN-AMRO is Suriname's largest commercial bank with annual profits of about US$250,000. The bank's 49 percent stake in the second largest bank, De Surinaamsche, is not included in the sale.

04 BWIA West Indies Airways Ltd offered 12,000,000 shares for sale at the price TT$7.85 or US$1.25. The airline hoped to raise US$15 million from the sale of the shares, largely for aircraft spare parts and infrastructural development. A minimum investment of 100 shares was required.

07 The project agreement for the Atlantic LNG Trains 2 and 3 Expansion was signed on this date by the Prime Minister of Trinidad and Tobago and Atlantic LNG officials. The new facilities will cost approximately $7 billion which will be borne by the investing shareholders BP/Amoco, British Gas and Repsol. It is expected that the Government of Trinidad and Tobago will receive more than $30 billion in revenues over the next 20 years from the expanded facilities.

08 The Government of Trinidad and Tobago (GOTT) and the Inter-American Development Bank (IADB) conducted the signing for a project to establish a more efficient legal and institutional framework for secured financial transactions. The project will also provide assistance for the establishment of a legal and technical framework for an efficient credit bureau system, which will make it easier for small

borrowers to establish their credit worthiness. It is expected that the project will facilitate an increased allocation of credit to all sectors of the economy, and specifically to small enterprises and entrepreneurial businesses.

22 It was announced that the Port Authority of Trinidad and Tobago (PATT) in consultation with the Ministry of Finance, Planning and Development, had recently signed an agreement for a Bond Issue of $20 million with the Merchantile Banking and Financial Corporation Ltd. The Bond Issue was to facilitate the funding of a short-term lease of the ferry, MV Beauport, for the provision of passenger and cargo services between the islands of Trinidad and Tobago.

Prepared by Ms. Lenore Hodge, Librarian,
Library, Records and Archives Unit.