

ANNUAL ECONOMIC SURVEY 2003



CENTRAL BANK OF TRINIDAD AND TOBAGO



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Review of the National Economy

Chapter One

Overview of Economic Developments

OVERVIEW

In 2003, Trinidad and Tobago experienced its tenth year of economic growth, the second longest period of economic expansion. The heightened activity continued to be driven in the main by robust output in the energy sector. The non-energy sector registered a modest improvement over last year. The environment that supported this performance was marked by lower interest rates and subdued inflationary

which in turn boosted activity in the domestic non-energy sector.

The growth in real GDP strengthened to 4.1 per cent in 2003 from 2.7 per cent in 2002, reflecting mainly the strong output growth in the energy sector of 11.4 per cent. Not only was there a surge in LNG production as the third LNG plant was commissioned in April 2003, but crude oil production and output in the petrochemical industry also increased. The non-energy sector grew by 1.8 per cent, more than triple the rate (0.5 per cent) registered in 2002. All the sectors expanded with the exception of Agriculture and Government. Significant increases were experienced in the Transport, Storage and Communication (6.9 per cent), Distribution (5.9 per cent), and Construction (4.8 per cent) sectors. The Manufacturing

“Not only was there a surge in LNG production as the third LNG plant was commissioned in April 2003, but crude oil production and output in the petrochemical industry also increased”.

sector rebounded, as real value added increased by 2 per cent, following a 0.9 per cent contraction in 2002. Activity in the non-energy sector was mainly responsible for the net creation of an average of 9.1 thousand jobs during 2003. However, the unemployment rate increased to 10.5

pressures facilitated by an accommodative policy stance. This was also enhanced by the recovery of the international economy which gained strength during 2003, following the negative fallout of the war in Iraq and the SARS virus early in the year. This buoyancy had a positive impact on the economies in the CARICOM region

sector rebounded, as real value added increased by 2 per cent, following a 0.9 per cent contraction in 2002. Activity in the non-energy sector was mainly responsible for the net creation of an average of 9.1 thousand jobs during 2003. However, the unemployment rate increased to 10.5

per cent from 10.4 per cent in 2002. This reflected a greater increase in the labour force compared with the number of jobs created, and the loss of some 9,000 jobs in the Agriculture sector as a result of the restructuring of the sugar company, CARONI (1975) Ltd.

In 2003, headline inflation rose by 3.8 per cent compared with 4.2 per cent in the previous year. Increases in food prices (13.8 per cent) provided the momentum for the overall increase in the price level. Core inflation, which excludes the food sector, measured 1.7 per cent, compared with 0.6 per cent in 2002 as increases in the cost of transportation and health care services impacted on the domestic price level.

The central government's accounts registered a turnaround in fiscal 2003 as a surplus of \$958.4 million or 1.4 per cent of GDP was posted, compared with a deficit of \$354.3 million or -0.6 per cent of GDP in fiscal 2002¹. This was achieved on the strength of significant revenue growth, which reflected a 23 per cent increase in oil prices during the fiscal year. Government spending also increased by 11.1 per cent reflecting growth in all categories, in particular, transfers and subsidies (15 per cent), and capital expenditure and net lending (16.6 per cent). Because of its strong revenue position, the government was able to build its balances at the Central Bank and transfer \$497.4 million to the Revenue Stabilization Fund (RSF). At the end of September 2003, these balances amounted to \$5,444.2 million which included the sum of \$1,566.9 million allocated to the RSF. The stock of the country's external debt outstanding fell for the third consecutive year in 2003 and the debt service ratio continued to fall from 4.4 per cent in 2002 to 3.8 per cent.

Conditions in the financial system in 2003 were characterized by high levels of liquidity and low interest rates, against a background of subdued inflation and modest growth in the non-energy sector. Given this environment, the Central Bank was geared towards providing a stimulus, in particular to the non-energy sector. The Bank reduced the repo rate in September by 25 basis points to 5.00 per cent. In addition, on October 22, the Bank initiated a phased reduction in the reserve requirement of commercial banks to bring it in line with that of the non-banks (9 per cent of prescribed liabilities) over a period of 18 months. There was an immediate 4 percentage point reduction which brought the reserve requirement for the commercial banks down to 14 per cent of prescribed liabilities. There was no impact on liquidity as the amount released was sterilized by a \$640 million bond issue. Following these two policy measures, loan interest rates fell. Credit to the private sector picked up subsequently, and for the year increased by 8.9 per cent compared with 2.8 per cent in 2002.

Conditions in the foreign exchange market remained tight during the year. Demand continued to build, partly reflecting activity in the domestic bond market, where regional entities (both sovereign and private) successfully raised some US\$500 million. The Central Bank supported the market in the amount of US\$505 million compared with US\$315 million in 2002.

In 2003, the external account also turned in a significantly improved performance compared with the previous year. A balance of payments surplus of US\$334.2 million (3.5 per cent of GDP), almost seven times the surplus of the previous year (US\$48.9

¹ The government's fiscal year runs from October 01 to September 30.



million) was recorded, reflecting the strength of the current account. The substantial surplus on this account (US\$917.4 million) was attributed to a quadrupling of the merchandise trade surplus. This sharp expansion reflected the buoyant international prices for, and increased export volumes of petroleum and petrochemicals. However the capital account swung into deficit, the first since 1995, which resulted from significant outflows to finance foreign acquisitions by the financial sector and placements of securities by regional governments and corporations. Gross official reserves at the end of the year stood at US\$2,257.8 million, equivalent to 6.4 months of imports of prospective goods and non-factor services.

OUTLOOK FOR 2004

The international background appears favourable as global economic growth is expected to accelerate in 2004, underpinned by a low interest rate environment. The United States is again expected to lead the recovery, supported by another round of fiscal stimuli in the second quarter of 2004. Employment creation is expected to pick up as the year progresses prompted by strong business investment. The pace of the recovery in the Euro area has also quickened, although there are concerns about the impact of the strong Euro on the demand for European exports. The outlook for the region is also promising as the momentum of the global recovery continues to have a positive impact on these economies. As anticipated, trends observed in 2004 confirm that global growth has quickened and is on target to meet expectations.

Growth in Trinidad and Tobago is expected to remain buoyant within a

range of 4.5-5.5 per cent and activity in the energy sector should continue to dictate the pace of expansion². Output in the sector should expand further with the commissioning of two petrochemical plants during the year. The non-energy sector is also expected to pick up, supported by the government's planned large-scale low-income housing programme as well as other capital expenditure and by export demand from the regional economies.

One of the risks to this favourable outlook is that inflationary pressures may build somewhat in 2004. Further impetus to rising prices may come from higher construction costs arising from increased prices for primary commodities, and metals in particular. In addition, recent wage trends may contribute some cost-push pressures to the inflation rate. However, the Central Bank is committed to tightening monetary policy to ensure that inflation remains in the 3-4 per cent range.

The country's external position is expected to remain strong with higher export volumes of LNG and other petrochemicals and continued buoyant energy prices. The surplus on the current account is expected to jump to about 13 per cent of GDP in 2004 from 9.6 per cent of GDP in 2003.

Developments post December 2003

(a) Gross Domestic Product

Preliminary data for the first quarter of 2004 indicate that there was a slow down in economic activity. Real output grew by 0.7 per cent to March 2004, compared with a rate of 1.5 per cent in the corresponding period of 2003.



² An exercise is currently underway at both the Central Statistical Office and the Central Bank of Trinidad and Tobago to rebase the National Accounts at constant prices from 1985 to 2000. At the same time, revisions are taking place in respect of the methodology, data sources and coverage to take into account new and emerging economic activities and the adoption of new international standards. These changes will result in the revision of the existing growth rates for real GDP and will be published in the August issue of the *Economic Bulletin*.

Temporary factors contributed to the slowing of the GDP growth rate. The energy sector's output declined by 2.1 per cent as labour market disruptions and the shutdown of operations at one company for unplanned maintenance contributed to lower real output. The non-energy sector grew by 1.6 per cent as the available indicators suggest that growth in the sector is picking up.

(b) Inflation

There are no signs that inflationary pressures are gaining momentum. The inflation rate slowed to 3 per cent in the twelve months to March 2004 compared with 4.2 per cent for the corresponding period of 2003. Despite increases in the cost of rice (15 per cent) in January and flour in February (6 per cent), the Food and Drink component of the Retail Prices Index increased by 10.9 per cent in 2004 as against 13.6 per cent one year earlier. Core inflation registered 1.2 per cent compared with 2.3 per cent for the corresponding period of 2003.

(c) Labour Market

The unemployment rate measured 10.2 per cent in the first quarter of 2004, unchanged from the last three months of 2003. By comparison, 11 per cent of the labour force was unemployed in the first quarter of 2003. The number of employed persons fell by 4.9 thousand from the last quarter of 2003. However, as the labour force also contracted by 5.1 thousand persons, the number of unemployed workers fell by 0.2 thousand.

(d) Fiscal Accounts

Although there was an increase of \$560 million in government revenue above the budgeted level over the first half of fiscal 2004 (October 01, 2003 – March 31, 2004), the unanticipated improvement in the fiscal balance was directly attributable to a much lower level of

expenditure. The fiscal outturn for the period October 2003-March 2004 shows a surplus of \$1,151 million compared with a budgeted deficit (\$480 million) for the same period. Reductions in the wage bill, transfers and subsidies and capital expenditure contributed to expenditure falling short of projected levels by \$1,070 million. Actual expenditure amounted to \$8,099 million while total revenue stood at \$9,250 million.

(e) Conditions in the Financial System

The Central Bank maintained an accommodative monetary stance into 2004, leaving the repo rate at 5.00 per cent, unchanged since September 2003. The Bank also continued to manage liquidity mainly through the use of open market operations. Short-term domestic interest rates remained soft during the first five months of 2004 although there was some upward movement. The weighted average inter-bank rate moved from 3.85 per cent in January to 4.50 per cent in June. Over the same period, the 3-month treasury bill rate fluctuated between 4.74 per cent and 4.84 per cent, compared with a range of 4.55-4.94 per cent in the first six months of 2003. Credit to the private sector continued to pick up, following the decline of 200 basis points in the prime lending rate in November 2003.

(f) Balance of Payments and Reserves

At the end of March 2004, Trinidad and Tobago recorded a balance of payments surplus of US\$65.7 million and at the end of May 2004, gross official reserves stood at US\$2,375 million.



TABLE A
Selected Economic Indicators, 1999 - 2003

ITEM	1999	2000	2001	2002	2003
Nominal GDP (\$M)	42,889.1	51,370.6 ^r	55,009.1 ^r	59,486.9	67,692.2
Energy	9,635.4	16,072.8 ^r	16,434.1 ^r	17,268.6 ^r	21,237.3
Non-energy	33,253.8	35,297.8 ^r	38,574.9 ^r	42,218.3 ^r	46,454.9
Origin of GDP	(In per cent of GDP)				
Energy	22.5	31.3	29.9	29.0	31.4
Non-energy	77.5	68.7	70.1	71.0	68.6
Agriculture	1.9	2.0	1.8	1.7	1.7
Manufacturing	8.0	10.3	10.2	10.1	10.0
Construction	8.1	10.9	11.5	10.7	11.5
Financial Services	14.8	20.7	22.0	23.5	23.5
Other	44.7	24.8	24.6	25.0	21.9
National Income and prices	(Annual percentage changes)				
Real GDP (1985=100)	5.8	5.7	4.1	2.7	4.1
Energy	8.1	1.1	0.7	10.7	11.4
Non-energy	5.1	7.2	5.2	0.5	1.8
Agriculture	12.0	9.5	-3.7	5.5	-15.1
Manufacturing	3.4	6.7	4.7	-0.9	2.0
Construction	7.9	8.0	4.9	5.0	4.8
Financial Services	2.2	2.4	2.8	2.3	2.6
Inflation Rate (%)					
(period average)	3.4	3.6	5.5	4.2	3.8 ¹
(end of period)	3.4	5.6	3.2	4.3	3.0 ¹
Unemployment Rate (%) (period average)	13.1	12.2	10.8	10.4	10.5
Overall Central Government Surplus(+)/Deficit(-) ²	(In percent of GDP)				
	-2.2	-0.2	1.8	-0.6	1.4
Balance of Payments					
Merchandise Exports	41.5	52.4 ^r	48.5 ^r	40.9 ^r	45.0
Merchandise Imports	40.5	40.5 ^r	40.4 ^r	38.4 ^r	35.0
Current Account	0.5	6.6 ^r	4.7 ^r	0.5 ^r	9.6
External Public Debt (US\$M)	1,584.8	1,679.8	1,637.6	1,595.7	1,526.2
Debt Service Ratio (%) ³	8.0	7.9	3.7	4.4	3.8
W.T.I. (US\$/barrel)	19.25	30.29	26.09	26.03	31.34
Gross Official Reserves (US\$M)	967.6	1,405.5	1,876.0	1,923.5	2,257.8
Exchange Rate (TT\$/US\$) ⁴	6.28	6.27	6.20	6.21	6.26

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

¹ The Retail Prices Index was rebased to January 2003=100.

² This refers to the fiscal year which is the twelve-month period between October 1 and September 30.

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

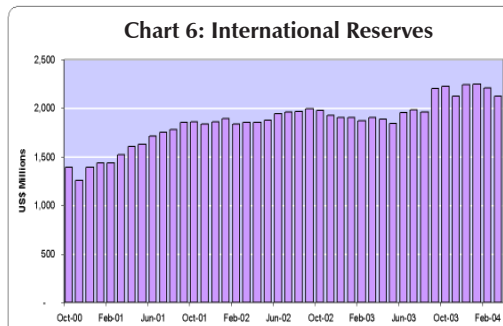
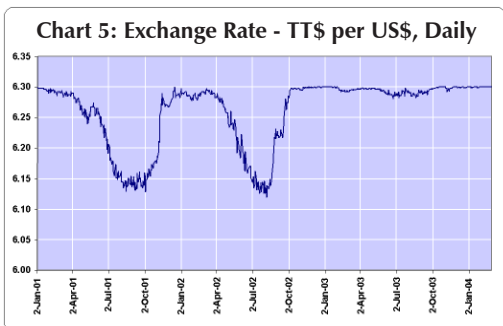
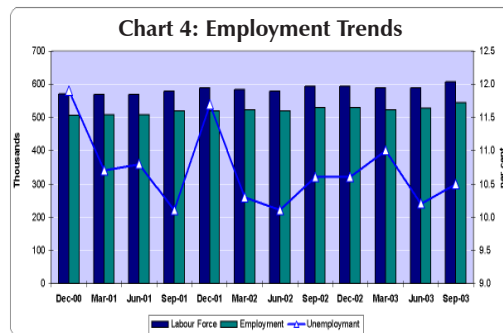
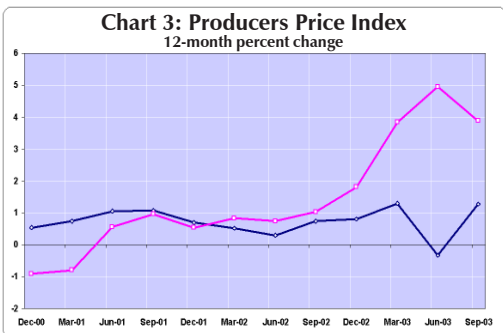
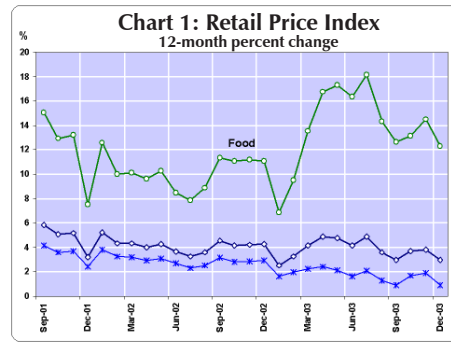
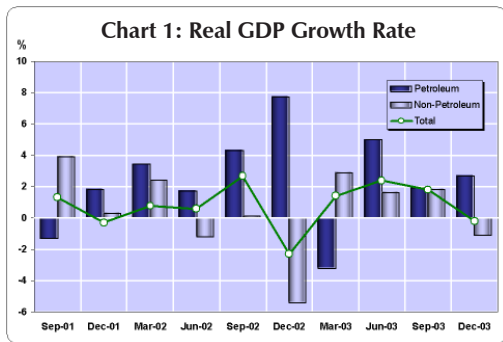
⁴ This rate represents the mid-point of the period average of the buying and selling rates of the TT/US dollar.

r - revised

p - provisional



Selected Economic Indicators 2000 - 2003





Chapter Two

National Accounts

GROSS DOMESTIC PRODUCT³

For the tenth consecutive year the Trinidad and Tobago economy exhibited positive economic growth. Real GDP grew by 4.1 per cent in 2003, compared with a revised estimate of 2.7 per cent in 2002. Growth continued to be propelled by enhanced economic activity in the energy sector which expanded by 11.4 per cent. The vibrancy of the sector reflected the burgeoning activity occurring in the Other Petroleum and Petrochemical sub-sectors. LNG production expanded as the third LNG plant was commissioned in April 2003 and crude oil production increased substantially such that real value grew by 12.9 per cent. In addition, real output in the Petrochemical sub-sector grew by 5.2 per cent on account of the boost in fertilizer and methanol production.

Economic performance in the non-energy sector was more modest increasing by 1.8 per cent but somewhat better than the 0.5 per cent in the previous year. All the sectors registered positive growth with the exception of Agriculture and Government. The Agriculture sector recorded a significant decline in output of 15.1 per cent following the falloff in sugar and citrus production. In 2003, the sugar industry was affected by industrial unrest as the planned restructuring of CARONI (1975)

Ltd was implemented and a new Sugar Manufacturing Company was established, while citrus production was affected by adverse weather conditions.

However, strong growth occurred in Construction (4.8 per cent), Distribution (5.9 per cent) and Transport, Storage and Communications (6.9 per cent). The boost in Construction activity emanated from ongoing investments in the energy sector and government's Public Sector Investment Programme (PSIP). During 2003, construction of the fourth LNG plant commenced and work continued on the two mega methanol plants as well as the N2000 ammonia plant. Also, under the PSIP, an accelerated housing programme commenced. Further, increased activity on the Port contributed to the substantial growth in the Transport, Storage and Communication sector. Meanwhile, moderate to slow growth occurred in the remaining sectors with real output in the Manufacturing sector increasing by 2 per cent following the decline of 0.9 per cent in 2002. This turnaround in performance could be attributed to the improvement in the economies of the country's main trading partners.

Under another classification of economic activity, both the goods and non-goods producing sectors performed well in 2003 with the goods producing sector



³ An exercise is currently underway at both the Central Statistical Office and the Central Bank of Trinidad and Tobago to rebase the National Accounts at constant prices from 1985=100 to 2000=100. At the same time, revisions are taking place in respect of the methodology, data sources and coverage to take into account new and emerging economic activities and the adoption of new international standards. These changes will result in the revision of the existing growth rates for real GDP and will be published in the August issue of the *Economic Bulletin*.

growing almost twice as much as the non-goods producing sector. Real value added in the goods-producing sectors (Petroleum, Agriculture, Manufacturing,

Electricity and Water and Construction) increased by 5.1 per cent, while growth of 2.9 per cent was observed in the non-goods producing sectors.

TABLE 1
Growth in GDP at Constant (1985) Factor Cost by Sector, 1999 - 2003
/ Per cent per annum /

SECTOR	1999	2000	2001 ^r	2002 ^r	2003 ^p
Energy	8.1	1.1	0.7	10.7	11.4
Petrochemicals	17.5	3.1	11.3	6.9	5.2
Other Petroleum (Oil etc.)	6.1	0.6	-1.8	11.7	12.9
Non-Energy	5.1	7.2	5.2	0.5	1.8
Agriculture	12.0	9.5	-3.7	5.5	-15.1
Manufacturing	3.4	6.7	4.7	-0.9	2.0
Electricity and Water	-0.6	9.6	4.0	10.8	3.0
Construction	7.9	8.0	4.9	5.0	4.8
Transport, Storage & Communication	10.5	7.0	0.9	-5.3	6.9
Distribution	9.8	21.5	6.8	9.8	5.9
Finance, Insurance & Real Estate/1	2.2	2.4	2.8	2.3	2.6
Government	-0.7	4.0	11.7	-3.0	-1.1
Other Services/2	1.8	3.4	9.1	-1.7	0.9
GDP at (1985) Factor Cost	5.8	5.7	4.1	2.7	4.1
MEMO ITEM:					
Goods-Producing/3	7.1	4.8	1.8	7.1	5.1
Non-goods Producing	4.4	6.6	6.4	-1.2	2.9

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 as classified here are Petroleum, Agriculture, Manufacturing, Electricity and Water and Construction

r - revised

p - provisional



GROSS DOMESTIC EXPENDITURE

The slower growth in gross domestic expenditure of 1.9 per cent in 2003 resulted from a negligible increase in consumption expenditure, notwithstanding an expansion of 10 per cent in gross capital formation. Investment expenditure picked up during the year as a result of continued construction activity in the petrochemical sector. The building of the ALNG Train III plant was completed in April 2003, but in July 2003, work started on Train IV, the largest of its kind in the world. Along with this, construction continued on the Atlas and M 5000 mega-methanol plants and the N2000 ammonia facility. The government continued repair work on the nation's roads and bridges and began to implement its housing projects.

The marginal increase in consumption expenditure reflected, in part, a decline in private consumption expenditure (-4 per cent) compared with growth of 18.2 per cent in 2002. By contrast, government expenditure rose by 15 per cent, reflecting on-going payment of salary arrears to public servants, teachers and senior government officers. For the fifth consecutive year, the current account surplus recorded a surplus, largely because of an increase of 28.9 per cent in the exports of goods and non-factor services. Imports grew modestly at 4.4 per cent. Gross National Savings were estimated at 29.8 per cent of GDP compared with 18.7 per cent in 2002.



TABLE 2(A)

Gross Domestic Expenditure and Gross National Product, 1999 - 2003

/ Current Market Prices, Dollars Millions /

ITEM	1999 ^r	2000 ^r	2001 ^r	2002 ^r	2003 ^p
Consumption Expenditure	31,407.2	35,490.4	38,497.6	45,661.9	45,663.3
Private	25,106.3	29,349.9	30,572.4	36,136.4	34,709.0
Government	6,300.9	6,140.5	7,925.2	9,525.5	10,954.3
Gross Capital Formation	9,010.9	8,745.5	10,696.0	10,825.6	11,908.0
Gross Domestic Expenditure	40,418.1	44,235.9	49,193.6	56,487.5	57,571.3
Less: Imports of goods & non-factor services	18,965.5	23,286.2	24,915.9	25,468.4	26,581.6
Plus: Exports of goods & non-factor services	21,436.5	30,420.9	30,731.4	28,467.8	36,702.5
Gross Domestic Product at Market Prices	42,889.1	51,370.6	55,009.1	59,486.9	67,692.2
Less: Net Factor Incomes	(2,516.2)	(3,954.5)	(3,405.2)	(3,030.3)	(2,289.4)
GNP at Market Prices	40,372.9	47,416.1	51,604.0	56,456.6	65,402.8

Source: Central Statistical Office and Central Bank Staff Estimates
r – revised; p – provisional

TABLE 2(B)

Gross Domestic Expenditure - Structure and Growth, 1999 - 2003
/ per cent /

ITEM	PER CENT OF GDP				PERCENTAGE CHANGE			
	2000 ^r	2001 ^r	2002 ^r	2003 ^p	2000 ^r	2001 ^r	2002 ^r	2003 ^p
Consumption Expenditure	69.1	70.0	76.8	67.5	13.0	8.5	18.6	0.0
Private	57.1	55.6	60.7	51.3	16.9	4.2	18.2	-4.0
Government	12.0	14.4	16.0	16.2	-2.5	29.1	20.2	15.0
Gross Capital Formation	17.0	19.4	18.2	17.5	-2.9	22.3	1.2	10.0
Gross Domestic Expenditure	86.1	89.4	95.0	85.0	9.4	11.2	14.8	1.9
Less: Imports of goods & non-factor services	45.3	45.3	42.8	39.3	22.8	7.0	2.2	4.4
Plus: Exports of goods & non-factor services	59.2	55.9	47.9	54.2	41.9	1.0	-7.4	28.9
Gross Domestic Product at Market Prices	100.0	100.0	100.0	100.0	19.8	7.1	8.1	13.8

Source: Central Statistical Office and Central Bank Staff Estimates
r – revised; p – provisional

TABLE 2(C)

Savings and Investment, 1999 - 2003
/ Current Market Prices, TT\$ Millions /

ITEM	1999 ^r	2000 ^r	2001 ^r	2002 ^r	2003 ^p
Gross Domestic Savings	11,481.9	15,880.2	16,511.5	13,825.0	22,029.0
Less: Net Factor Payments	(2,516.2)	(3,954.5)	(3,405.2)	(3,030.3)	(2,289.4)
Net Transfers Abroad	236.4	238.0	210.4	343.4	418.3
Gross National Savings	9,202.1	12,163.7	13,316.8	11,138.1	20,157.9
Gross Capital Formation	9,010.9	8,745.5	10,696.0	10,825.6	11,908.0
External Savings ¹	(191.2)	(3,418.2)	(2,620.8)	(312.5)	(8,249.9)
MEMO ITEM <i>(In percent of GDP at market prices)</i>					
Gross National Savings	21.5	23.7	24.2	18.7	29.8
Gross Capital Formation	21.0	17.0	19.4	18.2	17.6
Use of External Savings ¹	(0.4)	(6.7)	(4.8)	(0.5)	(12.2)

Source: Central Statistical Office and Central Bank Staff Estimates
r – revised; p – provisional

1 – Equivalent to the inverse of the Current Account of the Balance of Payments.



Chapter Three

Domestic Production

PETROLEUM AND PETROCHEMICALS

Petroleum

The sustained growth in condensate output associated with increased natural gas production led to an increase in crude oil production in 2003. Exports of crude oil also grew. This trend is expected to continue in 2004 as the increase in gas production continues, and the fields licensed to BHP Billiton begin producing in the fourth quarter of 2004. The level of refinery throughput remained relatively the same as in 2002.

Exploration and Production

Total depth drilled in 2003 was 149.9 thousand metres, 4.1 per cent above that of the previous year. Production of crude oil (including condensate) totalled approximately 134.1 thousand barrels per day (49.1 million barrels), representing an increase of 2.7 per cent over output in 2002. The increase resulted from growth in condensate output as a result of higher natural gas

production associated with the commissioning of the Train III liquefied natural gas facility. At the end of 2004, when BHP Billiton commences production, a significant boost in oil production is expected.

Crude oil prices, using the benchmark West Texas Intermediate (WTI), averaged around US\$34.43 per barrel during the first quarter, moving lower to US\$28.85 per barrel in the second quarter. This decline reflected primarily speculation in the market that the war in Iraq would be short and swift. The price rebounded during the last two quarters to average US\$31.00 per barrel, reflecting the lingering hostilities in Iraq and the impact on the oil market. For the year as a whole, the WTI prices averaged US\$31.34 per barrel in 2003, an increase of 20.4 per cent over prices in 2002.



Box I **Developments in the Energy Sector in 2003**

During 2003, the Ministry of Energy and Energy Industries continued to invite bids for exploration in the ultra-deep region off the East Coast. Ten (10) acreage blocks located along the Western, Eastern and Northern coasts of Trinidad and Tobago were offered for exploration in the 2003 round of bids. Two of these blocks are located in the Atlantic Ocean, southeast of Tobago, and north of Tobago, respectively, and the prospects for oil at these two locations are good since they form part of the geological structure that yielded the major oil find for BHP Billiton in 2001. The Ministry is also optimistic that new technologies currently available to the industry may assist in unlocking the oil reserves in Block 24, as well as the potential gas reserves in the nearby Block 22. Of the 10 blocks, three are likely to contain gas, five have the potential for oil and gas, while the remaining two are considered oil prone. Officials of the Ministry indicated that since many of the companies who come to Trinidad and Tobago are in fact looking for gas, many of the blocks offered are deliberately aimed at satisfying future demand for natural gas. In other developments, prospective small independent oil producers, who believe that the current fiscal regime serves as a deterrent to the revitalization and activation of production on land, continued to lobby the government for reform of the fiscal regime.

Refining

Refining activity remained at almost the same level in 2003 as in 2002. Refinery throughput averaged about 148.2 thousand barrels per day, while output was approximately 54.1 million barrels. Crude oil imports increased by about 3 per cent to average 33.1 million barrels, while exports at 26 million barrels were about 4.5 per cent above that of the previous year.

Natural Gas

Production of natural gas averaged 2,594 million cubic feet per day (mmcf/d) representing an increase of 42.1 per cent over output in 2002. Utilization at 2,520 mmcf/d was approximately 46.4 per cent more than sales in the previous

year. In 2003, the largest user of natural gas was Atlantic LNG accounting for 58.1 per cent of total natural gas production.⁴ The second largest users were the ammonia plants (16.9 per cent), followed by the methanol (9 per cent) and power generation (8 per cent) companies. The manufacturers of iron and steel products, cement and various small local consumers (approximately 100) utilised the remaining output.

Liquefied Natural Gas

In 2003, as all three trains of LNG were fully operational, LNG exports amounted to approximately 8.9 million tonnes, which were shipped to the United States (85.6 per cent), Puerto Rico (6.6 per

⁴ The Atlantic LNG train III facility came on stream mid-year 2003 resulting in a significant increase in natural gas production and by extension LNG production.



cent), Spain (1.6 per cent), the Dominican Republic (3.3 per cent) and Japan (1.1 per cent). This was more than double the level of exports of 4.1 million tonnes in 2002. Construction work continued on the Atlantic LNG train IV facility which is expected to come on stream in the first quarter of 2006. When this facility is fully operational, production would be boosted by 5.2 million tonnes. The Atlantic LNG train IV facility is one of the largest LNG liquefaction plants in the world to date. Natural gas prices averaged US\$5.53 per million Btu during 2003, compared with US\$3.36 in 2002. However, it is expected that prices would trend slightly downward in 2004.

Natural Gas Liquids (NGLs)

The start up of operations of the third train of Atlantic LNG, together with normal capacity utilisation at all the petrochemical plants impacted positively on the production and exports of natural gas liquids (NGLs). The output of NGLs rose to 10.5 million barrels (mnbbls), 22.1 per cent more than production in 2002, while exports at 10.2 mn bbls were 16.8 per cent higher than exports in 2002. In line with trends in the crude oil industry, prices of propane, butane and natural gasoline were also buoyant during 2003. These prices are expected to be slightly lower in 2004.

Petrochemicals

Methanol

Methanol output totalled 2,845.6 thousand tonnes during 2003, representing an increase of only 0.6 per cent from 2002 as a power outage at one company during August and September affected overall production.

Methanol exports totalled 2,832.3 thousand tonnes, an increase of 1.8 per cent compared with the shipments in 2002. Methanol prices averaged US\$256.8 per tonne (fob Rotterdam) for 2003 compared with US\$163.5 for 2002, an increase of 57.1 per cent.

Nitrogenous Fertilizers

The local fertilizer industry recorded another year of positive growth in 2003 as total production and exports increased by 6.5 per cent and 8.4 per cent, respectively. After commencing operations in the third quarter of 2002, Caribbean Nitrogen Company (CNC) experienced its first full year of production which boosted ammonia production to 4,317.1 thousand tonnes, an increase of 8.3 per cent from 2002. Exports totalled 3,947 thousand tonnes in 2003, representing an increase of 10.7 per cent from 2002. However, activity in the urea industry suffered because unplanned disruptions occurred during the third quarter. One plant, which was scheduled for routine maintenance in early August, experienced mechanical problems which delayed its restart. Another plant was not operational for approximately two weeks in September as equipment was being replaced. Urea production reached 647.6 thousand tonnes, a decline of 4 per cent from 2002. Urea exports totalled 648 thousand tonnes, 4 per cent less than shipments in 2002. The decline in exports was attributable to unfavourable market conditions experienced by one company in the United States during July and August, 2003.

Ammonia prices averaged US\$200.94 per tonne (fob Caribbean) in 2003 compared with an average of US\$110.74 per tonne for 2002, representing an



increase of 81.5 per cent. Urea prices averaged US\$156.5 per tonne (fob Caribbean) for 2003, an increase of 35.4 per cent over 2002 (US\$115.53).

The outlook for 2004 is positive. The 640 thousand tonnes per annum Nitro-2000 plant is expected to be commissioned in late 2004 with commercial production expected to

commence at the beginning of 2005. Plans are also afoot for further capacity building at Union Estate, the proposed industrial estate located at La Brea. Additional capacity would serve to further consolidate Trinidad and Tobago's position as the number one exporter of ammonia in the world.

Box II

Developments in the Petrochemical Industry in 2003

Methanol

- The Canadian firm, Methanex purchased the remaining 90 per cent of Titan Methanol from Beacon Energy and BP Plc.
- The startup of the Atlas Methanol 1.75 million tonnes per annum plant was postponed until the first quarter of 2004 because of delays in construction caused by industrial action.
- In July, Methanol Holdings Trinidad & Tobago Limited (MHTL) launched the construction of its M5000 plant which is due for completion in 2005. When the output of this plant is added to existing capacity, Trinidad & Tobago will supply 22 per cent of the world methanol market. The M5000 plant will also serve as a catalyst for further downstream investments in the production of methanol derivatives such as acetic acid and formaldehyde.
- MHTL, owned by CL Financial, can be described as a pioneer in the local petrochemical industry. In response to a shift in the manufacture of derivatives from the United States to Asia, MHTL acquired a 50 per cent stake in a joint venture methanol project in Oman. Construction of the 5 thousand tonnes per day facility should start by the fourth quarter of 2004 at a cost of US\$400 million and operations commence in 2006.

Nitrogenous Fertilizers

- In the first half of the year, an affiliate of Koch Nitrogen Company of the United States acquired 50 per cent of the assets in the Farmland MissChem joint venture for an estimated US\$122 million. Farmland MissChem was jointly owned by Farmland Industries Inc. and Mississippi Chemicals. The company was subsequently renamed Point Lisas Nitrogen Limited. Later in the year, Mississippi Chemicals entered negotiations with Koch Nitrogen Company to sell its 50 per cent equity stake in Point Lisas Nitrogen Company Limited. However, the agreement was not finalized as both parties became embroiled in bankruptcy court proceedings.
- The operations of PCS Nitrogen Limited were amalgamated with that of PCS Nitrogen Trinidad Limited after the expiration of certain concessional arrangements at the end of May.

Iron and Steel

- In December, Nucor Corporation of the United States approached the government with the aim of negotiating a land lease in order to establish a new DRI plant. The proposed mill would have a capacity of 500 thousand to one million tonnes per annum. The US company previously operated an iron carbide plant in Trinidad, but was forced to close around five years ago due to technical problems.



Iron and Steel

The production and exports of iron and steel products in Trinidad and Tobago fell in 2003, resulting from operational problems which caused a temporary shutdown of the Caribbean ISPAT plant in May. Production of DRI (2,275 thousand tonnes) and wire rods (640.9 thousand tonnes) declined by 1.8 per cent and 9 per cent, respectively from output levels recorded in 2002. However, the production of billets totalled 896 thousand tonnes, representing a 9.7 per cent improvement from 2002. Exports experienced a similar declining trend as DRI exports totalled 1,268.3 thousand tonnes, 7.9 per cent less than shipments in 2002, while wire rod exports (635.3 thousand tonnes), declined by 3 per cent.

International iron and steel prices were extremely buoyant in 2003. Billet prices averaged US\$244.64 per tonne in 2003, an increase of 25.9 per cent from 2002. Wire rod prices averaged US\$277.71 per tonne, representing an increase of 26.1 per cent from 2002. Locally, ISPAT increased the price of wire rods in March by US\$25 per tonne, and again in the third quarter by US\$20 per tonne citing supply disruptions as a result of the war in Iraq, as the major reason. These increases followed a 25 per cent rise in

prices to downstream consumers during the fourth quarter of 2002.

AGRICULTURE

Sugar

Sugar production in 2003 fell below expectations as the industry experienced major upheaval because of the restructuring of the operations of CARONI (1975) Ltd. The production target, initially set at 96 thousand tonnes, was reduced to around 65 thousand tonnes because of the impact of the severe dry season, numerous unplanned cane fires, industrial unrest and cash flow problems. In addition, the climate of uncertainty and change arising out of the planned restructuring led to increased absenteeism. Output of raw sugar reached 67.6 thousand tonnes, marginally above the revised target but well below (31.2 per cent) production in 2002 (98.3 thousand tonnes). Exports totalled 59.3 thousand tonnes, 2.6 per cent less than the volume shipped in 2002 (60.9 thousand tonnes). However, the company was able to meet its export quotas to the European and United States markets. Local sales amounted to 59.6 thousand tonnes, 7.5 per cent below the amount sold in 2002.



Box III
Developments in the Sugar Industry in 2003

The restructuring of the sugar company, CARONI (1975) Limited took place in the third quarter of 2003. As a result of the restructuring, some 10,000 daily- and monthly-paid workers were offered and accepted a voluntary separation of employment package at a cost of \$653 million. The company was retained as a non-trading entity to manage all the current and long-term debt and other liabilities of Caroni as well as the non-strategic business units (rice cultivation, citrus and dairy production) which will be divested. Private sector participation will be invited with respect to the other activities of Caroni – tractor and field engineering, agricultural services, human resources management, environmental management, information systems, transport services and security services. It is estimated that a maximum manpower level of 700 daily- and monthly-paid employees will be required for the non-sugar operations during the first transitional phase.

Sugar refining operations will be managed by the Sugar Manufacturing Company of Trinidad and Tobago Limited which was established in late July 2003. The company will be responsible for the processing and refining of cane purchased from private farmers. Another company, Rum Distillers Limited, was also established in late July 2003 as a subsidiary of CARONI (1975) Limited to continue the business of rum distilling.

The lands formerly dedicated to cane cultivation and other lands belonging to CARONI (1975) Limited (some 77,000 acres) will be transferred to the State and managed by a new company, the Estate Management and Business Development Company Ltd (EMBD). This entity is expected to stimulate and facilitate economic activity in certain areas through the establishment of heavy and light manufacturing estates, agricultural estates, housing projects and commercial complexes. The EMBD is expected to generate its own revenue with no additional cost to the Government.



Chapter Four

The Labour Market

EMPLOYMENT

Labour market conditions remained mixed during 2003. On the positive side, an additional 9.1 thousand persons found employment from 2002. However, a greater number of persons (10.4 thousand) were encouraged to look for work and joined the labour force, reflecting in part the improved economic environment. Consequently, the unemployment rate averaged 10.5 per cent in 2003 compared with 10.4 per cent in 2002.

The Services sector was the largest employer, as an additional 10.8 thousand persons obtained employment in the sector. The Community, Social and Personal Services sub-sector

accounted for 5.3 thousand of the increase, and almost half of which was absorbed into the Community Environment Protection and Enhancement Programme (CEPEP) which commenced operations in October 2002. This was followed by the Distribution sector which generated an additional 4.5 thousand jobs. The Construction sector created 3.6 thousand jobs during the year, reflecting the continued activity in the energy sector and the start-up of government's housing programme. There was a significant drop in employment in the Agriculture sector (a loss of 4.7 thousand jobs) which reflected the restructuring of CARONI (1975) Limited.



TABLE 3
Labour Force Statistics, 2000 - 2003
/ Thousands /

	2000 ¹	2001	2002	2003
Population (Mid Year) Estimates	1,262.4 ²	1,266.8	1,275.7	1,282.4
Non-Institutional Population - 15 years and over	936.6	949.9	961.8	968.3
Labour Force	572.9	576.5	586.2	596.5
Persons with jobs	503.3	514.1	525.1	534.1
Persons without jobs	69.6	62.4	61.2	62.4
Participation Rate (%) ³	61.2	60.7	60.9	61.6
Unemployment Rate (%)	12.2	10.8	10.4	10.5

Source: Central Statistical Office

¹ This represents an average for the first, third and fourth quarters of 2000 as no survey was conducted in the second quarter because of the 2000 census exercise.

² The estimates were revised based on the 2000 census.

³ Labour Force as a percentage of the non-institutional population 15 years and over.

TABLE 4
The Sectoral Distribution of Employment, 2000 - 2003¹
/ Thousands /

	Employment							
	2000 ¹		2001		2002		2003	
	(000)	%	(000)	%	(000)	%	(000)	%
Agriculture	36.4	7.2	40.1	7.8	36.1	6.9	31.4	5.9
Petroleum & Gas (including Mining & Quarrying)	16.5	3.3	16.6	3.2	18.0	3.4	16.9	3.1
Manufacturing	55.0	10.9	52.7	10.3	55.8	10.6	55.0	10.3
Construction (including Electricity & Water)	69.7	13.8	78.8	15.3	75.6	14.4	80.0	15.0
Transport, Storage & Communications	39.2	7.8	38.9	7.6	41.8	8.0	41.6	7.8
Other Services	285.9	56.8	285.3	55.5	296.4	56.4	307.3	57.6
<i>Of which Wholesale & Retail</i>	95.2	18.9	89.8	17.5	94.5	18.0	99.0	18.6
<i>Community, Social & Personal Services</i>	151.4	30.1	154.5	30.0	158.1	30.1	163.3	30.6
Not Classified	0.4	0.1	1.5	0.3	1.2	0.2	2.0	0.4
Total Employment	503.3	100.0	514.1	100.0	525.1	100.0	534.1	100.0

Source: Central Statistical Office

¹ Figures may not add to totals due to rounding

INDUSTRIAL RELATIONS

In 2003, there was much activity in the industrial relations climate as workers engaged in a number of protest actions and sought redress through the Industrial Court. One contentious issue of national concern was the conclusion of the restructuring exercise that took place during the year in the sugar industry and the voluntary separation of employment package (VSEP) offered to all employees of the sugar company. The trade union representing the daily-paid employees took the issue to the Industrial Court which ruled that the company was in breach of Section 40(1) of the Industrial Relations Act and was deemed to have failed to negotiate in faith with the union. The Court ordered both parties (the union and the company) to meet and reach agreement

on the disputed items in the VSEP package. Subsequently, some 9,000 workers accepted the package on August 1 2003.

Workers of the telecommunications company engaged in protest action for several weeks, seeking higher wages and other enhanced benefits. An agreement was eventually achieved, but not before a significant amount of man hours was lost and expenditure incurred on repair work because of bomb scares and sabotage.⁵ Also of significance was the industrial action taken by junior doctors in the health sector in Trinidad in an attempt to secure salary increases in line with their counterparts in Tobago. In addition to settling the matter, the government, in an effort to alleviate the acute shortage of doctors, employed a number of foreign medical personnel.

⁵ It should be noted that management agreed to include a clause in the new agreement which would effectively free employees from prosecution, if they were found to be involved in nefarious activity against the company.



TABLE 5
Summary of Industrial Agreements Registered in 2002
For the Period 1993-2004

Period of Agreement	Number of Agreements	Median Wage Increases (%)	Range of Increases (%)
1993-1995	2	-	6.0 -15.0
1994-1996	1	-	5.85
1995-1997	1	-	9.5
1996-1998	3	7.0	1.0 - 7.0
1997-1999	3	8.0	7.5 - 10.5
1998-2000	7	8.0	7.0 - 14.0
1999-2001	22	10.0	0.0 - 27.0
2000-2002	25	10.0	6.0 - 45.0
2001-2003	19	8.0	0.0 - 16.0
2002-2004	17	11.0	4.8 - 17.0

Source: Industrial Court of Trinidad and Tobago



TABLE 6
Work Stoppages in Trinidad and Tobago 1998 - 2003

Year	Strikes	Lockouts	Stoppages	Workers Involved	Man Days Lost
1998	9	0	9	1,892	8,852
1999	0	0	117	11,662	26,606
2000	0	0	38	3,126	515
2001	0	0	80	8,061	18,036
2002	0	0	22	6,858	11,873
2003 - 2 nd Qtr	0	0	12	3,885	7,648

Source: Industrial Court of Trinidad & Tobago



TABLE 7
Agreements Registered in 2002 by Sector

Sector	Duration of Agreements	No. of Agreements	Range of Total Increases (%)
Petroleum	2000 - 2002 2001 - 2003	4	0.0 - 12.0
Manufacturing	1998 - 2000 1999 - 2001 2000 - 2002 2001 - 2003 2002 - 2004	30	4.8 - 45.0
Distribution	1998 - 2000 2000 - 2002 2001 - 2003 2002 - 2004	7	6.5 - 9.0
Construction	2001 - 2003	1	8.0
Government	1996 - 1998 1999 - 2001 2000 - 2002	9	7.0 - 10.0
Transport, Storage & Communications	1993 - 1995 1994 - 1996 1995 - 1997 1996 - 1998 1998 - 2000 1999 - 2001 2000 - 2002 2001 - 2004	18	0.0 - 16.00
Finance, Insurance & Business Services	1993 - 1995 1997 - 1999 1998 - 2000 1999 - 2001 2000 - 2002 2001 - 2003	19	9.0 - 27.00
Personal & Cultural Services, Education & Utilities	1997 - 1999 1999 - 2001 2000 - 2002 2001 - 2003	12	0.0 - 16.65

Source: Industrial Court of Trinidad and Tobago



Chapter Five

Prices

CONSUMER AND PRODUCER PRICES⁶

The latest available data on prices from the Central Statistical Office indicate that headline inflation in 2003, measured 3.8 per cent compared with 4.2 per cent in the previous year. Although inflationary pressures were lower in the period, the food component of the Index rose by 13.8 per cent, somewhat higher than the rate (10.2 per cent) recorded in 2002. Major increases were recorded in the prices of several basic food items (flour, chicken, rice, cooking oil, dairy products and fruits and vegetables). Core inflation (which excludes the food component of the Index) more than doubled to 1.7 per cent compared with 0.6 per cent for 2002. This acceleration reflected in part

increases in house rentals and healthcare services as well as in transportation costs which resulted from the rise in gasoline prices announced in the 2003/2004 Budget.

In 2003, wholesale prices rose by 0.9 per cent. The Food Processing sub-index rose by 4.4 per cent, driven mainly by increases of 17.7 per cent and 3.3 per cent in flour and meats, respectively. There was also a significant rise of 10.8 per cent in the Metal Building Materials component of the Assembly-Type and Related Industries sub-index while the Printing, Publishing and Paper Converters sub-index declined by 3.7 per cent.



⁶ The Central Statistical Office (CSO) completed the rebasing of the Index of Retail Prices (January 2003 =100) in 2003, correcting for technical bias which existed in the previous index. The new index should more accurately reflect the expenditure pattern of households in Trinidad and Tobago.

Box IV**The Rebasing of the Retail Prices Index (RPI)**

Price indices are summary measures of average price levels at periodic intervals and for a range of goods and services. The Retail Price Index (RPI) measures the cost of purchasing a fixed basket of consumer goods. Measures of inflation are usually derived from changes in the RPI. The Central Statistical Office (CSO) defines the RPI as a measure of the average change in prices from month to month of consumer goods and services purchased at the retail level by a defined group of households or persons. Items covered in the Index include food, clothing, shelter and medical services. The RPI based on September 1993 used weights that reflected consumer purchases in 1988. The CSO recently rebased the RPI to January 2003, using more recent weights derived from the May 1997-May 1998 Household Budgetary Survey (HBS).

Table A gives some details on the weighting structure of the items that make up the basket of goods and services used in the RPI for Trinidad and Tobago from 1952 to 2003. The weights influence how changes in the RPI are affected by changes in individual items of the overall Index.

The data show the decreasing importance of the Food component of the RPI. The relative decline in household expenditure on Food has been accompanied by increased expenditure on Housing, Transport and Other Services. In the revised Index (Jan. 2003=100), Housing now carries the largest weight.

The RPI typically captures short-term movements in prices. To assess longer-term price trends, it is often necessary to strip away certain volatile influences on the RPI such as food prices or mortgage interest payments. Depending on the component that is excluded, several measures of core inflation can be developed. For instance, the Central Bank uses the non-food component of the RPI as a pragmatic measure of core inflation.

Table A
Weights used in the Index of Retail Prices

	January 2003=100	September 1993=100	September 1982=100	September 1975=100	September 1960=100	September 1952=100
Food	180*	217	351	334	490	510
Meals Out	30**	14	15	20	-	-
Drink and Tobacco	25	24	47	64	77	93
Fuel and Light	-	-	26	40	29	37
Housing	262***	216	138	93	77	81
(Maintenance)			(12)	(10)	(52)	(51)
(Rent)			(126)	(83)	(25)	(30)
Household Supplies	54	77	84	67	67	57
Services	-	-	14	21	142	55
Household Operations	-	66	-	-	-	-
Clothing and Footwear	53	104	189	180	99	130
Transportation	167	152	86	111	-	-
Education	16	-	25	40	-	-
Medical Goods and Services	51	62	25	30	19 ¹	37 ¹
Communication	41	-	-	-	-	-
Recreation and Culture	85	68	-	-	-	-
Miscellaneous	36	-	-	-	-	-
ALL ITEMS	1000	1000	1000	1000	1000	1000

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

¹ Includes Transport and Education

* Includes non alcoholic beverages

** Hotels, Cafes and Restaurants for January 2003=100

*** Housing, Water, Electricity, Gas and Other Fuels



Chapter Six

Fiscal Operations

CENTRAL GOVERNMENT FISCAL OPERATIONS

Strong revenue growth, fuelled by buoyant oil prices, enabled the fiscal authorities to achieve a substantial surplus in fiscal 2003. The central government posted an overall surplus of \$958.4 million or 1.4 per cent of GDP at current market prices compared with a deficit of \$354.3 million or -0.6 per cent of GDP in the previous fiscal year. Although government expenditure grew by 11.1 per cent during the year, revenue expanded at a substantially faster pace of 20.8 per cent.

Recurrent revenue amounted to \$16,754.3 million in fiscal 2003, surpassing the previous year's collections by \$2,929.3 million. This strong performance resulted from higher receipts from the energy sector as oil prices averaged US\$29.60 per barrel compared with US\$24.01 per barrel in fiscal 2002. Consequently, oil revenue almost doubled and amounted to \$6,175.3 million and its share of total revenue rose from 23.4 per cent to 36.8 per cent. From the oil revenue, the central government allocated \$497.4 million to the Revenue Stabilization Fund (RSF), which stood at \$1,566.9 million at the end of September 2003.

Notwithstanding efforts to enhance collections from the non-energy sector,

non-oil revenue amounted to \$10,579 million, just \$3.4 million more than in the previous fiscal year. There was an 18.4 per cent increase in taxes on income and profits partly resulting from taxes on salary arrears paid to public sector workers, teachers and senior government officials. In addition, higher petrochemical prices and export volumes contributed to strong corporate profits during the year. However, there was a 14.7 per cent decline in taxes on goods and services as the share of net receipts from value-added taxes (VAT) fell from 17.8 per cent in fiscal 2002 to 12.1 per cent in fiscal 2003. The lower level of VAT receipts was partly due to an increase of VAT refunds during the year as the backlog of refunds was reduced from \$600 million in the previous year to \$393 million. There was also a decline of 27.1 per cent in non-tax revenue as profits from state enterprises and administrative fees and charges fell by 32.3 per cent and 36.3 per cent, respectively. In addition, profits from the National Lottery declined by 18.1 per cent reflecting a fall in on-line sales.

Against the backdrop of robust revenue growth, the central government's total expenditure rose by \$1,576.2 million to \$15,803 million reflecting increases in all the major categories of expenditure.



Wages and salaries grew by 8.3 per cent and transfers and subsidies by 15 per cent, a combined share of 66.5 per cent of total expenditure. Spending in the latter category amounted to \$5,963.5 million partly because of increased loans and grants to Statutory Boards and State Enterprises, which accounted for almost 40 per cent of the rise in transfers and subsidies. There was also increased spending on pensions, gratuities and operational costs pertaining to the establishment of the Caribbean Court of Justice. Expenditure on goods and services increased by 14.4 per cent, while interest expenses rose by 3.5 per cent. Capital expenditure increased by 16.6 per cent and this was attributable to improvements in the implementation and execution of the projects under the Public Sector Investment Programme.

The surplus of \$958.4 million enabled the government to fund debt service obligations and to build up the balances held at the Central Bank. At the end of September 2003 these balances amounted to \$5,444.2 million which included the sum of \$1,566.9 million allocated to the Revenue Stabilisation Fund.

Central Government Domestic Debt

In calendar 2003, the central government was quite active on the domestic bond market, as several series of bonds with call options, totalling \$2,217.2 million, were identified for restructuring and refinancing. The government issued total bonds of \$2,640 million in 2003, which comprised \$2,000 million to replace its high-cost debt and \$640 million to absorb the resources released by a 4 percentage point reduction in the reserve requirement for commercial banks. Principal repayments in 2003 amounted to \$2,228.9 million, 99.5 per cent of which was related to the refinancing programme. Interest payments during the year totalled \$891.3 million, bringing total debt service to \$3,401 million in 2003. At the end of 2003, the domestic debt outstanding stood at \$10,368.2 million, representing an increase of \$411.1 million from December 2002. Nonetheless, the ratio of domestic debt to GDP fell to 15.3 per cent from 16.7 per cent recorded a year earlier.



TABLE 8
Summary of Central Government Finances, 2001 - 2003
/ Dollars Million /

	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Oct 00- Sept 01	Oct 01- Sept 02	Oct 02- Sept 03
Current Revenue	13,379.9	14,517.2	17,852.7	14,147.3	13,825.0	16,754.3
Current Expenditure	12,594.9	13,697.4	15,179.4	12,176.9	13,544.4	15,007.5
Current Surplus(+)/Deficit(-)	785.0	819.8	2,673.3	1,970.4	280.6	1,746.8
Capital Receipts	35.6	38.7	5.8	39.7	47.5	7.1
Capital Expenditure and Net Lending	861.2	671.7	844.1	973.3	682.4	795.5
Overall Surplus(+)/Deficit(-)	-40.6	186.8	1,835.0	1,036.8	-354.3	958.4
Financing	40.6	-186.8	-1,835.0	-1,036.8	354.3	-958.4
External (Net)	-5.5	-215.7	-206.7	-715.7	-182.7	-253.4
Domestic (Net)	46.1	28.9	-1,628.3	-321.1	537.0	-705.0
Surplus(+)/Deficit(-) as a Per cent of GDP (current market prices)						
Current Surplus(+)/Deficit(-)	1.4	1.4	3.9	3.5	0.5	2.6
Overall Surplus(+)/Deficit(-)	-0.1	0.3	2.7	1.8	-0.6	1.4

Source: Appendix Table A.16

TABLE 9
Summary of Central Government Finances, 2001 - 2003¹
/ Per cent /

	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Oct 00- Sept 01	Oct 01- Sept 02	Oct 02- Sept 03
A. Recurrent Revenue	Per Cent of Recurrent Revenue					
Oil Revenue	27.6	27.1	38.5	32.6	23.5	36.9
Non-Oil Revenue	72.4	72.9	61.5	67.4	76.5	63.1
Income Taxes	33.9	33.0	30.3	32.6	32.7	32.0
Property Taxes	0.5	0.6	0.5	0.4	0.7	0.5
Taxes on Goods and Services	23.2	23.3	17.8	21.0	24.9	17.5
International Trade Taxes	6.2	6.1	5.8	5.7	6.2	5.9
Non-Tax Revenue	8.5	9.9	7.1	7.6	12.0	7.2
Total Recurrent Revenue	100.0	100.0	100.0	100.0	100.0	100.0
B. Recurrent Expenditure	Per Cent of Recurrent Expenditure					
Wages and Salaries	32.5	30.3	30.5	31.0	30.9	30.2
Goods and Services	12.2	13.2	13.6	12.7	13.0	13.4
Interest	17.6	18.0	16.2	19.6	17.8	16.6
Transfers and Subsidies	37.6	38.5	39.7	36.7	37.3	39.8
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.



PUBLIC SECTOR EXTERNAL DEBT

(Data in this Section are in US dollars)

During the year, the stock of external debt fell for the third consecutive year. Repayments outstripped new borrowings and once again the central government did not access the international capital markets. At the end of December 2003, the public sector external debt outstanding stood at \$1,526.2 million compared with \$1,595.7 million in 2002. The country's external debt burden continued to ease as the debt to GDP ratio fell to 14.1 per cent from 17.4 per cent in 2002 and 19.6 per cent in 2001.

The currency composition of the stock of external debt remained unchanged with the US dollar component stable at around 94.4 per cent as in 2002. In terms of the maturity structure, two-thirds of the total debt will fall due within 10 to 20 years and the remaining one-third in 3 to 10 years. The creditor composition of the debt stock also did not vary significantly: 59.1 per cent of the debt outstanding was owed to bondholders, 32.4 per cent to multilateral creditors and the remaining

balance (8.5 per cent) to bilateral and commercial creditors.

During 2003, public sector drawdowns of \$26.2 million were accessed solely by the central government from multilateral financial institutions. Funds were received from the Inter-American Development Bank (\$17.8 million), the World Bank (\$6.5 million) and the Caribbean Development Bank (\$1.9 million). These disbursements were earmarked for the health sector (\$12.6 million), education (\$6.5 million), road and highway development (\$3.1 million), housing and settlements (\$2.7 million), community development (\$1.1 million) and tourism (\$0.2 million).

In 2003, repayments of principal increased by \$21.1 million to \$89.7 million. Of this total, 53.5 per cent was paid in respect of energy sector loans, 25 per cent to the Inter-American Development Bank and the remainder to the World Bank and the Caribbean Development Bank. Interest payments totalled \$116.7 million and together with amortization, total debt service for 2003 amounted to \$206.4 million compared with \$198.3 million in 2002.



Chapter Seven

Monetary and Financial Developments

MONEY, CREDIT AND INTEREST RATES

Against the background of a modest performance in the non-energy sector, slow recovery in the growth of domestic credit and low inflation, the Central Bank adopted an accommodative monetary policy stance during 2003. After leaving its policy benchmark rate unchanged for almost a year, the Central Bank lowered the repo rate on September 4 2003 by 25 basis points to 5 per cent. Furthermore, on October 22, the Central Bank reduced the reserve requirement for all commercial banks by 4 percentage points from 18 per cent to 14 per cent of prescribed liabilities with the intention of reducing the cost of intermediation. This move is part of a plan by the Bank to reduce the reserve requirement on a phased basis over a period of 18 months. By the end of 2004 or early 2005, the reserve requirements of the banks and non-banks should be the same. The Bank's policy interventions through the repo rate and the reserve requirement for commercial banks, compounded by relatively easy liquidity conditions in the financial markets dampened domestic interest rates during the year.

The government's domestic spending through its fiscal operations injected a net amount of \$3.5 billion in 2003 compared with \$2.8 billion in 2002.

Because of this, easy liquidity conditions in the banking system prevailed for most of the year although there were periods of relative tightness. The Central Bank intervened throughout the year through the use of open market operations, to manage liquidity conditions. At the end of April 2003, fiscal operations resulted in a net injection of \$963.9 million, of which \$356.8 million represented callable bond redemptions. The issuance of government securities in May and June led to some tightening of the financial system towards the middle of the year. However, the net domestic fiscal injection had grown to \$2,052.1 million by August. The government entered the market for the last time in the year, issuing a bond amounting to \$1 billion in September. Government's fiscal operations in the last quarter of 2003 added \$1,686 million to liquidity and the Central Bank engaged in open market operations to manage liquidity conditions. For the twelve months to December 2003, the maturity of open market securities exceeded issues, resulting in the release of \$228 million into the banking system. Following the reduction in the reserve requirement towards the end of October, a total of \$640 million was released into the financial system but this had little impact on liquidity since the funds were sterilized by a government bond issue



of equivalent amount on November 6. Central Bank's intervention in the foreign exchange market also withdrew \$3.6 billion from the banking system.

Domestic short term interest rates softened during 2003. During the first half of the year, rates in both the inter-bank market and the securities market trended upward but declined steadily thereafter, the rate of decline picking up momentum in October following the reduction in the reserve requirement for commercial banks. At the end of December 2003, the weighted average inter-bank rate measured 3.85 per cent down from 4.53 per cent and 4.71 per cent at the start and the middle of the year, respectively. There was a similar pattern in rates on short-term government securities as the average discount rate on the three-month treasury bills increased to 5.03 per cent at the end of May from 4.60 per cent in January and subsequently fell to 4.76 per cent in December. This led to a widening of the interest rate differential between the TT and US three-month treasury bills despite a fall in the latter's rate. At the end of 2003, this differential was 3.84 per cent compared with 3.34 per cent at the end of the previous year. As a consequence of the four percentage point reduction in the reserve requirement, the prime lending rate fell to 9.50 per cent in November 2003 from 11.50 per cent where it had remained since October 2002. Following the reduction of the repo rate, other institutional rates, namely the Central Bank's discount rate and the rate paid on special deposits held at the Central Bank, also declined by 25 basis points to 7 per cent and 3 per cent, respectively. Other quoted retail rates also softened. At November 2003, the real estate mortgage lending rate had fallen by 250

basis points to 10.00 per cent.

Average deposit rates for ordinary savings declined by 33 basis points from 2.30 per cent in 2002 to 1.97 per cent in 2003, while the three-month time deposit rate fell by 73 basis points from 3.73 per cent to 3.00 per cent over the same period.

Credit to the private sector which was subdued in the first half of the year picked up in the latter six months to December 2003. For the period January to June 2003, lending by the consolidated financial system to the private sector increased by 2.7 per cent. Credit growth picked up and for the year as a whole, total private sector credit increased by 8.9 per cent in 2003 from 2.8 per cent in the previous year as credit by the commercial banks grew by 5.3 per cent and lending by the non-banks expanded by 17.4 per cent. Overall, private sector growth was attributed to increased lending to the business sector. Commercial bank credit to consumers declined by 3.2 per cent while real estate mortgage lending increased by 6.3 per cent.

In general, the rate of growth of the money supply slowed during 2003 as investors moved to higher-yielding instruments. The M1-A aggregate, which is the best monetary estimate of current spending levels, grew by 12.1 per cent compared with growth of 19.1 per cent and 23.6 per cent in 2002 and 2001, respectively. Growth in the broader measure of the money supply, M-2, which includes savings and time deposits was almost halved as this aggregate increased by 6.5 per cent after expanding by 13.5 per cent in the previous year.

Conditions in the foreign exchange



market remained tight during 2003 as the demand for foreign currency continued to outstrip supply. These demand pressures prevailed throughout the year owing in part to portfolio and direct investment in regional economies as well as capital issues by non-residents on the local bond market. The Central Bank intervened in the foreign exchange market to alleviate demand pressures. For the year, the Bank sold US\$505 million to authorised foreign exchange dealers, up from US\$315 million in 2002 and US\$45 million in 2001.

Institutional Developments

The Central Bank of Trinidad and Tobago, in collaboration with the six members of the Bankers' Association, established the Office of the Banking

Services Ombudsman on May 19, 2003. The Office provides a formal channel through which small businesses and individuals can seek redress, if necessary, in their dealings with the financial institutions. The Ombudsman's Office is mandated to receive, investigate and render independent and prompt resolutions to complaints by members of the public with respect to the services provided by commercial banks and their subsidiaries. It is anticipated that the Ombudsman's Office would serve as a catalyst for improved customer service, deeper public awareness about the financial transactions that are offered by the banks and a stronger, more efficient financial services sector in Trinidad and Tobago.



TABLE 10
Summary of Monetary Conditions, 2001 - 2003
(Annual Average)
/ Dollars Million /

	2001	2002	2003	Percent Changes (%)	
				2003/2002	2002/2001
Currency in active circulation	1,252	1,383	1,572	13.7	10.5
M-0	4,176	4,414	4,849	9.9	5.7
M-1A	5,253	6,256	7,016	12.1	19.1
M-2	14,829	16,832	17,924	6.5	13.5
M-2*	20,047	22,317	23,131	3.6	11.3
M-3	18,956	21,040	22,008	4.6	11.0
M-3*	25,818	28,248	28,878	2.2	9.4
Domestic Credit (Net) ¹	19,023	21,274	21,437	0.8	11.8
Private Sector	15,191	16,167	17,012	5.2	6.4
Public Sector ²	3,831	5,107	4,425	-13.4	33.3

Source: Central Bank of Trinidad and Tobago

¹ Represents banking system credit

² Includes credit to the central government

* Includes foreign currency deposits

M2 is defined as M-1c plus time deposits (adj) of commercial banks

M3 is defined as M2 plus time and savings deposits (adj) of the licensed non-bank financial institutions.

TABLE 11
Factors Influencing Changes in the Money Supply, 1999 - 2003
/ Dollars Million /

	1999	2000	2001	2002	2003 ¹
Net Domestic Budget Deficit	802	655	736	272	2,403
Increase in Credit to the Private Sector	1,992	1,690	545	1,338	721
Bal. of Payments Deficit of Private Sector	4,552	2,412	-1,441	2,125	1,643
Changes in Net Unclassified Assets	2,163	116	513	825	-398
Central Bank	185	241	1,567	569	17
Commercial Banks	1,978	-126	-1,054	256	-415
Change in Money Supply (M-2)	405	48.8	3,235	310	1,083
Change in Money Supply (M-1A)	210	605	1,808	636	-23
Change in Quasi-Money	195	-557	1,426	-326	1,106
Money Supply (M-2) Annual Growth (%)	0.4	6.9	23.2	1.8	5.8
Total Composition (%)	100.0	100.0	100.0	100.0	100.0
Money	32.8	35	38.9	41.9	39.3
Quasi-Money	67.2	65.0	61.1	58.1	60.7

Source: Central Bank of Trinidad and Tobago

¹ As at November 2003

In August, the T&T Unit Trust Corporation (UTC) joined forces with the Agricultural Development Bank (ADB) to offer the former employees of Caroni 1975 Limited an investment opportunity with respect to funds received from their employer under the Voluntary Separation of Employment Package (VSEP). The plan enabled ex-Caroni workers to indirectly invest these funds in the UTC's Individual Retirement Unit Account (IRUA) and to immediately

access short-to-medium-term agricultural loans (up to the amount of the investment) from the ADB. The ADB loans become payable after the date of maturity on the IRUA investment and are insured in the event of the untimely passing of the investor. At the close of 2003, the ADB had received deposits in excess of \$300 million, resulting in a near tripling of the assets of the development bank.

Box V Acquisitions in the Financial Services Industry

In March 2003, the National Bank of Industry and Commerce Limited (NBIC), a Guyanese subsidiary of Republic Bank T&T Ltd., acquired the assets of Guyana National Co-operative Bank (GNCB). Three months later, Republic Bank Ltd., acquired a 57.23 per cent majority shareholding in Barbados National Bank Inc. (BNB) from the Government of Barbados. A mandatory offer to minority shareholders of BNB increased Republic Bank's shareholding by a further 7.87 per cent in October 2003. The acquisition of the GNCB and the BNB led to a 33.9 per cent growth in the group assets of the Republic Bank Ltd., which now stands at TT\$25,806.4 million. In the final quarter of 2003, Republic Bank T&T Ltd. also acquired 99 per cent of the share capital base of Banco Mercantil S.A, which is domiciled in the Dominican Republic.

In April, Guardian Holdings Ltd.(GHL) acquired 99 per cent of the issued share capital of Fatum Holding NV, domiciled in the Netherlands Antilles. The Fatum Group comprises three companies licensed to transact life and non-life insurance business in the Netherlands Antilles and Aruba. In addition, the Insurance Division of Guardian General purchased the UK-based Link Underwriting Agency Limited. This strategic acquisition is expected to provide the GHL group with access to property and casualty business in the United Kingdom and Europe. Further, shareholders of GHL agreed at an extraordinary general meeting held on October 14, 2003, to a resolution for the issuance of 29,941,117 additional shares in GHL to Royal Merchant Bank and Finance House (RBTFH) in consideration for the acquisition by GHL of RBTFH's 20 per cent interests in Guardian Insurance Ltd., and Guardian General Limited. The positive resolution brought the total number of GHL shares in issue to 190.7 million.



Chapter Eight

The Domestic Capital Market

BONDS

The domestic bond market continued to gain momentum in 2003, both in terms of the number of placements and the value of domestic and foreign currency-denominated borrowings. There were 40 placements on the market in 2003, with TT dollar denominated bonds totalling in excess of \$6,397 million while, foreign currency placements amounted to US\$537.2 million. By comparison, in 2002, 21 bonds were issued on the domestic market, with face values of TT\$3,761 million and US\$191 million, respectively.

The central government and public enterprise sector were active participants on the market, accounting for \$5,404 million or 52.3 per cent of total market activity. However, central government's participation was restricted to the refinancing of TT\$2,000 million of its outstanding domestic debt portfolio in order to take advantage of lower borrowing costs in 2003. There were 18 regional sovereign and private sector placements which accounted for 33.7 per cent of total market activity. Regional borrowings were largely US dollar-denominated (US\$354.6 million) but also included placements in Eastern Caribbean (\$90.8 million), Barbadian (\$23.5 million) and Trinidad and Tobago (\$615 million) dollars.

Local private sector borrowing amounted to just over \$1,081 million or 11 per cent of total borrowings in 2003. A 20-year issue by the Desalination Company of T&T (Desalcott) was the largest and only US-dollar issue for the sector, followed by an 11-year placement by Colonial Life Insurance Company Limited (CLICO). The former placement raised US\$112.2 million at a fixed rate of 8.5 per cent while the latter bore a rate of 8.75 per cent and raised \$160 million.

There were 23 TT dollar bonds issued, with terms to maturity ranging between 3-20 years and an average tenor of 10 years. Foreign currency issues totalled 17 with a maturity spread of 1-20 years and an average tenor of 8 years. All but two of the 40 securities bore fixed rates. Returns on TT dollar bonds ranged between 5.35-8.75 per cent while those on the US-dollar denominated issues varied between 7.10-11.00 per cent. Details on all bond issues are presented in Table 12.

Equities

The equities market thrived in 2003, supported in part by a deepening of the domestic market following the cross-listing of three Jamaican companies.⁷



⁷ These were the Jamaican Money Market Brokers (JMMB) on February 7, Capital Credit and Merchant Bank (CCMB) on October 1, and National Commercial Bank Jamaica (NCBJ) on November 21, 2003.

In addition, investments were moved from the low returns on fixed income instruments to the higher yields on the stock market. The year was a record-breaking one for the sector, with trade volumes on the primary market and market capitalization experiencing unprecedented gains. Despite two days less of trading in 2003 than in the previous year, 409.6 million shares were traded on the stock exchange in 2003 compared with 96.5 million in 2002. Trading volumes and value for 2003 were unmatched throughout the history of the exchange with the second highest trade volumes occurring in 1995 when 131.7 million shares were traded on the exchange. Trade values totalled \$2,303.2 million in 2003 and represented a 117 per cent rise over the reported value of trades in 2002. Market liquidity measured 3.4 per cent in concert with an observed increase in the value of shares traded during 2003, and compared favourably with market liquidity of 2.2 per cent in the previous year.

Domestic stock prices as measured by the Composite Stock Price Index (CPI 1993=100) recorded a cumulative gain of 27.2 per cent, the highest annual growth since 1997 and 1.6 percentage points lower than stock price gains in 2002. At the close of 2003, the CPI stood at a new high of 694.1. The All Trinidad and Tobago Index (1999=100) performed with similar distinction posting record gains of 39.4 per cent to close at 911.97, from an opening position of 654.19. Market capitalization rose 41.3 per cent from \$48,099.3 million in 2002 to \$67,979.6 million in 2003, sustained by strengthening domestic stock prices (25 of the 35 securities listed on the domestic market advanced while 7

declined), and an increase in the number of companies (up from 30 to 32).

Mutual Funds

During 2003, the operating environment of the mutual fund sector was characterized by a softening of short and long-term interest rates and a very strong equity market. Against this backdrop, the industry's five mutual fund families were successful in attracting net incremental investments totalling \$14,112.6 million, with the TT-dollar money market funds accounting for 85 per cent of these transactional flows. Preliminary data suggest that a single fund family was responsible for \$10,768.2 million of the money market flows. In contrast, the income and growth segment of the industry was successful in securing net injections of \$1,299.2 million in new funds. Aggregate fund values for the industry totalled approximately TT\$19,172 million, an increase of TT\$5,016.2 million or 13.5 per cent over aggregate fund values of TT\$14,156 million in 2002.

Preliminary data to December 2003 also showed a 37 per cent decline in investor participation in the US-dollar denominated mutual fund schemes to TT\$681.9 million compared with incremental investments totalling TT\$1,098 million in the previous year. Notwithstanding a 52 per cent increase in investments in the US-dollar income and growth segment of the industry, money market investments continued to account for 99 per cent of aggregate US-dollar investments in 2003 as in the preceding year.



Consistent with interest rate developments in the short-term money market, investors in the money market segment of the mutual fund industry received lower returns in 2003 as compared with returns in 2002. Investors in the TT\$ money market segment of the industry were in receipt of annual returns ranging between 5.75 per cent and 7.80 per cent (an average return of 6.44 per cent) while their US\$ counterparts received 5.46 and 5.79 per cent, respectively. In 2002, investors

were in receipt of between 6.94 per cent and 9.50 per cent (an average return of 8.26 per cent), and between 6.42 per cent and 7.63 per cent in respect of the two US dollar-denominated funds. Notwithstanding the positive rally in the domestic stock market in 2003, two of the industry’s three income and growth funds posted annualised net returns of 23.9 per cent and 13.1 per cent, respectively compared with annualized returns of 22.2 per cent and 25.5 per cent in 2002.



TABLE 12
Capital Market Activity - New Issues
January-December 2003

Period Issued	Borrower	(Face Value) \$Mn	Period to Maturity	Interest Rate	Placement Type
February	Government of St. Lucia	US\$15.00	10 yrs.	Fixed rate of 7.75% p.a.	Private
March	A. S. Bryden & Sons (T&T limited)	30.00	10 yrs.	Fixed rate of 7.50% p.a.	Private
	EGE Haina (Dom. Rep)	US\$104.00	7 yrs.	Fixed rate of 10% p.a.	Private
	Government of St. Lucia	US\$41.00	10 yrs.	Fixed rate of 7.25% p.a.	Private
	Government of St. Kitts/Nevis	300.00	10 yrs.	Fixed rate of 7.50% p.a.	Private
	Housing Authority of Grenada	EC\$40.00	1yr.	Fixed rate of 11%	Private
	Caroni 1975 Ltd.	518.50	12 yrs.	Fixed rate 7.125% p.a.	Private
	SETAR N. V. of Aruba	US\$50.30	10 yrs.	Fixed rate of 7.0% p.a.	Private
April	JPSCO of Jamaica	US\$30.00	7 yrs.	Fixed rate 10.50% p.a.	Private
	Port Authority of T&T	11.00	3 yrs.	Fixed rate of 5.45% p.a.	Private
May	Mossel Jamaica Limited	US\$15.00	7 yrs.	Floating rate of weighted avg. T-Bill Yield +2.5%	Private
	Development Finance Ltd.	30.00	N. A.	Avg. local prime less 4.10%	Private
June	Central Government of T&T	500.00	Series A:10 yrs. Series B:15 yrs.	Fixed rate of 6.1% p.a. Fixed rate of 6.45% p.a.	Private
	Broadway Properties Ltd.	64.00	15 yrs.	Fixed rate of 8.00% p.a.	Private
	St. Vincent & the Grenadines	EC\$40.00	10 yrs.	Fixed rate of 7.40% p.a.	Private
	CLICO	160.00	11 yrs.	Fixed rate of 8.75% p.a.	Private
	St. Georges University Grenada	US\$10.00	10 yrs.	Fixed rate of 8.75% p.a.	Private
	National Entrepreneurship Dev't Co.	48.00	4 yrs.	Fixed rate of 5.35%	Private
	Central Government of T&T	500.00	Series A:10 yrs. Series B:15 yrs.	Fixed rate of 6.0% p.a. Fixed rate of 6.45% p.a.	Private
	WASA	413.00	10 yrs.	Fixed rate of 6.75% p.a.	Private
	Caroni 1975 Ltd.	489.30	15 yrs.	Fixed rate of 6.45% p.a.	Private
	GEO. F. Huggins & Co. Grenada	EC\$10.763	8 yrs.	Fixed rate of 10.5% p.a.	Private
July	Government of Belize	US\$25.00	10 yrs.	Fixed rate of 8.95% p.a.	Private
	T&T Airport Authority	118.00	5 yrs.	Fixed rate of 5.45% p.a.	Private
	Caroni 1975 Limited	719.00	Series A:10 yrs. Series B:15 yrs.	Fixed rate of 5.9 % p.a. Fixed rate of 6.25% p.a.	Private
	Desalcott	US\$112.20	20 yrs.	Fixed rate of 8.50% p.a.	Private
	Agricultural Development Bank	240.00	6 yrs.	Fixed rate of 7.25% p.a.	Private
	September	Agricultural Development Bank	360.00	10 yrs.	Fixed rate of 8.00% p.a.
Digicell Eastern Caribbean Ent.		US\$10.00	7 yrs.	Not available	Private
Central Government of T&T		500.00	Series A:10 yrs. Series B:15 yrs.	Fixed rate of 5.9 % p.a. Fixed rate of 6.25% p.a.	Private
Central Government of T&T		500.00	Series A:10 yrs. Series B:15 yrs.	Fixed rate of 5.9 % p.a. Fixed rate of 6.25% p.a.	Private
October	Port St. Charles Resort (B'dos)	BD\$23.50	5 yrs.	Fixed rate of 7.20% p.a.	Private
		US\$24.25	5 yrs.	Fixed rate of 7.10% p.a.	Private
	Regional Health Authorities	121.00	7 yrs.	Fixed rate of 5.50% p.a.	Private
December	Government of Jamaica	315.00	5 yrs.	Fixed rate of 8.00 %	Private
	WASA	271.40	12 yrs.	Fixed rate of 6.10% p.a.	Private
	Urban Dev't Corp'n. of T&T	95.00	20 yrs.	Fixed rate of 7.00% p.a.	Private
	Guardian Holdings Limited	94.50	5yrs.	Fixed rate of 6.30 % p.a.	Private
	St. Kitts Nevis Anguilla National Bk.	US\$10.00	10 yrs.	Fixed rate of 8.00% p.a.	Private
	Nevis Island Administration	US\$10.00	5 yrs.	Fixed rate of 8.00% p.a.	Private
	Hidroelectrica Platanar S.A.	US\$10.00	6 yrs.	Fixed rate of 7.48063%	Private

Source: Central Bank of Trinidad and Tobago



Chapter Nine

International Trade and Payments

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



INTERNATIONAL TRADE AND PAYMENTS

Balance of Payments

Trinidad and Tobago recorded an overall balance of payments surplus of \$334.2 million (3.5 per cent of GDP) in 2003, compared with \$48.9 million (0.5 per cent of GDP) in 2002. As a result, the year end level of gross official reserves stood at \$2,257.8 million, equivalent to 6.4 months of imports of prospective goods and non-factor services. The surplus on the external current account increased significantly reflecting net earnings on the merchandise account of over \$1 billion. In contrast, the capital account swung into deficit as regional bond issues reached an estimated \$500 million.

Current Account

The external current account recorded a surplus of \$917.4 million or 9.6 per cent of GDP in 2003, compared with \$49.6 million or 0.5 per cent of GDP in 2002. Total exports increased by 24 per cent, reflecting increases in both the price and volume of energy exports. Exports of mineral fuels and lubricants were valued at \$3,448.3 million compared with \$2,328.7 million in 2002, as international crude oil prices

increased by 20 per cent. There was a modest increase in the value of chemical exports, and manufactured exports declined by 5.5 per cent in 2003, following a rise of 8.6 per cent in 2002.

Merchandise imports increased marginally to \$3,785.7 million while the imports of machinery and transport equipment declined by 10.2 per cent to \$1,146.3 million in 2003. Despite the small increase in crude processing activity as well as the increase in the price of imported crude, imports of mineral fuels and lubricants were lower by \$49.4 million.

Capital Account

In contrast to the surplus on the current account, the capital account recorded a deficit of \$542.5 million (5.7 per cent of GDP) as regional bond issues reached just over \$500 million and foreign direct investment outflows increased. Direct investment inflows fell by \$140.3 million to \$650.4 million, following the completion of many major investment projects. Direct investment outflows, however, increased to \$225.2 million, \$119.3 million more than in 2002. The net foreign assets of commercial banks



grew to \$269.6 million in 2003 compared with \$53.9 million in 2002.

Official capital transactions during 2003 registered a deficit of \$63.5 million, compared with one of \$49.4 million in 2002. The central government was the sole recipient of multilateral disbursements amounting to \$26.2 million. Principal repayments on existing external debt increased from \$68.5 million in 2002 to \$89.7 million in the reporting year. Interest payments amounted to \$116.7 million, resulting in total debt service of \$206.4 million. Consequently, the debt service ratio for

the year 2003 stood at 3.8 per cent compared to 4.4 per cent in 2002.

Trinidad and Tobago's gross foreign assets amounted to \$3,266.8 million at the end of 2003, \$672.8 million above the level at the end of the previous year. The country's net foreign reserves position stood at \$2,511.3 million, an increase of \$550 million from the end of 2002. This comprised an increase of \$334.2 million in the Central Bank's net international reserves and an increase of \$215.8 million in the net foreign position of commercial banks.

TABLE 13
Summary Balance of Payments, 1999 - 2003
/ US \$ million /

	1999	2000	2001	2002 ^r	2003 ^p
Current Account	30.6	544.3	416.0	49.6	917.4
Merchandise	63.6	968.8	718.1	237.7	1,076.9
Services	329.1	166.1	203.8	237.2	219.2
Income	-399.9	-628.5	-539.3	-479.8	-444.3
Transfers	37.8	37.9	33.4	54.5	65.6
Capital Account	40.4	234.7	336.2	330.2	-542.5
Official	124.4	114.9	-34.7	-50.8	-51.8
State Enterprises	-14.5	-61.0	-14.7	-10.2	-10.7
Private Sector	-69.5	180.8	385.6	391.2	-480.0
Errors and Omissions	91.2	-338.0	-281.6	-330.9	-40.7
Overall Surplus / Deficit	162.2	441.0	470.6	48.9	334.2
Change in Reserves					
Increase (-) / decrease (+)	-162.2	-441.0	-470.6	-48.9	-334.2
Memo Items:					
Gross Official Reserves	967.6	1,405.5	1,876.0	1,923.5	2,257.8
Import Cover (months)	3.3	4.3	5.6	5.8	6.4

Source: Central Bank of Trinidad and Tobago



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 shares with a base year of 1990. The Real Effective Exchange Rates Index (REER), 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).

In 2003, the Trinidad and Tobago (TT) dollar depreciated in real effective terms, as measured by the REER, for the first time in six years. This suggests a slight improvement in the external competitiveness of domestic goods relative to those of the country's major trading partners. The 1.3 per cent

decrease was attributed mainly to the depreciation in the nominal effective exchange rate, which measures the exchange rate effect on international competitiveness. During the year, the trade weighted nominal effective exchange rate (TWNEER) depreciated by 0.9 per cent, as the US dollar fell in value against all the currencies of Trinidad and Tobago's major trading partners, and in particular, the euro. The exchange rate effect was reinforced by the price effect measured by the effective inflation rate, which also depreciated by 0.5 per cent, reflecting the decline in domestic inflation relative to the country's trading partners. Similarly, the export-weighted real effective exchange rate (XWREER) index moved in the same direction as the trade weighted real effective exchange rate (TWREER), showing an increase in the export price competitiveness of locally produced goods.

TABLE 14
Effective Exchange Rates, 1999 - 2003

Year	Trade-Weighted		Export-Weighted		Effective Inflation Rate	
	TWREER	TWNEER	XWREER	XWNEER	Trade-Weighted	Export- Weighted
<i>Index (1990=100)</i>						
1999	80.09	141.09	85.66	104.20	63.15	82.20
2000	91.48	145.34	88.57	108.40	62.94	81.71
2001	97.76	152.07	93.65	112.41	64.28	83.32
2002	101.52	156.40	97.11	115.93	64.92	83.77
2003	100.19	155.06	97.01	117.21	64.61	82.77
<i>Percentage Changes</i>						
1999	3.23	3.14	2.07	2.47	0.09	-0.39
2000	2.68	3.01	3.41	4.03	-0.33	-0.60
2001	6.86	4.63	5.74	3.70	2.13	1.97
2002	3.85	2.84	3.68	3.13	0.99	0.54
2003	-1.31	-0.86	-0.10	1.10	-0.48	-1.19

Source: Central Bank of Trinidad and Tobago



the environment of uncertainty associated with the war in Iraq receded with the end of hostilities, economic activity picked up. However, the central bank reduced its rate further in July to 3.5 per cent in order to consolidate the upturn. In November, the Bank of England raised its rate on its marginal lending facility to 3.75 per cent in an effort to prevent overheating in the housing market and to slow the rapid rise in consumer debt. Inflation, while overshooting the target of 2.5 per cent for the better part of 2003, because of higher oil prices, began trending downward from the second half of the year.

Growth in the eurozone economies lagged behind many of the developed countries as real GDP expanded by a modest 0.4 per cent in 2003, below the 0.9 per cent registered in 2002. During the year, these economies were dogged by weak consumer demand. Export orders picked up on the strength of the global recovery but the strength of the euro threatened to put a damper on the prospects for a strong economic recovery. In an effort to stimulate these economies, the European Central Bank lowered its key interest rate twice during the year from 2.75 per cent to 2.5 per cent and eventually to 2 per cent.

The Japanese economy experienced a turnaround in 2003, although deflation remained a persistent concern throughout the year. The Bank of Japan stated its commitment to maintain an ultra-loose monetary policy until the forecast for a year ahead suggests that inflation will emerge. The economy grew in each of the quarters with growth of 2.7 per cent for the whole year compared with a contraction of 0.3 per cent in 2002. The improved growth was fuelled

mainly by export demand, private consumption and increased capital investment. In December, the unemployment rate fell to its lowest level (4.9 per cent) in two and a half years.

In 2004, the gains made by the global economy in the previous year should be consolidated, leading to a sustainable recovery. The economic expansion is expected to be favoured with a low interest rate and inflationary environment. According to the International Monetary Fund, the global economy is expected to grow by 4.1 per cent, with the United States leading the upturn with growth of 4.6 per cent, followed by the United Kingdom with 3.5 per cent, Japan, 3.4 per cent and the euro area, 1.7 per cent.

Latin America and the Caribbean

Latin America and the Caribbean grew by 1.7 per cent in 2003, according to the International Monetary Fund. The region therefore displayed the beginning of a turnaround from 2002 when it registered a decline of 1 per cent. Fundamental to the improvement in 2003, was the continued recovery in the global economy, led principally by the US and supported by a rebound in Asia, particularly China. The terms of trade of the region were also positively affected as increased global demand translated into higher prices for many of the region's main export products. External financing conditions also improved as a result of the decline on risk premia on public sector debt and the overall fall in interest rates globally. In respect of the major Latin American economies, the recovery in Argentina continued to take hold, while growth was lethargic in



Mexico. In the Caribbean, the Dominican Republic remained in the throes of an economic crisis.

Growth in **Argentina** in 2003 measured 8.8 per cent. This was fuelled mainly by high consumer demand and investment. While all major sectors registered growth, the advance was led by construction, mining, manufacturing and transport and communication. During the year, internal demand expanded by 8 per cent as a result of an increase in real wages, rising employment, a stable exchange rate and stable prices. Consumer inflation to December measured 3.7 per cent compared with 41 per cent in 2002. The higher internal demand was reflected in a rise in imports of 53.7 per cent. Despite the surge in imports, a record trade surplus was achieved as exports grew by 14.3 per cent. The strong economic outturn is being mirrored in rising employment: unemployment is projected at 16 per cent in 2003 compared with 19.7 per cent in 2002.

The strong recovery of the Argentinean economy has continued into 2004, with growth of 10.5 per cent in the first quarter. Exports continued to increase (11 per cent), reaching \$7,285 million. Much of the increase represented higher exports of manufactured goods.

The **Brazilian** economy grew by 0.1 per cent in 2003, following growth of 1.9 per cent in 2002. The weakness of the Brazilian economy was emphasized when the country entered recession after registering consecutive declines in the second and third quarters. Whole-year growth was attributable mainly to the dynamism of the export sector. Total exports in 2003 grew by 14.8 per cent in volume, mainly because of increased

agricultural and industrial exports. Export prices rose by 4.8 per cent as a result of increases in the prices of soya, coffee and iron. As a result of the slow growth, unemployment increased to 12.9 per cent in October, from 11.2 per cent in the corresponding period of 2002, as job creation was unable to keep pace with the increase in the labour force.

During the year monetary policy was directed primarily at containing inflation and secondarily at stimulating economic growth. From 14.47 per cent in January the twelve-month consumer inflation rate fell to 9.3 per cent in December. As inflation declined progressively during the year, the Central Bank was also able to reduce its main policy interest rate, the *Selic*. There were seven monthly reductions between June and December so that at the end of the year the *Selic* stood at 16.5 per cent compared with 26.5 per cent at the beginning of the year.

Mexico achieved growth of just over 1 per cent in 2003, representing a slight improvement on the expansion of 0.8 per cent in 2002. During the year economic activity in Mexico was slow to react to the improvements in the US, its main export market. The non-oil export sectors displayed the worst performances: textiles fell by 8.2 per cent, wood by 3.9 per cent and metal products and machine and equipment by 7 per cent. On the other hand, construction expanded by 3.4 per cent. The *maquiladora* sector has experienced difficulties owing to slow growth in productivity and the increase in competition from China. As a result of the slow economy there were increases in the levels of both unemployment and underemployment.



In the first quarter of 2004, the economy is estimated to have grown by 3.7 per cent as the recovery in the US gathered momentum and the price of crude oil continued to soar. Services expanded by 4.1 per cent, agriculture by 4.6 per cent and industry by 3.2 per cent reflective of advances in mining, construction and manufacturing.

In **Venezuela**, an increase in economic activity of 9 per cent in the fourth quarter of 2003 brought the overall contraction for 2003 to 9.2 per cent. Oil production increased progressively during the year but by year's end had not recovered to the levels which obtained before the strikes of early 2003.

In the non-oil sector in the fourth quarter, transport (10.1 per cent), distribution (12.2 per cent) and manufacturing (15.7 per cent) all registered increases. The subdued economic conditions and the foreign exchange controls which were implemented in the first quarter of the year continued to dampen internal demand, which was reflected in a general decline in interest rates. In December consumer inflation reached 27.1 per cent compared with 31.2 per cent in 2002. At the same time, unemployment grew to 18.2 per cent from 15.8 per cent at the end of 2002. The level of international reserves increased by \$5.7 billion in 2003, as a result of higher prices for Venezuelan crudes.

During the first quarter of 2004 the economy grew by 29.8 per cent compared with the first quarter of 2003, in which the country suffered the effects of a paralyzing strike. There was growth in both the petroleum (72.5 per cent) and non-petroleum economy (18.9 per cent). Expansion in the non-petroleum

sector was broad-based, with manufacturing (48 per cent), construction (20 per cent) and transport and warehousing (25.3 per cent) setting the pace. The expansion in economic activity was matched by an improvement in employment levels: unemployment fell to 15.5 per cent in March compared with a rate of 19.6 per cent in the corresponding month of 2003. The recovery in production was also reflected in the current account of the balance of payments. Oil exports grew by 90.7 per cent, against an increase of 50.2 per cent in goods imports, giving rise to a significant improvement in the overall balance.

The **Jamaican** economy grew by 2.3 per cent in 2003. Much of the growth was as a result of a recovery in tourism, but agriculture also performed well (5.7 per cent) following the negative impacts of floods in 2002. The performance of mining also improved with alumina production increasing by 5.7 per cent. During the year the Jamaican Dollar depreciated by 18 per cent, following the development of investor uncertainty as a result of the high fiscal imbalance. In response, the Bank of Jamaica raised interest rates on open market operations (OMOs), issued securities such as US dollar indexed bonds and Local Registered Stocks as well as sold currency to the market. The declining dollar also impacted inflation, which reached 14.1 per cent in 2003. Increased international commodity prices as well as revenue enhancement measures by the government also contributed to the upward movement in prices.

Jamaica's external current account deficit improved to 12.4 per cent of GDP in 2003 from 13.3 per cent in 2002,



mainly as a result of the higher inflows from tourism and net transfers, particularly remittances. However, the improvement of the current account was offset by an increase in outflows as a result of a euro-bond payment. Net international reserves fell by \$432.1 million.

During the first quarter of 2004, the Bank of Jamaica continued to aggressively reduce interest rates in an attempt to bring inflation to single-digit levels. Rates on its open market instruments ranging from 30 days to 365 days have been reduced on 9 occasions during the year. In light of the relative stability of the exchange rate in 2004, inflation is expected to moderate, with the Central Bank predicting 2.6 per cent for the quarter ending June 2004, compared with 6.9 per cent in the year-earlier quarter.

Following strong economic growth of 4.5 per cent in 2002, the GDP of the **Dominican Republic** declined by 1 per cent in 2003. The downturn reflected the effects of the banking crisis occasioned by the failure of Baninter, the third largest commercial bank, and the slow global economy. Sectors dependent upon domestic demand were particularly hard hit: distribution fell by 13.1 per cent, construction by 8.1 per cent, electricity and water, 6.6 per cent and finance 4.3 per cent. On the other hand, tourism rebounded: visitor arrivals increased by over 30 per cent from the similar period in 2002. Following the failure of Baninter a crisis of confidence in the economy led to the depreciation of the *Peso*. The situation was compounded by the injections of liquidity into the system as a result of payments to depositors of the failed institution. From a peso dollar rate of

22.08=US\$1 in January and 23.66=US\$1 in March, the exchange rate deteriorated to 37.4=US\$1 by December. The rapid depreciation also impacted consumer inflation with the accumulated rate reaching 42.7 per cent in 2003 compared with 10.5 per cent in 2002.

In 2003 the total public sector external debt of the Dominican Republic increased by 21.2 per cent to stand at 32.7 per cent of GDP, compared with 20.9 per cent in 2002. New debt included a US\$600 million sovereign bond and financing from the IMF and the World Bank. As a proportion of goods and services exports, debt servicing amounted to 12.5 per cent in 2003, up from 10.7 per cent in 2002.

At the end of 2003, the fiscal deficit stood at 3.8 per cent of GDP compared with 2.7 per cent at the end of 2002. The increase was partly attributable to spending in relation to support to the financial system. Central Bank's assistance to failed banks was equivalent to 13.5 per cent of GDP. In addition, real income of the government, from both direct and indirect taxes, declined as a result of the fall-off in internal demand. The deficit was externally financed as net credit to the government from the local financial sector declined while net external financing increased.

The country recorded a current account surplus of 5.1 per cent, mainly as a result of increases in exports, tourist expenditure and remittances, in the face of a contraction of 10.3 per cent in imports. Exports grew by 7 per cent. On the capital account, foreign direct investment contracted by 66.2 per cent. The overall balance of payments deficit



was financed by external funding and the drawdown of reserves. At the end of December 2003 gross foreign exchange reserves amounted to \$489.2 million compared with \$829 million in December 2002.

Economic growth in **Barbados** in 2003 measured 2.2 per cent, following the slight contraction in 2002. This was mainly as a result of growth of 7.7 per cent in real tourism output and brisk activity in retail and wholesale business. Sugar production and manufacturing declined by 19 per cent and 1 per cent, respectively. Unemployment reached 10.7 per cent at the end of the third quarter of 2003 from 10.6 per cent in the previous quarter as the labour force continued to rise. Liquidity in the banking system rose by 10.3 per cent, helped in part by increased deposits by the government as a result of divestment proceeds. However, credit to the non-financial sector only rose by 0.6 per cent. The fiscal deficit measured 4.5 per cent of GDP compared with 5.7 per cent in 2002. Total tax revenue grew by 6.7 per cent compared with an increase of 1.3 per cent in total expenditure.

In the first three months of 2004 the Barbados economy expanded by 4.2 per cent, reflecting mainly growth in tourism (14.4 per cent) and construction (3.3 per cent). Sugar production fell by 9.4 per cent, and manufacturing, led by falls in beverages (7 per cent) and tobacco (2 per cent) continued to contract.

Given the pick up in the economy there was an increase in deposits (5.5 per cent) and credit to the non-financial private sector, individuals and the distributive sectors. Nevertheless, excess liquidity remained high, giving rise to increased demand for treasury

bills, with the treasury bill rate falling to 0.28 per cent from 0.36 per cent. The government recorded a surplus of Bds\$10.6 million, which was the first quarterly surplus recorded since 2000. Direct taxes were down by 9.5 per cent owing to revisions in personal and corporate taxes. On-budget capital expenditure fell by 16.3 per cent. On the external account, a surplus of Bds\$22.3 million was recorded, compared with a deficit in the corresponding period a year earlier, as a result of increased services exports and a fall in imports. International reserves increased by Bds\$35.6 million.

COMMODITIES

Petroleum

In 2003, several factors accounted for the overall trends in the crude oil market which experienced buoyant prices. The most important factors were the war in Iraq and the resultant geopolitical uncertainties. In addition, output from Iraqi oil fields, which was anticipated to increase after the end of the war, did not materialize, while the threat of terrorist attacks in Saudi Arabia fuelled speculation in the world markets. Sporadic looting in Iraq, as well as the reported deficient Iraqi oil infrastructure delayed the speedy return of major oil supplies from Iraq to the market.

Yet another factor contributing to higher oil prices was the tight commercial oil inventories in the OECD region which plagued the market in 2003, and continues to do so in 2004. Another critical factor was the commitment by OPEC to adjust or lower oil quotas to accommodate Iraqi supplies. There was a higher demand for crude oil from those countries experiencing strong economic



growth such as China. The year was also marked by continued unrest in Venezuela and Nigeria which led to lower world supplies. Finally, other developments that impacted the oil market in 2003 were the potential threat of terrorism, oil market speculation, the SARS epidemic in Asia, as well as uncertainty in Russia.

The price of the benchmark West Texas Intermediate (WTI) increased by 20.4 per cent in 2003. Amidst rumours of war, the benchmark crude averaged \$34.43/ bbl for the first quarter. By mid-year however, WTI prices trended slightly downwards as speculation about the war dissipated somewhat. By year-end, WTI regained some ground and ended the year at \$31.71/ bbl in the last quarter. In addition, OPEC prices remained within the band (\$22.00-\$28.00) throughout the year, reflecting the success of the organization in manipulating members' quotas.

Importantly, the factors that influenced the oil market in 2003 will have an effect on the market in 2004 and given the current market conditions, the outlook for WTI prices are likely to be in the range of \$34.00-\$36.00/bbl.

Natural Gas and Liquefied Natural Gas

In 2003, there was significant growth in LNG demand both from existing and new markets. In fact, demand was strong in the three regional markets (Asian/Pacific, Atlantic and European), while the necessary investments were made to increase receiving capacity. When commercial deliveries began in the 1960s, LNG exports grew at an average rate of 6 per cent and this growth rate is expected to increase to 8 per cent over the next decade. Some of the factors that have contributed to the recent investment in the industry were lower unit costs, stronger crude prices and lower interest rates.



Box VI
Trading Arrangements in the LNG Market

The growth in the demand for LNG in 2003 led to an increase in short-term trade which sparked a debate over whether the industry was moving towards spot transactions or whether short term business was complementary to the traditional contractual arrangements. While the majority of the volumes worldwide are still sold under long-term arrangements, the preference for long- or short-term sales is different in each region. For example, in the Asia/Pacific region, longer term agreements are more suitable for the long-term planning process, while in Europe the pace of liberalization favours shorter term agreements. In the United States, while spot LNG capacity has been available recently, there is no guarantee that this would be sustained.

The United States recently reactivated four receiving terminals in order to receive up to seventeen million tonnes per year (mt/y) of LNG and proposed expansion would take capacity to 30 mt/y. In Asia, Japan imported 60 per cent of the world's LNG production. However, since the Japanese economy is still sluggish, only modest growth is expected in 2004. In Europe, natural gas and LNG supply sources are becoming increasingly diversified. Where, traditionally, LNG imports came primarily from North Africa, in 2003 imports were sourced from nine different countries.

A number of factors contributed to higher natural gas prices in 2003:- uncertainties surrounding the natural gas market, unusually cold weather during the winter months and higher demand. By mid-year, the exceptionally large shortfall in natural gas underground storage levels, relative to normal levels in the US, continued to place considerable upward pressure on natural gas prices. Moreover, higher oil prices associated with tensions in the Middle East coupled with strong economic growth served to support these higher prices. In 2003, natural gas prices averaged \$5.53 per million btu (mmbtu) compared with \$3.36/mmbtu in 2002. In 2004, it is expected that there would be a modest decline in gas prices as conditions ease somewhat in the energy markets.

Methanol

In the United States, low inventories of natural gas coupled with outages at nuclear power facilities resulted in increased demand for natural gas for electricity generation. Production of methanol had to be curtailed to satisfy

this demand. Also, production outages in Europe and Saudi Arabia, coupled with the war on Iraq, served to trigger upward movements in prices as world supply tightened. There was a resumption of methanol supplies from Venezuela, but a consistent supply was elusive because of unscheduled shutdowns at the major plants. With new capacity coming on stream in 2004, methanol prices are expected to soften in 2004. Also, the banning of the methanol derivative MTBE in some states of the United States and Europe will result in reduced demand for methanol.

Nitrogenous Fertilizers

The international market for ammonia was tight in 2003 as demand outstripped supply. The critical market in the fertilizer industry was the United States which is the world's largest importer of ammonia. The US faced an energy crisis in 2003 as natural gas inventories fell drastically below the five year average. Natural gas prices spiked in February, surpassing \$6/mmbtu and again in November 2003 with the onset of what was expected to be one of the coldest winter seasons. This contributed to the permanent closure of more than 66 per cent of domestic ammonia and urea production capacity in the United States since September 2001. At mid-year, only 50 per cent of the remaining capacity was operational because of routine maintenance at several plants, which occurred during the months of June and July.

Despite marginally lower natural gas prices in the second and third quarters, firms erred on the side of caution and were reluctant to restart production for fear of further natural gas price



increases. The shortfall in production of fertilisers, which was reflected in successive rounds of price increases for ammonia and to a lesser extent urea, was met through increased imports mainly from Trinidad and Tobago and the Former Soviet Union. With no new capacity coming on stream in 2003, ammonia prices reached a 28-year high and averaged \$240.00 in the last quarter of the year. Increased freight rates also contributed to higher prices because of the unavailability of suitable vessels for transatlantic voyages to the US from Europe and the Middle East.

With no new short term solution to America's energy difficulties, more domestic ammonia production capacity is expected to be lost in 2004 as high natural gas prices make the cost of ammonia production prohibitive. Ammonia prices are forecasted to remain buoyant in 2004 based on projections of continued growth in the US economy. Urea prices are also expected to be firm, based on high grain prices which support demand for urea. Any downward pressure on prices may come from demand by traders for urea produced in China. Products from this market are cheaper because of quality differences.

Iron and Steel

The global steel industry sought to address the perennial problem of overcapacity and anti-competitive behaviour (subsidies) in 2003. There was tremendous consolidation in the major iron and steel markets worldwide, especially in the United States which reduced capacity by 4 million tonnes. The Section 201 safeguards afforded the US industry time to restructure and consolidate⁸. The industry is now

controlled by three large producers, namely, Nucor, US Steel and the International Steel Group (ISG). Towards the end of 2003, the World Trade Organisation ruled that the Section 201 safeguard, imposed by the US, violated global trading rules. Amidst threats of countervailing duties from the European Union, China and Japan for its non compliance, the US repealed the safeguards which had been in force for 21 months. However, the licensing and monitoring systems were kept intact.

China dominated the iron and steel industry in 2003. The outbreak of SARS seemed to have had no effect on production. China was simultaneously the world's largest importer and the world's largest producer, manufacturing almost 25 per cent of world output (225 million tonnes) in 2003. Both the private sector and the state have been actively engaged in expanding steel capacity. As production capacity builds due to the growth in privately owned steel mills, China will soon become a major player in the export of steel, which may have a negative impact on existing global steel exporters. Meanwhile, surging import demand created a shortage of raw materials. Brazil, India and Australia were trying to increase their capacity to meet the increased demand for iron ore and scrap.

Global steel production totalled 950 million tonnes in 2003, representing an increase of 7 per cent from 2002. Latin American production, which includes output from Trinidad and Tobago, increased by 9.2 per cent over the period and is projected to grow by almost 4 per cent in 2004. International steel prices were at their highest levels in years. This was attributable to increased market



⁸ Section 201 of US trade law allows for the importation of tariffs on imports of products which pose a material danger to US production.

discipline created by rationalization activities, surging costs of raw materials and high freight rates. However, prices were not uniformly high throughout the year, as prices fell in April, mainly because of a falloff in demand in the Chinese market. Billet prices however, were particularly robust because of tightness in the market caused by lower exports from Russia.

The outlook for 2004 is positive. Iron and steel prices are expected to be firm because of continued buoyant demand mainly from China, increasing raw material and freight costs and the continued weakness of the US dollar which may make dollar-denominated iron and steel products more attractive to holders of higher valued currencies.

TABLE 15
Prices of Selected Commodities, 1996 - 2003

	Petroleum (US\$/bbl)			Iron and Steel (US\$/tonne)		Chemicals (US\$/tonne)		
	Brent	WTI	OPEC	Billets (fob Latin America)	Mesh wire Rods (fob Latin America)	Ammonia (fob Caribbean)	Urea (fob Caribbean)	Methanol (fob Rotterdam)
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	92	82	109
2000	28.66	30.29	27.14	191	221	145	130	168
2001	24.54	26.09	23.04	171	220	137	114	198
2002	25.05	26.03	23.42	194	220	111	116	164
2003	29.00	31.34	27.09	245	278	201	156	257
Qtr. I	31.59	34.43	29.81	234	266	186	134	254
Qtr. II	26.02	28.85	23.85	249	282	185	152	294
Qtr. III	28.46	30.36	26.71	240	283	192	162	253
Qtr. IV	29.92	31.71	28.01	255	283	240	179	226

Sources: Platts Oilgram Price Report; Petroleum Intelligence Weekly; Green Markets; Fertilizer Week; European Chemical News; Monthly Methanol Newsletter (TECNON); Metal Bulletin.
All prices are averages of published quotations and not necessarily realized prices.

Appendix:

Economic Statistics

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TABLE A.1
Annual Changes in G.D.P. at a Factor Cost (1985 Prices)
By Sector of Origin 1999 - 2003¹
/ Per Cent /

Sector	Weights	1999	2000	2001	2002 ^r	2003 ^p
Agriculture	47.8	12.0	9.5	-3.7 ^r	5.5	-15.1
Petroleum	267.8	8.1	1.1	0.7	10.6	11.4
Manufacturing	66.5	3.4	6.7	4.7	-0.9	2.0
Electricity and Water	25.4	-0.6	9.6	4.0	10.8	3.0
Construction	110.9	7.9	8.0	4.9	5.0	4.8
Transport, Storage and Communication	115.3	10.5	7.0	0.9	-5.3	6.9
Distribution	59.2	9.8	21.5	6.8	9.8	5.9
Finance, Insurance and Real Estate ²	74.7	2.2	2.4	2.8	2.4	2.6
Government	152.3	-0.7	4.0	11.7	-3.0	-1.1
Other Services ³	80.1	1.8	3.4	6.5	-1.7	0.9
TOTAL	1000.0	5.8	5.7	4.1^r	2.7	4.1

SOURCE: Central Bank of Trinidad and Tobago

¹ Annual changes are based on the averages of the four quarters of the Index of Real G.D.P

² Includes the Correction for Imputed Service Charge

³ Includes Hotels and Guest Houses, Education and Community Services and Personal Services

TABLE A.2
 Gross Domestic Product at Market Prices (Current Prices)
 By Sector of Origin 1999 - 2003
 / TT \$Mn /

Sector	1999 ^r	2000 ^r	2001 ^r	2002 ^r	2003 ^p
Agriculture	830.3	697.2	707.5	713.7	768.2
Petroleum	9,635.3	16,072.8	16,434.2	17,268.6	21,237.3
Manufacturing	3,437.2	3,625.4	3,920.6	4,278.0	4,634.6
Electricity and Water	894.8	888.2	880.6	802.6	798.5
Construction	3,456.8	3,833.1	4,447.0	4,535.9	5,352.4
Transport, Storage and Communication	3,918.6	4,410.4	4,528.0	5,294.5	6,101.5
Distribution	7,617.0	8,401.8	8,724.3	9,286.7	9,648.5
Finance, Insurance and Real Estate	6,363.2	7,305.1	8,480.1	9,926.9	10,916.2
Government	4,075.9	3,887.2	4,714.1	4,944.0	5,694.2
Other Services ¹	2,391.0	2,438.1	2,797.9	2,980.8	3,274.2
Correction for Imputed Service Charge	(1,677.0)	(2,216.0)	(2,803.9)	(3,026.1)	(3,312.7)
PLUS: Value Added Tax	1,946.0	2,027.3	2,178.7	2,481.3	2,579.3
GROSS DOMESTIC PRODUCT AT MARKET PRICES	42,889.1	51,370.6	55,009.1	59,486.9	67,692.2

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 1999 - 2003
/ Per Cent /

Sectors	1999 ^r	2000 ^r	2001 ^r	2002 ^r	2003 ^p
Agriculture	6.0	-16.0	1.5	0.9	7.6
Petroleum	37.1	66.8	2.2	5.1	23.0
Manufacturing	-1.2	5.5	8.1	9.1	8.3
Electricity and Water	5.4	-0.7	-0.9	-8.9	-0.5
Construction	4.7	10.9	16.0	2.0	18.0
Transport, Storage and Communication	8.5	12.6	2.7	16.9	15.2
Distribution	12.2	10.3	3.8	6.4	3.9
Finance, Insurance and Real Estate	13.6	14.8	16.1	17.1	10.0
Government	16.8	-4.6	21.3	4.9	15.2
Other Services ¹	0.1	2.0	14.8	6.5	9.8
Correction for Imputed Service Charge	-18.9	-32.1	-26.5	-7.9	-9.5
PLUS: Value Added Tax	-9.7	4.2	7.5	13.9	3.9
TOTAL	12.7	19.8	7.1	8.1	13.8

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), 1999 - 2003
/ Per Cent /

Sectors	1999 ^r	2000 ^r	2001 ^r	2002 ^r	2003 ^p
Agriculture	1.9	1.4	1.3	1.2	1.1
Petroleum	22.5	31.3	29.9	29.0	31.4
Manufacturing	8.0	7.1	7.1	7.2	6.8
Electricity and Water	2.1	1.7	1.6	1.3	1.2
Construction	8.1	7.5	8.1	7.6	7.9
Transport, Storage and Communication	9.1	8.6	8.2	8.9	9.0
Distribution	17.8	16.4	15.9	15.6	14.3
Finance, Insurance and Real Estate	14.8	14.2	15.4	16.7	16.1
Government	9.5	7.6	8.6	8.3	8.4
Other Services ¹	5.6	4.7	5.1	5.0	4.8
Correction for Imputed Service Charge	-3.9	-4.3	-5.1	-5.1	-4.9
PLUS: Value Added Tax	4.5	3.9	4.0	4.2	3.8
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 1999 - 2003

Products	1999	2000	2001	2002 ^r	2003
SUGAR					
Cane Production (000 tonnes)					
Estates	549	599	497	598	364
Farmers	707	774	532	741	542
Production of raw sugar (000 tonnes)*	68.5	111.0	90.6	98.3	67.6
Production of refined sugar (000 tonnes)	43.6	51.5	47.3	44.6	54.9
Sales (000 tonnes)					
Exports	64.3	83.4	59.5	60.9	59.3
Local ^o	51.6	186.2	74.9	64.4	59.6
Estate Canes Reaped (hectare/acre)	10,993	10,060	10,311	10,366	8,234
Estate Canes Yield (tonnes/acre)	49.8	59.4	48.2	57.7	44.2
Conversion Factor (tonnes cane/tonnes sugar)	13.7	12.0	11.4	13.3	12.9
COCOA (000 kgs)					
Production	1,160	1,593	649	1,722	912
Exports ^{***}	1,155	1,209	719	1,032	855
Local Sales ^{***}	72	19	44	571	81
COFFEE (000 kgs) ***					
Production	343	553	406	247	699
Exports	0	0	0	590	517
Local Sales	378	508	285	290	321
CITRUS (000 kgs) ***					
Production	10,677	7,421	3,897	7,495	284
Exports	-	-	-	-	-

SOURCE: Central Statistical Office.

* Includes production of wash grey sugar

** Data for 1999 to 2003 include the sale of imported sugar

*** Includes data to 3rd Quarter 2003

TABLE A.6
 Production of Selected Food Crops, 1999 - 2003
 / 000 Kgs /

CROP	1999	2000	2001	2002	2003
Tomato	1,548	2,728	2,737	2,411	1,235
Cabbage	2,660	1,533	1,412	2,251	1,780
Cucumber	3,861	2,494	3,503	4,708	3,607
Dasheen	1,929	3,458	923	2,286	6,858
Rice	7,037	3,110	6,256	3,262	4,010
Pigeon Peas	915	2,613	785	1,642	2,780
Pumpkin	7,657	2,064	11,449	5,795	5,799
Melongene	1,795	1,320	947	1,856	1,933

SOURCE: Central Statistical Office.



TABLE A.7
Local Production and Imports of Selected
Agricultural Products, 1999 - 2003

Products	1999	2000	2001	2002	2003
Total Meat Supply (000 kgs) (excluding poultry)	10,195	8,399	9,609	9,401	12,842
Production	2,926	2,514	2,883	3,810	3,522
Imports	7,269	5,885	6,726	5,591	9,320
Beef and Veal (000 kgs)	4,576	3,860	3,767	3,588	4,629
Production	982	810	823	848	762
Imports	3,594	3,050	2,944	2,740	3,867
Pork (000 kgs)	4,424	3,837	4,870	5,239	7,247
Production	1,924	1,693	2,039	2,935	2,734
Imports	2,500	2,144	2,831	2,304	4,513
Mutton (000 kgs)	1,195	702	972	574	966
Production	20	11	21	27	26
Imports	1,175	691	951	547	940
Broilers (000 birds) ¹	15,319	19,240	23,852	31,016	29,575
Production					
Table Eggs (000 doz) ¹	4,757	4,890	5,022	5,542	5,404
Production					
Milk (000 litres)	10,241	10,477	10,352	9,605	8,897
Production	10,241	10,477	10,352	9,605	8,897
Imports	na	na	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: 1999 - 2003

Commodity Group	1999	2000 ^r	2001 ^r	2002 ^r	2003
Crude Oil					
Exploration (metres) Depth Drilled	132,083	136,829	172,604	144,046	149,991
of which: Exploration	41,995	33,139	45,910	20,593	28,941
Production (000 barrels)					
Crude Oil and Condensates	45,685	43,680	41,469	47,824	49,117
of which: Condensates	4,497	4,314	5,117	4,746	6,100 ^p
Daily Average (b/d)	125,164	119,354	113,523	130,626	134,089
Imports (000 barrels)					
Crude Oil Imports	28,607	35,195	30,524	32,241	33,186
of which: u.p.a.	12,639	na	438	337	345
Refining (000 barrels)					
Refinery Throughput	54,597	58,959	55,978	54,801	54,512
Refinery Output	53,320	57,543	54,818	54,788	54,108 ^p
Capacity Utilization (%) ¹	85.7	92.1	87.6	82.0	85.0
Exports (000 barrels)					
Crude Oil Exports	20,357	19,118	18,323	24,895	26,002
Petroleum Products	49,249	52,198	na	na	39,057
Natural Gas (Mn cubic feet/day)					
Production	1,281.0	1,498.0	1,596.0	1,826.0	2,594.0
Utilization ²					
of which: Petrochemicals	596.3	618.5	661.0	693.8	731.1
Electricity Generation	183.3	186.5	193.3	219.2	230.1
LNG	225.0	450.0	450.0	858.2	1,364.0
Natural Gas Liquids (000 barrels)					
Production	5,752.7	6,992.8	7,531.3	8,607.6	10,505.1
Exports	5,593.0	6,800.0	7,666.0	8,766.9	10,236.1
Local Sales	0.0	0.0	0.0	0.0	0.0
Closing Stock	159.7	192.8	(134.7)	159.3	269.0
Asphalt (000 tonnes)					
Production	12.6	9.9	na	na	na
Exports	14.0	7.6	na	na	na
Local Sales	1.6	2.9	na	na	na
Stock Change	(3.0)	(0.6)	na	na	na
Fertilizers (000 tonnes)					
Production	3,946.8	3,827.5	4,209.0	4,720.5	4,964.7
Exports	3,601.4	3,449.7	3,995.1	4,226.2	4,595.0
Local Sales	12.1	126.5	13.2	12.0	10.6
Stock Change	333.3	251.3	200.8	322.4	206.8
Methanol (000 tonnes)					
Production	2,136.1	2,480.2	2,788.9	2,828.7	2,845.7
Exports	2,190.7	2,438.6	2,807.9	2,787.7	2,832.3
Local Sales	16.9	18.0	17.3	19.2	17.3
Stock Change	(71.6)	23.6	(36.3)	21.7	28.2

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

3 p – refers to provisional



TABLE A.9
Production of Iron and Steel Products and Cement, 1999 - 2003
/ Per Cent /

Commodity	1999	2000	2001	2002	2003
Steel Products (000 tonnes)					
(i) Direct Reduced Iron					
Production	1,293.0	1,524.8	2,187.4	2,316.3	2,275.0
Exports	521.7	677.2	1,364.2	1,377.1	1,268.3
Local Sales	-	-	-	0.0	0.0
Own Consumption	738.2	777.9	725.5	903.2	978.9
(ii) Billets					
Production	723.9	743.8	668.3	816.9	896.0
Exports	0.0	0.0	14.8	0.0	0.0
Local Sales	87.2	57.3	63.5	87.8	237.8
Own Consumption	664.9	656.3	608.3	714.3	667.1
(iii) Wire Rods					
Production	638.2	630.8	604.8	704.5	640.9
Exports	588.8	590.4	561.0	655.1	635.3
Local Sales	29.2	27.5	35.9	31.5	35.5
Own Consumption	1.5	1.4	1.3	2.0	1.3
Cement (000 tonnes)					
Production	688.4	742.7	696.8	743.7	765.6
Imports	-	-	-	-	0.0
Local Sales	348.8	453.0	429.0	445.8	509.7
Exports	341.6	288.0	263.7	296.1	257.6

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.10
Index of Domestic Production(1995=100), 1999 - 2003¹

Industry	Weight	2000	2001	2002 ^r	Jan. – Sept. 2002	Jan. – Sept. 2003
Food Processing	58	207.9	201.8	217.4	222.7	219.8
Drink and Tobacco	63	255.7	285.6	293.6	289.0	285.3
Textiles, Garments and Footwear	6	698.1	782.8	743.4	691.0	1154.0
Printing, Publishing and Paper Converters	27	129.5	191.8	210.7	210.8	212.2
Wood and Related Products	7	323.3	342.9	430.6	414.1	506.3
Chemicals and Non-Metallic Minerals	43	195.2	213.7	255.6	246.8	290.7
Assembly-Type and Related Industries	61	188.6	331.4	387.5	394.8	421.5
Miscellaneous Manufacturing Industries	10	150.8	178.1	186.2	183.3	231.0
Electricity	40	121.5	106.4	125.8	129.8	113.3
Water	6	125.5	122.0	134.0	132.2	140.2
Sugar	-1	217.8	111.7	72.9	88.7	20.9
All Industry Index (excluding petrochem, oil & natural gas, explor. product & refining)	320	200.3	241.7	270.2	267.7	286.5
Explor. & product of Oil, natural gas, etc.	445	102.3	105.2	132.1	121.8	145.0
Petrochemicals	182	129.2	138.6	154.1	153.4	150.4
Oil & natural gas refining	53	250.8	262.1	275.3	271.1	304.9
All Industry Index (including petrochem, oil & natural gas, explor. product & refining)	1,000	146.4	163.2	187.9	182.1	199.8

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), 2001 - 2003¹
/ Per Cent /

Industry	Index of Domestic Production ²			Index of Hours Worked ²		
	2001	Jan–Sept 2002 ^r	Jan–Sept 2003	2001	Jan–Sept 2002 ^r	Jan–Sept 2003
Food Processing	-3.0	13.3	-1.5	1.3	-5.1	2.4
Drink and Tobacco	11.7	3.2	1.3	10.7	12.1	-9.9
Textiles, Garments and Footwear	12.1	-14.9	66.5	9.9	15.3	20.7
Printing, Publishing and Paper						
Converters	48.1	8.5	0.7	-22.2	5.9	3.1
Wood and Related Products	6.1	18.1	25.3	-3.7	7.3	-6.1
Chemical and Non-Metallic Minerals	9.5	16.1	17.8	3.5	11.7	0.6
Assembly-Type and Related Industries	75.7	13.9	8.2	-1.8	3.8	-1.6
Miscellaneous Manufacturing Industries	18.1	2.2	26.1	15.0	9.4	-3.2
Electricity	-12.4	22.4	-11.9	-57.2	-33.3	-5.9
Water	-2.8	8.3	6.5	-4.1	-1.4	-0.4
Sugar	-48.7	-32.6	-72.3	-3.8	7.0	-11.5
All Industry Index						
(excluding petrochem, oil, natural gas, explor. product & refining etc.)	20.7	10.0	7.2	-3.8	1.8	-3.4
Explor. & product of oil, natural gas, etc	2.9	19.1	16.6	25.0	23.3	19.2
Petrochemicals	7.2	15.2	-1.5	-5.5	4.3	-1.5
Oil & natural gas refining	4.5	3.2	12.5	10.8	-0.7	-3.5
All Industry Index						
(including petrochem, oil & natural gas, explor. product & refining etc)	11.5	11.9	9.8	-0.5	1.6	-1.3

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), 2001 - 2003¹
/ Per Cent /

Industry	Average Weekly Earnings ²			Employment ²		
	2001	Jan-Sept 2002	Jan-Sept 2003	2001	Jan-Sept 2002	Jan-Sept 2003
Food Processing	3.2	1.7	5.7	6.6	-9.5	3.1
Drink and Tobacco	-16.0	10.3	25.6	17.3	-17.2	24.8
Textiles, Garments and Footwear	-7.6	-10.3	-5.5	-9.8	5.4	8.8
Printing, Publishing and Paper	19.7	-5.2	3.0	-0.5	-3.4	7.5
Converters						
Wood and Related Products	-6.5	6.7	27.8	-4.5	5.1	-10.9
Chemical and Non-Metallic Minerals	1.8	1.3	6.6	-1.7	10.1	3.7
Assembly-Type and Related Industries	-4.6	-7.7	17.7	3.2	2.6	5.2
Miscellaneous Manufacturing Industries	-10.0	-5.0	12.5	3.9	4.4	-7.4
Electricity	30.2	15.5	15.1	-40.6	127.3	0.7
Water	24.6	31.0	14.4	-4.2	3.6	-0.4
Sugar	0.8	4.4	-9.9	-1.1	0.9	-1.3
All Industry Index (excluding petrochem, oil, natural gas, explor. product & refining etc.)	9.3	9.8	9.3	3.1	3.7	-4.5
Explor. & product of oil, natural gas, etc	-10.4	32.7	54.6	17.1	-5.1	29.9
Petrochemicals	23.3	18.4	14.6	-4.3	0.6	-2.4
Oil & natural gas refining	11.5	17.6	14.8	10.2	-5.1	29.9
All Industry Index (including petrochem, oil & natural gas, explor. product & refining etc)	9.4	3.0	5.6	3.0	-2.3	-0.6

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), 2002 - 2003¹
/ Per Cent /

Industry	Real Earnings ²			Index of Output ² Per Man Hour Worked		
	2002 ^r	Jan–Sept 2002	Jan–Sept 2003	2002 ^r	Jan–Sept 2002	Jan–Sept 2003
Food Processing	-6.3	5.6	1.8	12.3	19.5	3.8
Drink and Tobacco	7.9	6.0	20.9	-12.0	-7.7	10.3
Textiles, Garments and Footwear	-17.7	-17.4	-16.2	-20.5	-25.7	40.2
Printing, Publishing and Paper Converters	-7.8	-9.0	0.9	-17.3	-27.8	2.3
Wood and Related Products	2.7	2.6	13.8	20.3	11.0	33.7
Chemical and Non-Metallic Minerals	-2.5	2.7	2.6	8.1	4.1	17.2
Assembly-Type and Related Industries	-13.3	-11.4	12.7	17.4	9.7	9.7
Miscellaneous Manufacturing Industries	-8.4	-8.7	8.3	1.2	-6.5	30.3
Electricity	4.7	10.9	10.8	116.2	172.8	16.4
Water	22.2	25.9	-10.0	11.2	9.8	6.9
Sugar	-2.3	0.3	13.3	-35.9	36.8	68.7
All Industry Index (excluding petrochem, oil & natural gas explor. product & refining)	3.5	5.4	5.2	9.1	8.1	11.1
Explor. and prod. of oil, natural gas etc.	40.7	27.5	48.7	-7.0	6.5	7.7
Petrochemicals	14.7	13.7	10.3	8.0	10.9	0.7
Oil & natural gas refining	8.2	12.8	10.5	5.5	5.3	8.8
All Industry Index (including petrochem, oil & natural gas explor. product & refining)	7.2	7.8	10.1	12.1	10.1	11.3

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, 1999-2003¹
/ January 2003=100 /

Item	Weight	1999	2000	2001	2002	2003
All Items	1000	86.2	89.3	94.2	98.1	101.9
Inflation Rate (%)		3.4	3.6	5.5	4.2	3.8

SOURCE: Tables A.14(b).

¹ The Retail Prices Index was revised and rebased to January 2003 = 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 January 2003.

TABLE A.14(b)
Retail Prices Index for Major Expenditure Categories, 2000-2003
/ January 2003=100 /

Sections	Weights	2000	2001	2002	2003	2 0 0 3			
						I	II	III	IV
All Items¹	1000	89.3	94.2	98.1	101.9	100.4	101.7	102.3	103.1
		3.6	5.5	4.2	3.8	0.8	1.3	0.7	0.7
(i) Food	180	75.9	86.5	95.3	108.5	101.8	108.5	111.2	112.3
		8.3	13.9	10.2	13.8	2.8	6.5	2.5	1.0
(ii) Clothing	53	103.8	102.3	99.9	98.7	100.0	99.6	99.0	96.4
		-1.7	-1.4	-2.3	-1.2	0.5	-0.5	-0.6	-2.6
(iii) Transportation	167	96.7	98.7	100.3	100.9	100.0	100.0	100.0	103.7
		1.6	2.1	1.6	0.6	0.5	0.0	0.0	3.7
(iv) Housing	262	100.3	100.5	100.4	100.5	100.1	100.4	100.9	100.7
		0.7	0.1	-0.1	0.1	-0.4	0.3	0.5	-0.2
(v) Others ²	338	96.6	98.4	99.7	100.4	100.0	100.3	100.4	100.7
		2.2	1.9	1.3	0.7	0.2	0.3	0.1	0.2
Per Cent Contribution To Change In Index									
(i) Food	180	159.8	173.4	95.0	68.7	88.3	89.7	55.8	41.7
(ii) Clothing	53	-3.3	25.0	-4.7	-8.5	3.2	-2.7	-10.5	-23.9
(iii) Transportation	167	4.0	-84.6	4.0	22.8	11.2	0.0	0.0	-79.6
(iv) Housing	262	-37.1	1.0	-1.1	7.6	-12.0	4.5	44.3	-6.8
(v) Others ²	338	-23.4	-14.8	6.9	9.4	9.3	8.5	10.4	9.4
Memorandum:									
All Items (Sept. 1993=100) ^f		134.7	142.2	148.1	153.7	151.5	153.4	154.4	155.5

SOURCE: Central Statistical Office

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

² Includes Meals Out (14), Drink and Tobacco (24), Household Operations (66), Household Supplies & Services (77), Health & Personal Care (62), Recreation & Education (68). Figures in parentheses in this footnote are section weights



TABLE A.15
Index of Producers' Prices, 2000 - 2003
/ Oct. 1978=100 /

Industry	Weights	2000	2001	2002 ^r	2003	2 0 0 3			
						I	II	III	IV
Food Processing	191	419.3 -1.1	420.6 0.3	425.3 1.1	444.0 4.4	439.3 2.7	445.6 1.4	442.2 -0.8	448.8 1.5
Drink and Tobacco	121	479.8 1.9	497.4 3.7	505.9 1.7	515.7 2.0	515.1 0.0	515.1 0.0	515.1 0.0	517.6 0.5
Textiles, Garments and Footwear	101	299.2 0.1	299.3 0.0	296.8 -0.8	294.4 -0.8	294.4 0.0	294.4 0.0	294.4 0.0	294.4 0.0
Printing, Publishing & Paper Converters	93	339.3 3.7	338.6 -0.2	335.7 -0.9	323.4 -3.7	322.8 0.2	322.8 0.0	322.8 0.0	325.1 0.7
Wood & Related Products	89	267.3 2.5	270.9 1.4	278.3 2.7	278.4 0.1	278.4 -1.4	278.4 0.0	278.4 0.0	278.4 0.0
Chemicals and Non-Metallic Minerals	148	415.5 4.3	415.7 0.0	417.3 0.4	422.2 1.2	420.6 0.4	421.6 0.2	424.2 0.6	422.4 -0.4
Assembly-Type and Related Industries	257	294.0 0.2	295.8 0.6	295.5 -0.1	300.5 1.7	299.4 0.8	299.9 0.2	301.6 0.6	301.0 -0.2
All Industry	1000	360.7 1.3	363.9 0.9	366.1 0.6	369.4 0.9	369.9 0.7	363.9 -1.6	371.6 2.1	372.2 0.2

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, 2001 - 2003¹
/ Dollars Million /

	2001	2002 ^r	2003	Oct 01-Sept 02 ^r	Oct 02-Sept 03
Current Revenue	13,379.9	14,517.2	17,852.7	13,825.0	16,754.2
Current Expenditure	12,594.9	13,697.4	15,179.4	13,544.4	15,007.5
Current Account Surplus(+)/Deficit(-)	785.0	819.8	2,673.3	280.6	1,746.8
Capital Revenue	35.6	38.7	5.8	47.5	7.1
Capital Expenditure and Net Lending ²	861.2	671.7	844.1	682.4	795.5
Overall Surplus(+)/Deficit(-)	-40.6	186.8	1,835.0	-354.3	958.4
Total Financing (net)	40.6	-186.8	-1,835.0	354.3	-958.4
EXTERNAL FINANCING (Net)	-5.5	-215.7	-206.7	-182.7	-253.4
Net External Borrowing	-5.5	-215.7	-206.7	-182.7	-253.4
Disbursements	158.0	210.7	149.2	240.6	212.8
Repayments ³	163.5	426.4	355.9	423.3	-466.2
Divestment Proceeds	0.0	0.0	0.0	0.0	0.0
DOMESTIC FINANCING (Net)	46.1	28.9	-1,628.3	537.0	-705.0
Treasury Bills (Net)	0.0	0.0	0.0	0.0	0.0
Bonds (net)	527.7	222.5	-571.8	361.9	-889.9
Disbursements	1,676.0	1,117.9	2,640.0	1,138.0	2,000.0
Repayments	1,148.3	895.4	3,211.8	776.1	2,889.9
Divestment Proceeds	194.0	250.0	0.0	250.0	0.0
Uncashed Balances (Net) ⁴	-675.6	-443.6	-1,056.5	-74.9	184.9
Memo Items					
Primary Balance⁵	2,181.5	2,655.8	4,294.3	2,054.7	3,452.2
Surplus(+)/Deficit(-) as a Percent of GDP (current market prices)					
Current Account Surplus(+)/Deficit(-)	1.4	1.4	3.9	0.5	2.6
Overall Surplus(+)/Deficit(-)	-0.1	0.3	2.7	-0.6	1.4
Primary Surplus(+)/Deficit(-)	3.9	4.5	6.3	3.5	5.1

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, 2002**.
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 Includes an adjustment for Repayment of Past Lending.

³ Figures do not include repayments of loans from the IDB and the EIB received by the Central Government for onlending to the energy sector.

⁴ Includes advances from the Central Bank.

⁵ 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, 2001 - 2003¹
/ Dollars Million /

Revenue	2001	2002 ^r	2003	Oct 01-Sept 02 ^r	Oct 02-Sept 03
A. Oil Sector	3,682.4	3,931.0	6,873.3	3,249.4	6,175.3
Corporation Tax	1,941.7	2,201.2	4,713.1	1,644.1	4,079.4
Withholding Tax	164.1	123.8	150.8	95.3	166.8
Royalties	708.4	644.4	1,078.4	599.6	1,010.4
Oil Impost	22.7	29.5	34.1	29.5	33.9
Unemployment Levy	139.1	141.5	335.2	102.5	290.8
Excise Duties	521.4	537.1	561.5	524.9	562.8
Other ²	185.0	253.5	0.2	253.5	31.2
B. Non-Oil Sector	9,697.5	10,586.1	10,979.4	10,575.6	10,579.0
Taxes on Income	4,531.4	4,788.5	5,418.2	4,530.0	5,364.9
Companies	1,636.0	1,645.5	2,138.2	1,418.3	2,083.8
Individuals	2,526.9	2,701.9	2,803.3	2,692.7	2,793.0
Unemployment Levy	0.7	21.6	0.0	21.8	0.0
Health Surcharge	145.9	135.5	133.5	137.4	133.3
Other	221.9	284.0	343.2	259.8	354.8
Taxes on Property	69.5	84.9	77.1	94.3	77.6
Estate and Succession Duties	0.0	0.0	0.0	0.0	0.0
Lands & Buildings	69.5	84.9	77.1	94.3	77.6
Taxes on Goods and Services	3,109.7	3,387.3	3,176.3	3,436.4	2,932.4
Purchase Tax	0.1	0.2	0.0	0.2	0.0
Excise Tax	348.7	399.4	407.0	386.5	406.8
Motor Vehicles	218.3	204.8	201.5	212.2	211.6
Value Added Tax	2,178.7	2,401.0	2,272.2	2,475.4	2,028.4
Other ³	363.8	381.9	295.6	362.1	285.6
Taxes on International Trade	834.8	885.3	1,040.5	855.4	994.1
Import Duties	834.8	885.3	1,035.3	855.4	990.9
Other	0.0	0.0	5.2	0.0	3.2
Non-Tax Revenue	1,152.1	1,440.1	1,267.3	1,659.6	1,210.0
National Lottery	116.9	145.7	102.3	133.5	109.3
Interest	230.8	160.0	107.0	180.2	111.0
Central Bank	81.1	135.3	143.7	135.3	143.7
Other	723.3	999.0	914.3	1,210.5	846.0
TOTAL CURRENT REVENUE	13,379.9	14,517.2	17,852.7	13,825.0	16,754.3
Capital Revenue	35.6	38.7	5.8	47.5	7.1
TOTAL REVENUE⁴	13,415.5	14,555.9	17,858.5	13,872.5	16,761.4

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

^r revised

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

² Includes receipts of \$118.4 million and \$31.2 million from signature bonuses for the award of product sharing contracts in 2002 and 2003 respectively.

³ Includes Road Improvement Tax.

TABLE A.18
Central Government Expenditure - An Economic Classification¹
2001 - 2003
/ Dollars Million /

	2001	2002 ^r	2003	Oct 01-Sept 02 ^r	Oct 02-Sept 03
Current Expenditure	12,594.9	13,697.4	15,179.4	13,544.4	15,007.5
Wages & Salaries	4,091.3	4,140.8	4,627.8	4,188.9	4,537.8
Goods & Services	1,542.2	1,810.9	2,059.5	1,759.8	2,012.4
Interest	2,222.2	2,469.0	2,459.3	2,409.0	2,493.8
External	768.3	824.5	727.0	823.3	726.3
Domestic	1,453.9	1,644.5	1,732.3	1,585.7	1,767.5
Transfers & Subsidies ²	4,739.3	5,276.7	6,032.8	5,186.7	5,963.5
of which:					
Loans & Grants to Statutory					
Boards and State Enterprises	1,259.5	1,310.0	1,556.0	1,266.0	1,571.7
Households	1,560.9	1,988.6	2,069.3	1,914.8	2,055.3
Capital Expenditure and Net-Lending³	861.2	671.7	844.1	682.4	795.5
TOTAL EXPENDITURE	13,456.1	14,369.1	16,023.5	14,226.8	15,803.0
(As % of GDP at current market prices)	23.7	24.2	23.7	23.5	23.3
Memo Items					
Current Expenditure	93.6	95.3	94.7	95.2	95.0
Capital Expenditure and Net-Lending	6.4	4.7	5.3	4.8	5.0
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 accounts of Consolidated Fund, Unemployment Fund, Road Improvement Fund and Infrastructure Development Fund.

² In September 2001 and 2003, the central government transferred 600 million and \$497.4 million to the Revenue Stabilization Fund. Similarly, in September 2001, \$240.7 million was transferred to the Dollar for Dollar Education Programme Fund. These cannot be considered as expenditure and are therefore omitted.

³ See footnotes to Table A.16.



TABLE A.19(a)
Public Sector External Debt - Selected Data
1999 - 2003
/ US\$ Mn /

Sector	End of Period				
	1999	2000	2001	2002 ¹	2003
CENTRAL GOVERNMENT					
Receipts	294.3	383.6	26.2	17.7	26.2
<i>of which: Leases</i>	0.0	0.0	0.0	0.0	0.0
Amortization	170.6	268.9	61.1	68.6	89.7
<i>of which: Leases</i>	11.1	5.8	0.0	0.0	0.0
<i>Debt Conversion</i>	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	-2.5	-16.9	-6.2	7.9	6.0
Balance Outstanding ¹	1,434.4	1,532.2	1,491.1	1,448.1	1,378.6
<i>of which: Leases</i>	50.9	0.0	0.0	0.0	0.0
Interest	96.2	107.4	121.4	129.7	116.7
NON-GOVERNMENT PUBLIC SECTOR²					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	5.1	1.4	0.0	0.0	0.0
Rescheduling ³	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	-2.4	-1.4	-1.1	1.1	1.1
Balance Outstanding	150.4	147.6	146.5	147.6	147.6
Interest	0.8	0.4	0.0	0.0	0.0
TOTAL					
Receipts	294.3	383.6	26.2	17.7	26.2
Amortization	175.7	270.3	61.1	68.6	89.7
<i>of which: Debt Conversion</i>	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	-4.8	-18.3	-7.3	9.0	7.1
Balance Outstanding	1,584.8	1,679.8	1,637.6	1,595.7	1,526.2
Interest	97.0	107.8	121.4	129.7	116.7

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*
 1999 - 2003
 / US\$ Mn /

Sector	End of Period				
	1999 ^r	2000 ^r	2001 ^r	2002 ^r	2003
GOVERNMENT-GUARANTEED¹					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	4.9	1.4	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Balance Outstanding	46.6	43.8	42.8	43.9	43.8
Interest	0.8	0.4	0.0	0.0	0.0
NON-GOVERNMENT GUARANTEED²					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	0.0	0.0	0.0	0.0
Balance Outstanding	103.8	103.8	103.7	103.7	103.8
Interest	0.0	0.0	0.0	0.0	0.0
CENTRAL BANK					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	0.2	0.0	0.0	0.0	0.0
Balance Outstanding	0.0	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
TOTAL					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	5.1	1.4	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustments	-2.4	-1.4	-1.1	1.1	1.1
Balance Outstanding	150.4	147.6	146.5	147.6	147.6
Interest	0.8	0.4	0.0	0.0	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 External Debt Outstanding: Maturity Structure*, 2003
/ US\$ Mn /

Maturity	2003				
	Central Government	Government Guaranteed	Non-Gov't Guaranteed	Central Bank	Total
Short-term ¹	-	-	-	-	-
Medium-term ²	500.4	1.3	1.4	-	503.1
Long-term ³	878.2	42.5	102.4	-	1,023.1
TOTAL	1,378.6	43.8	103.8	-	1,526.2

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(d)
Public Sector External Debt Outstanding: Currency Composition, 2003*
/ US\$ Mn /

Currency	2003					
	Central Government	Government Guaranteed	Non-Gov't Guaranteed	Central Bank	Total (\$)	Total (%)
US Dollar	1,317.3	24.2	103.1	-	1,444.6	94.4
Japanese Yen	7.2	1.9	-	-	9.1	0.7
Canadian Dollar	-	-	-	-	-	-
Swiss Franc	-	2.0	-	-	2.0	0.1
French Franc	-	-	-	-	-	-
Deutsche Mark	0.9	8.1	-	-	8.1	0.6
Pound Sterling	46.2	4.6	-	-	50.8	3.5
SDR	-	-	-	-	-	0.1
Other	7.0	3.0	0.7	-	10.7	0.6
TOTAL	1,378.6	43.8	103.8	0.0	1,526.2	100.0

SOURCE: Central Bank of Trinidad and Tobago

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



TABLE A.19(e)
Public Sector External Debt Outstanding: Creditor Composition, 2003*
/ US\$ Mn /

Creditors	2003				
	Central Government	Government Guaranteed	Non-Gov't Guaranteed	Central Bank	Total
Official Creditors	475.8	32.3	13.4	-	521.5
Multilateral	457.0	24.3	13.4	-	494.7
Bilateral	18.8	8.0	-	-	26.8
Private Creditors	902.8	11.5	90.4	-	1,004.7
Commercial Banks	-	11.5	89.1	-	100.6
Bondholders ¹	902.4	-	-	-	902.4
Lessors ²	-	-	-	-	-
Other	0.4	-	1.3	-	1.7
TOTAL	1,378.6	43.8	103.8	0.0	1,526.2

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, 1999 - 2003
/ Dollars Million /

	End of Period				
	1999	2000	2001	2002	2003 ^P
A. Outstanding					
1. Aggregate Deposits (adj.)	15,923.3	17,947.7	20,821.5	21,521.5	22,893.8
Demand Deposits (adj.)	2,989.5	3,616.2	5,322.1	5,829.8	5,600.8
Time Deposits (adj.)	3,288.4	3,281.2	3,869.7	3,399.9	3,019.6
Savings Deposits (adj.)	5,487.1	5,796.5	6,634.3	6,778.7	8,264.2
Foreign Currency Deposits (adj)	4,158.3	5,253.8	4,995.4	5,513.1	6,009.2
2. Gross Bank Credit¹	11,979.4	12,949.8	14,422.7	14,789.1	16,348.1
<i>of which:</i>					
Business purposes	5,465.3	6,399.6	7,041.6	7,411.4	7,931.4
Corporate	4,680.6	5,676.4	6,322.8	6,634.0	7,070.1
Non-corporate	784.5	723.1	717.2	776.5	861.3
3. Investments	5,453.7	6,087.0	7,746.9	8,220.9	9,890.3
Government Securities	2,237.9	2,052.5	2,791.3	2,768.6	3,320.4
Other Investments ²	3,215.8	4,034.5	4,955.6	5,452.3	6,569.9
<i>of which:</i>					
Special Deposits	21.0	284.1	783.1	281.3	621.5
B. Annual Change					
1. Aggregate Deposits (adj.)	49.6	2,024.4	2,873.8	700.0	1,372.3
Demand Deposits (adj.)	-62.7	626.7	1,705.9	507.7	-229.0
Time Deposits (adj.)	-323.5	-7.2	588.5	-469.8	-380.3
Savings Deposits (adj.)	162.7	309.4	837.8	144.4	1,485.5
Foreign Currency Deposits (adj.)	273.1	1,095.5	-258.4	517.7	496.1
2. Gross Bank Credit¹	834.9	872.3	1,472.9	366.4	1,559.0
<i>of which:</i>					
Business purposes	362.4	934.3	642.0	369.8	520.0
Corporate	699.1	995.8	646.4	311.2	436.1
Non-Corporate	-336.7	-61.5	-4.4	58.6	84.8
3. Investments	728.4	633.3	1,659.9	474.0	1,669.4
Government Securities	172.3	185.4	738.8	-22.7	551.8
Other Investments ²	556.1	818.7	921.1	496.7	1,117.6
<i>of which:</i>					
Special Deposits	-201.1	263.1	499.0	-501.8	340.2

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, 2001:IV - 2003:IV¹
/ Dollars Million /

	End of Period								
	2001	2002				2003			
	IV	I	II	III	IV	I	II	III	IV
Legal Reserve Position²									
Required Reserve	2,694.0	2,740.9	2,729.7	2,738.7	2,763.8	2,740.1	2,707.1	2,870.6	2327.5
Cash Reserve	2,682.7	2,754.1	2,760.3	2,426.0	2,790.4	2,742.7	2,691.9	2,648.3	2,333.8
Excess (+) or Shortage (-)	-11.3	13.2	30.6	-312.7	26.6	2.6	-15.2	-222.3	6.3
Liquid Assets									
Cash Reserve	2,682.7	2,754.1	2,760.3	2,426.0	2,790.4	2,742.7	2,691.9	2,648.3	2,333.8
Special Deposits	783.1	442.2	484.0	491.9	281.3	526.5	1048.1	1086.2	621.5
Total Deposits	3,465.8	3,196.3	3,244.3	2,918.0	3,071.6	3,269.2	3,740.0	3,734.5	2,955.3
Local Cash in Hand	469.8	285.3	234.2	285.8	502.8	306.5	323.6	350.1	586.1
Treasury Bills	532.8	304.0	187.7	230.7	208.8	259.6	1109.4	330.9	124.6
TOTAL	4,468.4	3,785.6	3,666.2	3,434.5	3,783.2	3835.3	5173.0	4,415.5	3,666.0
Total Deposit/Liabilities (Adj)	14,966.7	15,227.2	15,165.0	15,215.0	15,354.4	15,222.8	15,039.4	20,504.3	16,625.0
As % of Total Deposit Liabilities (Adj)									
Legal Reserve Position									
Required Reserve	18.0	18.0	18.0	18.0	18.0	18.0	18.0	14.0	14.0
Cash Reserve	17.9	18.1	18.2	15.9	18.2	18.0	17.9	12.9	14.0
Excess (+) or Shortage (-)*	-0.1	0.1	0.2	-2.1	0.2	0.0	-0.1	-1.1	0.0
Average Excess (+) or Shortage (-)**	7.7	6.5	7.7	19.8	8.3	11.5	8.1	11.7	5.7
Liquid Assets									
Cash Reserve	17.9	18.1	18.2	15.9	18.2	18.0	17.9	12.9	14.0
Special Deposits	5.2	2.9	3.2	3.2	1.8	3.5	7.0	5.3	3.7
Total Deposits	23.2	21.0	21.4	19.2	20.0	21.5	24.9	18.2	17.8
Local Cash in Hand	3.1	1.9	1.5	1.9	3.3	2.0	2.2	1.7	3.5
Treasury Bills	3.6	2.0	1.2	1.5	1.4	1.7	7.4	1.6	0.7
TOTAL	29.9	24.9	24.2	22.6	24.7	25.2	34.4	21.5	22.1

SOURCE: Central Bank of Trinidad and Tobago

¹ The statutory cash reserve requirement was reduced to 14 per cent effective October 22, 2003

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,
1998 - 2003
/ Dollars Million /

Sectors	End of Period					
	1998	1999	2000	2001	2002 ¹	2003
Central & Local Government	17.1	26.2	127.6	98.4	41.8	22.2
Agriculture	362.5	351.8	119.9	172.5	273.8	145.9
Petroleum	576.3	276.8	376.3	810.9	1,101.7	764.7
Manufacturing	1,430.4	1,395.2	1,629.0	1,702.5	1,565.4	1,794.6
Construction	383.1	634.6	590.6	555.2	715.9	1,238.7
Distributive Trades	878.9	544.0	951.6	1,093.4	1,124.5	1,235.9
Hotels and Guest Houses	215.4	268.2	174.2	440.0	181.2	296.9
Transport, Storage and Communication	563.4	685.2	900.8	728.6	617.7	611.4
Finance, Insurance and Real Estate	1,221.6	1,330.6	1,675.9	1,844.3	2,032.5	2,940.5
Education, Cultural and Community Services	28.3	38.3	41.9	23.7	20.3	155.1
Personal Services	525.0	417.7	354.1	710.7	739.2	642.8
Electricity and Water	10.7	243.1	105.3	145.5	360.4	88.6
Consumers	4,397.8	5,297.7	5,425.9	5,671.6	5,600.9	6,000.4
TOTAL (excluding Real Estate Mortgage Loans)	10,610.5	11,509.4	12,473.1	13,988.6	14,375.3	15,937.7
Real Estate Mortgage Loans & Lease Financing	844.3	816.4	732.4	764.6	837.8	1,148.5
TOTAL LOANS	11,454.8	12,325.8	13,205.5	14,753.2	15,213.1	17,086.2

SOURCE: Central Bank of Trinidad and Tobago



TABLE A.23
Commercial Banks: Percentage Distribution of Loans
and Advances by Sector, 1998-2003¹
/ Per Cent /

Sector	End of Period					
	1998	1999	2000	2001	2002 ¹	2003
Central Government	0.1	0.2	1.0	0.7	0.3	0.1
Agriculture	3.2	2.9	0.9	1.2	1.8	0.9
Petroleum	5.0	2.2	2.8	5.5	7.2	4.5
Manufacturing	12.5	11.3	12.3	11.5	10.3	10.5
Construction	3.3	5.1	4.5	3.8	4.7	7.3
Distributive Trades	7.7	4.4	7.2	7.4	7.4	7.2
Hotels and Guest Houses	1.9	2.2	1.3	3.0	1.2	1.7
Transport, Storage and Communication	4.9	5.6	6.9	4.8	4.1	3.6
Finance, Insurance and Real Estate	10.7	10.8	12.7	12.5	13.4	17.2
Education, Cultural and Community Services	0.2	0.3	0.3	0.2	0.1	0.9
Personal Services	4.6	3.4	2.7	4.8	4.8	3.8
Electricity and Water	0.1	2.0	0.8	1.0	2.4	0.5
Consumers	38.4	43.0	41.1	38.4	36.8	35.1
TOTAL (excluding Real Estate Mortgage Loans)	92.6	93.4	94.5	94.8	94.5	93.3
Real Estate Mortgage Loans and Lease Financing	7.4	6.6	5.5	5.2	5.5	6.7
TOTAL LOANS	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.

TABLE A.24
Commercial Banks - Interest Rates, 2001 - 2003
/ Per Cent, Per Annum /

Interest Rates ¹		For the Period						
		2001	2002	2003	2003			
					I	II	III	IV
A. Loan Rates (Prime)								
(i) Term	- Range	5.00-26.75	5.00-26.75	5.00-26.75	5.00-26.75	5.00-26.75	5.00-26.75	5.00-26.75
	- Median	15.25	13.63	11.37	11.25	11.25	11.50	9.50
(ii) Demand	- Range	5.00-24.00	3.50-24.00	5.00-24.00	5.00-24.00	5.00-24.00	5.00-24.00	5.00-24.00
	- Median	15.00	9.00	11.50	11.50	11.50	11.50	9.50
(iii) Overdraft	- Range	5.00-24.00	7.00-24.00	7.00-26.00	7.00-25.00	7.00-25.00	7.00-25.00	7.00-26.00
	- Median	15.63	13.00	11.50	9.50	11.50	11.50	13.50
(iv) Basic Prime Rate	- Range	14.00-17.00	11.25-17.00	9.50-12.00	11.25-12.00	11.25-12.00	11.00-12.00	9.50-12.00
	- Median	15.88	12.00	11.50	11.50	11.50	11.50	9.50
(v) Real Estate Mortgage	- Range	2.00-17.50	2.00-15.50	5.00-18.04	8.25-18.00	8.25-18.00	8.25-18.00	5.00-18.04
	-Median	16.00	12.13	12.50	12.50	12.50	12.50	10.00
B. Deposit Rates (Announced)								
(i) Ordinary Savings	- Range	2.00-9.25	0.50-7.50	0.50-3.75	0.50-3.25	0.50-3.75	0.50-3.75	0.50-3.00
	- Median	3.00	2.35	2.07	2.13	1.90	2.13	2.00
(ii) Special Savings	- Range	2.00-10.00	1.75-10.00	1.33-7.50	1.75-7.50	7.75-7.50	1.33-6.00	0.50-6.00
	- Median	5.25	3.22	2.75	2.75	3.00	2.75	3.00
(iii) 3-Month Time	- Range	2.50-9.50	1.50-8.75	1.00-8.75	2.00-8.75	1.00-8.75	1.00-8.75	1.00-8.75
	- Median	7.15	3.38	3.07	3.44	3.13	3.00	2.70
(iv) 6-Month Time	- Range	5.00-9.40	1.50-9.50	1.25-6.00	2.00-6.00	1.25-6.00	1.25-6.00	1.25-6.00
	- Median	6.00	4.25	3.31	3.31	3.38	3.31	3.00
(v) 1-Year Time	- Range	5.00-10.00	2.50-9.25	1.25-9.25	2.50-9.25	1.25-9.25	1.25-9.25	1.25-9.25
	- Median	7.80	4.38	3.85	4.19	4.19	3.50	3.35

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, 1999 - 2003
/ Dollars Million /

	End of Period				
	1999	2000	2001	2002	2003
A. Narrow Money Supply	4,281.9	4,887.2	6,695.6	7,331.6	7,309.4
Currency in Active Circulation	1,292.4	1,271.0	1,373.5	1,501.8	1,708.6
Demand Deposits (adj.)	2,989.5	3,616.2	5,322.1	5,829.8	5,600.8
B. Factors Affecting Changes in Money Supply					
1. Net Bank Credit to Central Government	641.7	-2,069.1	-3,427.1	-3,796.8	-5,040.8
(a) Central Bank	-1,474.6	-4,045.9	-6,113.3	-6,502.3	-8,155.5
(b) Commercial Banks	2,116.3	1,976.8	2,686.2	2,705.5	3,114.7
2. Bank Credit	15,108.6	16,544.6	18,522.9	19,731.9	20,447.1
(a) Public Sector ¹	1,791.9	1,537.4	2,970.5	2,841.9	2,041.3
(b) Private Sector ²	13,316.7	15,007.2	15,552.4	16,890.0	18,405.8
3. External Assets (net)	7,105.5	10,477.1	11,788.3	12,682.1	13,631.0
4. Quasi-Money³	-8,755.5	-9,077.7	-10,504.0	-10,178.6	-11,283.8
5. Foreign Currency Deposits (Adj)	-4,158.3	-5,253.8	-4,995.4	-5,513.1	-6,009.2
6. NFIs Foreign Currency Deposit (Adj)	-1,709.0	-1,601.6	-1,993.6	-1,520.7	-1,827.0
7. Other Items (Net)	-5,660.1	-5,733.9	-4,689.1	-5,593.9	-6,147.9
C. Broad Money Supply (M-2)	13,057.5	13,964.9	17,199.6	17,510.1	18,593.3
D. Broad Money Supply (M2*)⁴	17,215.8	19,218.7	22,195.1	23,023.2	22,889.4
Memo: ⁵					
Money Supply M-3	17,359.8	17,961.3	21,615.2	21,478.7	22,619.2
Money Supply M-3*	23,215.2	24,763.2	28,574.0	28,510.6	28,738.0

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,
1999 - 2003
/ Dollars Million /

	1999	2000	2001	2002	2003
A. Narrow Money Supply (M-1A)	209.6	605.3	1,808.4	636.0	-22.2
	5.2	14.1	37.0	9.5	-0.3
Currency in Active Circulation	272.3	-21.4	102.5	128.3	206.8
	26.7	-1.7	8.1	9.3	13.8
Demand Deposits (adj.)	-62.7	626.7	1,705.9	507.7	-229.0
	2.1	20.9	47.2	9.5	-3.9
B. Factors Affecting Changes in Money Supply					
1. Net Bank Credit to Government	-662.6	-2,710.8	-1,358.0	-369.7	-1,244.0
	-50.8	-422.4	-65.6	-10.8	-32.8
Central Bank	-781.2	-2,571.3	-2,067.4	-389.0	-1,653.2
	-112.7	-174.4	-51.1	-6.4	-25.4
Commercial Banks	118.6	-139.5	709.4	19.3	409.2
	5.9	-6.6	35.9	0.7	15.1
2. Bank Credit	1,906.1	1,436.0	1,978.3	1,209.0	715.2
	14.4	9.5	11.9	6.5	3.6
Public Sector ¹	-86.0	-254.5	1,433.1	-128.6	-800.6
	-4.6	-14.2	93.2	-4.3	-28.2
Private Sector ²	1,992.1	1,690.5	545.2	1,337.6	1,515.8
	17.6	12.7	3.6	8.6	9.0
3. Net Foreign Assets	505.2	3,371.6	1,311.2	893.8	948.9
	7.7	47.5	12.5	7.6	7.5
4. Quasi-Money³	160.8	-322.2	-1,426.3	325.4	-1,105.2
	-1.8	3.7	15.7	-3.1	10.9
5. Foreign Currency Deposits	-273.1	-1,095.5	258.4	-517.7	1,217.0
	7.0	26.3	-4.9	10.4	22.1
6. NFIs Foreign Currency Deposits (Adj)	-988.4	107.6	-392.0	472.9	-306.3
	-137.2	-6.3	24.5	-23.7	-20.1
7. Other Items (net)	-1,446.8	-73.8	1,044.8	-904.8	554.0
Increase (-), Decrease (+)	34.3	1.3	-18.2	-19.3	-10.0
C. Broad Money Supply (M-2)	48.8	907.4	3,234.7	310.5	1,083.2
	0.4	6.9	23.2	1.8	6.2
D. Broad Money Supply (M-2)[*]4	321.9	2,002.9	2,976.4	828.1	-133.8
	1.9	11.6	15.5	3.7	-0.6
Memo: Money Supply M-3	770.9	601.5	3,653.9	-136.5	1,140.5
	4.6	3.46	20.3	-0.6	5.3
Money Supply M-3*	2,073.2	1,548.0	3,810.8	-63.4	227.4
	9.8	6.7	15.4	-0.2	0.8

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, 1999 - 2003
/ 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)
1999	7,983	175,321	240,092	2,652,855	1,292,718	3,945,573
2000	65,640	166,023	63,085	2,631,351	1,473,809	4,105,160
2001	71,160	164,154	-110,150	3,805,735	1,659,104	5,464,839
2002 ¹	512,707	228,962	-18,954	3,799,754	1,778,780	5,578,534
2003	532,506	490,134	26,505	4,635,933	1,823,055	6,458,988
2002						
I	589,085	183,472	111,005	3,823,311	1,746,089	5,569,400
II	577,244	169,635	-15,170	3,688,228	1,764,852	5,453,080
III	536,562	215,262	-560	4,100,636	1,715,927	5,816,563
IV	512,707	228,962	-18,954	3,799,754	1,778,780	5,578,534
2003						
I	466,761	350,532	-8,278	3,903,825	1,818,175	5,722,000
II	568,273	234,026	2,363	4,406,712	1,786,106	6,192,818
III	546,248	456,918	57,522	4,111,782	1,808,270	5,920,052
IV	532,506	490,134	26,505	4,635,933	1,823,055	6,458,988
End of Period	Total Assets/ Liabilities	Deposits	Borrowings ¹	Provisions	Capital and Reserves	Other Items (Net)
	(7)	(8)	(9)	(10)	(11)	(12)
1999	4,368,969	2,768,465	373,863	52,592	660,455	513,594
2000	4,399,908	2,619,184	367,050	35,985	659,442	718,247
2001	5,590,003	3,456,366	751,052	41,182	744,024	597,379
2002 ¹	6,301,249	2,978,964	1,585,368	45,879	870,620	820,418
2003	7,508,133	3,508,049	1,820,729	78,710	1,001,799	1,098,846
2002						
I	6,452,962	3,435,302	1,495,254	40,098	792,498	689,810
II	6,184,789	3,311,798	1,407,132	43,611	843,600	578,648
III	6,567,827	3,287,179	1,489,029	40,168	909,348	842,103
IV	6,301,249	2,978,964	1,585,368	45,879	870,620	820,418
2003						
I	6,531,015	2,921,850	1,597,535	64,045	905,001	1,042,584
II	6,997,480	3,257,092	1,584,232	83,205	1,031,688	1,041,263
III	6,980,740	3,045,576	1,723,054	78,538	1,084,212	1,049,360
IV	7,508,133	3,508,049	1,820,729	78,710	1,001,799	1,098,846

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, 2000 - 2003
/ Dollars Million /

Sectors	End of Period						
	2000	2001 ^r	2002 ^r	2003			
				I	II	III	IV
Public Sector	94.6	88.6	0.7	353.4	71.7	65.1	59.2
Private Sector	958.7	1,287.2	1,115.8	1,209.4	1,113.0	1,292.8	1,154.7
Agriculture	14.3	17.3	9.0	11.2	13.2	14.0	5.3
Petroleum	13.2	20.6	20.6	56.1	50.7	48.1	17.6
Manufacturing	155.3	174.3	160.3	94.6	91.5	89.4	87.5
Construction	81.5	146.2	119.1	132.5	160.9	159.0	148.5
Distributive Trades	51.7	103.2	128.5	132.8	83.1	71.3	67.2
Hotels and Guest Houses	93.4	111.5	127.1	10.4	17.8	23.0	30.0
Transport, Storage and Communication	81.6	109.1	51.5	81.6	83.4	75.8	78.9
Finance, Insurance, Real Estate and Services	242.3	317.6	332.4	464.3	393.4	594.6	526.7
Education, Cultural and Community Services	5.2	4.6	4.0	4.5	4.6	4.5	3.8
Personal Services	2.7	8.5	6.2	6.8	5.8	5.0	5.6
Consumers	217.5	274.3	157.1	214.6	208.6	208.1	183.6
TOTAL (excluding Real Estate Mortgage & Leases)	1,053.3	1,375.8	1,116.5	1,562.8	1,184.7	1,357.9	1,213.9
Real Estate Mortgage Loans	40.8	53.3	28.6	50.7	37.0	32.6	27.0
Leases	123.1	155.8	96.2	171.2	159.4	184.2	225.7
TOTAL LOANS	1,217.2	1,584.9	1,241.3	1,784.7	1,381.1	1,574.7	1,466.6

SOURCE: Central Bank of Trinidad and Tobago.



TABLE A.29

Finance Companies and Merchant Banks: Percentage Distribution of
Loans and Advances by Sector, 2000 - 2003
/ Dollars Thousand /

Sectors	End of Period						
	2000	2001 ^r	2002 ^r	2003			
				I	II	III	IV
Public Sector	7.8	5.6	0.1	19.8	5.2	4.1	4.0
Private Sector	78.8	81.1	89.9	67.8	80.6	82.1	78.8
Agriculture	1.2	1.1	0.7	0.6	1.0	0.9	0.4
Petroleum	1.1	1.3	1.7	3.1	3.7	3.1	1.2
Manufacturing	12.8	11.0	12.9	5.3	6.6	5.7	6.0
Construction	6.7	9.2	9.6	7.4	11.7	10.1	10.1
Distributive Trades	4.2	6.5	10.4	7.4	6.0	4.5	4.6
Hotels and Guest Houses	7.7	7.0	10.2	0.6	1.3	1.5	2.0
Transport, Storage and Communication	6.7	6.9	4.1	4.6	6.0	4.8	5.4
Finance, Insurance, Real Estate and Business Services	19.9	20.0	26.8	26.0	28.5	37.8	35.9
Education, Cultural and Community Services	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Personal Services	0.2	0.5	0.5	0.4	0.4	0.3	0.4
Consumers	17.9	17.3	12.7	12.1	15.1	13.1	12.5
TOTAL (excluding Real Estate Mortgage & Leases)	86.6	86.7	90.0	87.6	85.8	86.2	82.8
Real Estate Mortgage Loans	3.4	3.4	2.3	2.8	2.7	2.1	1.8
Leases	10.0	9.9	7.7	9.6	11.5	11.7	15.4
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, 1999 - 2003
/ Dollars Thousand /

End of Period	Cash and Deposits at Central Bank	Balances due from Banks (Net)	Domestic Credit			Total Assets/ Liabilities
			Investments	Loans	Total	
	(1)	(2)	(3)	(4)	(5)	(6)
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
2001	352,226	665,675	3,617,300	3,734,207	7,351,507	8,369,408
2002*	353,897	957,241	3,136,420	4,123,822	7,260,242	8,571,380
2003	466,290	773,987	4,224,501	4,879,617	9,104,118	10,344,395
2002						
I	329,547	543,828	3,368,113	3,915,718	7,283,831	8,157,206
II	346,127	752,586	3,346,692	3,951,823	7,298,515	8,397,228
III	352,224	710,094	3,125,202	4,044,754	7,169,956	8,232,274
IV	353,897	957,241	3,136,420	4,123,822	7,260,242	8,571,380
2003						
I	366,158	1,024,472	4,378,969	4,249,010	8,627,979	10,018,609
II	389,226	1,275,960	3,965,544	4,776,347	8,741,891	10,407,077
III	472,100	847,154	4,511,097	4,952,038	9,463,135	10,782,389
IV	466,290	773,987	4,224,501	4,879,617	9,104,118	10,344,395
End of Period	Deposits	Borrowings	Provisions	Capital and Reserves	Other Items (Net)	
	(7)	(8)	(9)	(10)	(11)	
1999	3,358,989	177,100	24,438	578,328	2,205,957	
2000	3,089,686	144,703	33,946	948,467	4,398,292	
2001	3,250,046	150,055	102,052	1,236,720	3,630,535	
2002*	2,762,005	331,555	74,899	1,583,440	3,819,481	
2003	2,631,503	138,710	125,073	2,112,653	5,336,456	
2002						
I	3,037,314	272,823	118,467	1,297,881	3,430,721	
II	3,048,843	269,127	94,892	1,370,183	3,614,183	
III	2,835,558	272,015	70,398	1,473,370	3,580,933	
IV	2,762,005	331,555	74,899	1,583,440	3,819,481	
2003						
I	2,918,534	145,052	80,096	1,755,300	5,119,627	
II	3,045,232	143,422	90,065	1,837,445	5,290,913	
III	3,009,413	140,089	131,834	1,974,915	5,526,138	
IV	2,631,503	138,710	125,073	2,112,653	5,336,456	

SOURCE: Central Bank of Trinidad and Tobago



TABLE A.31
Development Banks: Summary of Assets and Liabilities, 1999 - 2003
/ 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)
1999 ^r	-29,400	-26,229	-418,197	1,027,302	582,876	553,476	40,269	368,955	144,252
2000	-25,272	-25,351	-405,223	1,252,091	821,517	796,245	40,663	402,440	353,142
2001 ^r	-20,980	-16,474	-519,292	1,221,925	686,159	665,179	15,627	283,769	365,783
2002 ^r	-16,800	-20,756	-505,409	1,282,594	756,429	739,629	0	341,583	398,046
2003	-12,600	-21,229	-505,409	1,746,027	1,219,389	1,206,789	0	358,006	848,783
2002									
I	-19,956	-15,869	-519,292	1,234,541	699,380	679,424	13,222	293,520	372,682
II	-18,943	-15,544	-514,783	1,230,176	699,849	680,906	14,502	298,398	368,006
III ^r	-17,917	-14,213	-514,783	1,245,631	716,635	698,718	0	328,207	370,511
IV ^r	-16,800	-20,756	-505,409	1,282,594	756,429	739,629	0	341,583	398,046
2003									
I	-16,110	-21,267	-505,409	1,284,339	757,663	741,553	0	343,438	398,115
II	-14,712	-20,151	-505,409	1,281,937	756,377	741,665	0	343,464	398,201
III	-13,664	31,310	-505,409	1,673,375	1,199,276	1,185,612	0	348,800	836,812
IV	-12,600	-21,229	-505,409	1,746,027	1,219,389	1,206,789	0	358,006	848,783

SOURCE: Central Bank of Trinidad and Tobago.

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

TABLE A.32
Trust Institutions: Summary of Assets and Liabilities, 1999 - 2003
/ 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)
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
2001	0	2,369	12,307	37,867	52,543	52,543	5,699	3,987	9,686	20,011	22,846
2002	0	5,452	10,642	42,240	58,334	58,334	8,010	4,262	12,272	18,393	27,669
2003	0	5,780	10,615	43,484	59,879	59,879	9,933	4,423	14,356	16,220	29,303
2001											
I	0	1,910	10,878	40,909	53,697	53,697	5,749	3,623	9,372	22,253	22,072
II	0	2,078	10,956	39,393	52,427	52,427	5,428	3,542	8,970	21,422	22,035
III	0	2,174	11,706	39,887	53,767	53,767	5,717	3,621	9,338	21,140	23,289
IV	0	2,369	12,307	37,867	52,543	52,543	5,699	3,987	9,686	20,011	22,846
2002											
I	0	3,780	10,927	38,486	53,193	53,193	5,602	3,748	9,350	20,446	23,397
II	0	4,393	10,909	38,364	53,666	53,666	5,688	4,102	9,790	21,314	22,562
III	0	4,374	10,897	39,692	54,963	54,963	6,912	4,043	10,955	20,460	23,548
IV	0	5,452	10,642	42,240	58,334	58,334	8,010	4,262	12,272	18,393	27,669
2003											
I	0	6,801	10,648	42,817	60,266	60,266	9,360	4,530	13,890	17,912	28,464
II	0	5,289	10,625	42,607	58,521	58,521	10,295	3,582	13,877	16,915	27,729
III	0	6,030	10,615	42,696	59,341	59,341	9,367	4,403	13,770	16,582	28,989
IV	0	5,780	10,615	43,484	59,879	59,879	9,933	4,423	14,356	16,220	29,303

SOURCE: Central Bank of Trinidad and Tobago.

¹ Thrift institutions for 2001 include the three Building Societies. Data prior to 2001 include the Post Office savings bank which closed on August 31, 2001.



TABLE A.33
Non-Bank Financial Institutions Interest Rates: 2001 - 2003
/ Per Cent /

Interest Rates ¹	For the Period						
	2001	2002	2003	2003 ^p			
				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) 1 - 3 years							
Range	6.00-10.00	6.00-10.00	5.00-10.00	5.00-10.00	6.00-10.00	5.00-10.00	5.00-10.00
Median	8.00	8.00	8.00	8.00	8.00	8.00	8.00
(c) Mortgage Loans (Residential)							
Range	13.00-14.00	12.50-14.00	12.50-14.00	12.50-14.00	12.50-14.00	12.50-14.00	12.50-14.00
Median	13.50	13.25	12.00	12.00	12.00	12.00	12.00
2. Trust & Mortgage Finance Companies							
(a) Time Deposits							
(i) 1 - 3 years							
Range	7.00-12.00	6.00-12.00	2.00-11.00	3.00-11.00	2.00-11.00	2.00-11.00	2.00-9.90
Median	9.91	9.95	7.35	7.35	7.35	7.35	5.50
(ii) Over 3 years							
Range	6.00-11.50	3.00-11.57	3.00-12.00	3.00-12.00	3.00-12.00	3.00-12.00	3.00-12.00
Median	9.50	9.63	7.55	7.50	7.60	7.50	7.50
(b) Mortgage Loans							
(i) Residential							
Range	5.00-17.00	5.00-13.50	6.00-16.00	6.00-16.00	6.00-16.00	6.00-16.00	6.00-16.00
Median	13.00	13.50	12.00	12.00	12.00	12.00	12.00
(ii) Commercial							
Range	6.00-16.50	6.00-16.50	7.00-15.00	11.00-14.50	7.00-15.00	7.00-14.50	7.00-15.00
Median	14.50	14.25	9.41	12.75	12.25	6.56	6.56
3. Finance Companies and Merchant Banks							
(a) Time Deposits							
1 year to 3 years							
Range	7.00-12.00	7.00-12.00	3.00-11.75	3.00-11.75	3.00-11.75	3.00-11.75	3.50-11.75
Median	9.44	10.63	8.26	8.44	8.07	8.07	8.90
(b) Instalment Loans							
Range	6.00-21.00	6.00-19.57	4.60-19.50	4.60-19.00	4.60-19.00	4.60-19.00	4.60-19.50
Median	9.40	11.50	9.00	9.00	9.00	9.00	9.00

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, 2000 - 2003

End of Period	New Issues (\$Million)			Secondary Market Turnover ¹						
				Government Securities ²		Treasury Bills		Public Company Shares		
	Government Securities	Treasury Bills	Other ³	Face Value (\$M)	No. of Transactions	Face Value (\$M)	No. of Transactions	Market Value (\$M)	No. of Transactions	Volume of Shares Traded (Mn)
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
2001	1,376.0	0.0	3,802.1	15.3	8	287.0	131	1,044.9	6,609	122.2
I	-	0.0	1,110.6	10.1	6	119.4	57	224.0	1,609	26.7
II	676.0	0.0	306.1	4.5	1	61.8	31	180.3	1,561	22.6
III	700.0	0.0	150.0	0.7	1	53.0	22	240.7	1,932	29.3
IV	0.0	0.0	2,235.4	0.0	0	52.8	21	399.9	1,507	43.6
2002¹	1,100.0	0.0	239.4	9.63	21	41.8	29	1,060.4	8,092	96.7
I	0.0	0.0	203.0	7.37	9	1.7	8	318.1	1,724	27.1
II	300.0	0.0	8.0	0.0	0	20.1	2	272.6	1,831	24.9
III	800.0	0.0	13.0	2.26	12	20.0	4	142.0	1,864	15.7
IV	0.0	0.0	15.4	0.0	0	0.0	15	327.7	2,673	29.0
2003	2,640.0	0.0	3,939.0³	0.0	0.0	710.3	37	2,303.2	1,669	409.6
I	0.0	0.0	1,035.1	0.0	0.0	10.7	4	290.4	1,899	121.7
II	1,000.0	0.0	725.8	0.0	0.0	281.3	7	319.8	3,190	58.5
III	1,000.0	0.0	1,362.3	0.0	0.0	293.6	10	790.4	4,749	83.7
IV	640.0	0.0	815.8	0.0	0.0	124.7	16	902.6	6,852	145.7

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 Data include new issues by state corporations and other private organisations.



TABLE A.35
Selected Interest Rates: 2001 - 2003¹
/ Per Cent Per Annum /

	For the Period						
	2001	2002	2003	2003			
				I	II	III	IV
A. Central Bank							
(i) Bank Rate	13.00	7.25	7.00	7.25	7.25	7.00	7.00
(ii) Special Deposits Rate	4.00	4.00	3.00	3.25	3.25	3.00	3.00
(iii) Repo Rate ²	-	5.25	5.00	5.25	5.25	5.00	5.00
(iv) Reverse Repo Rate ²	-	4.75	4.50	4.75	4.75	4.50	4.50
B. Government							
(i) Treasury Bills ³	8.55	4.83	4.82	4.66	4.94	4.85	4.79
C. Commercial Banks							
- Local Currency							
(i) Weighted Average Rate on Loans	14.50	12.78	11.70	12.01	11.73	11.91	11.13
(ii) Weighted Average Rate on Deposits	5.72	3.66	2.60	2.70	2.57	2.64	2.50
(iii) Interest Spread (i - ii)	8.78	9.12	9.10	9.31	9.17	9.28	8.63
D. Non-Bank Financial Institutions⁴							
(i) Weighted Average Rate on Loans	11.73	10.95	10.17	9.92	10.24	9.87	10.63
(ii) Weighted Average Rate on Deposits	10.07	7.70	6.89	7.04	6.87	6.69	6.96
(iii) Interest Spread (i - ii)	1.66	3.25	3.28	2.88	3.37	3.17	3.67

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, Repo Rate and Reverse Repo Rate which reflect the end of quarter/year position.

² In May 2002, the Central Bank introduced a system of announced overnight repurchase or 'repo' rates for short-term government paper.

³ Data are weighted averages of the monthly discount rates for issues occurring during the period.

⁴ Includes Finance Houses, Trust and Mortgage Finance Companies and represents rates for licensed institutions only.

TABLE A.36
Balance of Payments: 1999 - 2003
/ US - \$Million /

Item	1999	2000	2001	2002 ^r	2003 ^p
(1) Merchandise (Net)	63.6	968.8	718.1	237.7	1,076.9
Exports	2,815.8	4,290.3	4,304.2	3,920.0	4,862.6
Imports	2,752.2	3,321.5	3,586.1	3,682.3	3,785.7
(2) Services (Net)	329.1	166.1	203.8	237.2	219.2
Transportation	80.9	34.4	90.7	85.1	82.0
Travel	126.8	65.7	49.9	55.7	33.4
Communication	102.8	30.8	24.2	24.5	28.2
Insurance	23.9	45.7	70.5	90.2	104.6
Other Government	-10.2	-13.9	-20.3	-18.1	-20.5
Other Services	4.9	3.4	-11.2	-0.2	-8.5
(3) Income	-399.9	-628.5	-539.3	-479.8	-444.3
Investment Income	-399.9	-628.5	-539.3	-479.8	-444.3
(4) Unrequited Transfers (Net)	37.8	37.9	33.4	54.5	65.6
(5) Current Account (1+2+3+4)	30.6	544.3	416.0	49.6	917.4
(6) Net Capital Movement (Net)	40.4	234.7	336.2	330.2	-542.5
Portfolio Investment	-170.0	-146.3	-58.0	-3.2	-0.2
Direct Investment	379.2	654.3	684.9	684.8	425.2
Regional bond issues	-177.5	-30.0	-206.2	-70.1	-432.8
Other Private ¹	-174.9	-211.1	-292.2	-141.0	-268.4
Commercial Banks ²	73.7	-86.1	257.1	-79.3	-203.8
Official Borrowing	124.4	114.9	-34.7	-50.8	-51.8
Official Loans	0.0	0.0	0.0	0.0	0.0
State Enterprises Borrowing	-14.5	-61.0	-14.7	-10.2	-10.7
Other Assets	0.0	0.0	0.0	0.0	0.0
(7) Net Errors & Omissions	91.2	-338.0	-281.6	-330.9	-40.7
(8) Overall Surplus or Deficit	162.2	441.0	470.6	48.9	334.2
(9) Official Financing	-162.2	-441.0	-470.6	-48.9	-334.2
Government	0.0	3.5	0.0	0.0	0.0
Central Bank (Net) ³	-162.2	-444.5	-470.6	-48.9	-334.2
(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)	0.4	6.6	4.7	0.5	9.6
Gross Official Reserves (US\$Mn)	967.6	1,405.5	1,876.0	1,923.5	2,257.8
<i>(in months of imports)</i>	3.3	4.3	5.6	5.8	6.4
Debt Service Ratio	8.0	7.9	3.7	4.4	3.8

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



TABLE A.37
Value of Exports¹ and Imports by Sections of the S.I.T.C. (R2),
2000- 2003
/ Dollars Million/

Section	2000		2001		2002		2003*	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Total²	26,923.5	20,841.9	25,748.7	22,210.8	24,062.3	22,872.9	23,051.5	16,985.0
0. Food and Live Animals	962.4	1,519.9	907.3	1,831.5	897.8	1,681.3	589.8	1,367.9
1. Beverages and Tobacco	537.3	118.9	591.8	137.7	628.2	132.4	476.0	109.9
2. Crude Materials Except Fuels	41.8	504.4	57.2	409.3	58.4	775.1	61.7	750.6
3. Mineral Fuel Lubricants	17,574.8	6,731.3	15,430.3	5,737.2	14,457.3	6,324.9	16,194.0	4,551.6
4. Animal and Vegetable Oils and Fats	22.3	65.1	31.6	55.2	36.4	66.4	24.4	58.4
5. Chemicals	4,665.9	1,642.7	5,102.2	1,828.5	4,019.4	1,795.5	2,943.1	1,388.9
6. Manufactured Goods	2,394.0	2,759.4	2,728.3	3,041.7	2,964.4	2,875.4	2,148.3	2,317.1
7. Machinery & Transport Equipment	320.7	6,375.5	470.5	7,835.5	583.1	7,925.2	332.8	5,383.6
8. Misc. Manufactured Articles	399.7	1,066.8	427.8	1,288.4	415.4	1,256.5	278.7	1,016.2
9. Misc. Transactions and Commodities	4.6	57.9	1.7	45.8	1.9	40.2	2.7	40.8
Memorandum Item:								
Ships' Stores/Bunkers	290.8	-	354.5	-	253.6	-	598.4	-

SOURCE: Central Statistical Office.

¹ Domestic Exports

² Unadjusted for Balance of Payments

* Reflects data for the period Jan-Sept 2003 only.

TABLE A.38
Exports by Economic Function, 1999-Sept 2003
/ Dollars Million/

Commodity Groups	1999	2000	2001 ^r	2002 ^r	2003 [*]
1. Consumer Goods	1,959.0	1,991.4	1,986.7	2,005.5	1,425.2
NON-DURABLES	1,662.1	1,685.1	1,650.4	1,673.2	1,192.1
Food	912.1	902.7	813.6	808.7	549.4
Other	750.0	782.4	836.8	864.5	642.7
DURABLES	296.9	306.3	336.3	332.3	233.1
2. Raw Materials and Inter. Goods	14,475.1	24,068.8	22,733.0	20,879.3	23,006.0
Fuels	9,554.8	17,574.8	15,430.3	14,457.3	16,193.9
Construction Materials	1,347.2	1,567.0	1,846.8	2,101.6	1,686.7
Chemicals	3,362.0	4,665.9	5,102.2	4,019.3	2,943.1
Other Raw Materials	211.1	261.1	353.7	301.1	2,182.3
3. Capital Goods	405.0	254.6	337.1	491.8	259.2
Transport Equipment	50.6	30.2	21.8	42.9	30.3
Other Machinery and Equipment	354.4	224.4	315.3	448.9	228.9
4. Other Commodities	822.1	608.7	691.9	685.7	361.1
5. Total Exports Unadjusted for Balance of Payments (1+2+3+4)	17,661.2	26,923.5	25,748.7	24,062.3	25,051.5

SOURCE: Central Statistical Office.

* Reflects data for the period Jan-Sept 2003 only.



TABLE A.39
Imports by Economic Function, 1999-Sept 2003
/ Dollars Million/

Commodity Groups	1999	2000	2001	2002	2003*
1. Consumer Goods	3,627.9	3,428.0	4,108.8	4,009.1	3,310.2
NON-DURABLES	2,202.2	2,057.7	2,485.5	2,375.5	1,950.4
Food	1,496.6	1,370.9	1,689.6	1,536.6	1,276.2
Other	705.4	686.8	795.9	838.9	674.2
DURABLES	1,425.7	1,370.3	1,623.3	1,633.6	1,359.8
C.K.D. Passenger cars	na	-	-	-	-
Non-C.K.D. Passenger Cars	561.5	498.4	540.5	596.1	517.6
Other	864.2	871.9	1,082.8	1,037.5	842.2
2. Raw Materials and Inter. Goods	6,233.3	9,598.9	8,920.1	9,697.7	7,418.3
Fuels	3,628.3	6,731.4	5,737.2	6,324.9	4,551.6
Construction Materials	586.9	628.0	870.8	830.4	688.2
Other Raw Materials	2,018.1	2,239.5	2,312.1	2,542.4	2,178.5
3. Capital Goods	3,815.5	5,623.3	6,499.9	7,237.9	4,294.9
Transport Equipment	928.7	2,079.6	1,148.8	2,196.5	760.5
Oil and Mining Machinery	11.9	767.2	316.9	539.3	176.5
Other Machinery and Equipment	2,874.9	2,776.5	5,034.2	4502.1	3,357.9
4. Other Commodities	3,586.3	2,191.7	2,682.0	1,928.2	1,961.6
5. Total Imports Unadjusted for Balance of Payments (1+2+3+4)	17,263.0	20,841.9	22,210.8	22,872.9	16,985.0

SOURCE: Central Statistical Office.

* Reflects data for the period Jan-Sept 2003 only

TABLE A.40
Direction of Trade - Exports, 1999 - Sept 2003

Country	1999		2000		2001		2002		2003*	
	\$M	%	\$M	%	\$M	%	\$M	%	\$M	%
United States	6,876.3	39.3	11,592.1	43.5	11,029.9	43.4	11,201.3	46.6	12,752.3	56.9
United Kingdom	409.0	2.3	450.9	1.7	395.6	1.6	354.3	1.5	242.5	1.1
Japan	13.3	0.1	46.3	0.2	8.2	0.0	8.6	0.0	3.7	0.0
Other European										
Community (excluding U.K.)	593.7	3.4	1,145.0	4.3	805.5	3.2	774.7	3.2	495.5	2.2
Canada	266.1	1.5	354.2	1.3	611.2	2.4	574.1	2.4	385.1	1.7
CARICOM	4,558.6	26.1	6,089.6	22.9	6,112.8	24.1	4,796.3	20.0	3,960.9	17.6
of which:										
Jamaica	1,523.8	8.7	2,088.6	7.8	2,192.7	8.6	1,792.9	7.5	1,294.5	5.8
Guyana	452.8	2.6	584.3	2.2	548.2	2.2	485.2	2.0	574.2	2.6
Barbados	922.6	5.3	1,270.2	4.7	1,658.9	6.5	1,009.2	4.2	800.8	3.6
Puerto Rico and U.S. Virgin Islands	411.0	2.3	923.6	3.4	916.2	3.6	849.3	3.5	324.6	1.4
Central and South America ¹	1,655.1	9.5	2,158.7	8.1	1,898.3	7.5	1,853.8	7.7	1,487.6	6.6
European Free Trade Association	67.7	0.4	46.6	0.2	42.0	0.2	54.9	0.2	48.9	0.2
Other	2,638.6	15.1	3,825.7	14.4	3,571.2	14.0	3,341.3	14.9	2,752.0	12.3
TOTAL²	17,489.4	100.0	26,632.7	100.0	25,390.9	100.0	23,808.6	100.0	22,453.1	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-Sept 2003 only.



TABLE A.41
Direction of Trade - Imports, 1999 - Sept 2003

Country	1999		2000		2001		2002		2003*	
	\$M	%	\$M	%	\$M	%	\$M	%	\$M	%
United States	6,867.6	39.8	7,293.6	34.9	8,158.1	36.7	7,679.8	33.6	5,141.0	30.0
United Kingdom	804.9	4.7	746.9	3.6	989.9	4.5	817.1	3.6	649.3	4.0
Japan	876.7	5.1	680.3	3.3	833.0	3.8	1,001.5	4.4	726.7	4.0
Other European										
Community (excluding U.K.)	1,213.8	7.0	1,370.1	6.6	2,571.6	11.6	2,675.3	11.7	2,004.5	12.0
Canada	841.9	4.9	544.7	2.6	568.6	2.6	647.0	2.8	513.1	3.0
CARICOM	827.3	4.8	789.0	3.8	750.8	3.4	574.0	2.5	439.6	3.0
of which:										
Jamaica	114.3	0.7	122.4	0.6	124.8	0.6	108.6	0.5	81.9	0.5
Guyana	74.9	0.4	93.2	0.4	101.3	0.5	98.4	0.4	93.4	0.6
Barbados	239.5	1.4	228.8	1.1	144.8	0.7	191.0	0.8	96.6	0.6
Central and South America ¹	3,868.2	22.4	6,718.0	32.2	5,398.0	24.3	4,737.8	20.7	4,087.1	24.0
of which:										
Brazil	245.3	1.4	613.7	2.9	1,241.4	5.6	1,305.8	5.7	1,582.9	9.0
Venezuela	2,062.0	11.9	3,834.0	18.4	2,716.0	12.2	2,470.5	10.8	1,387.9	8.0
European Free Trade										
Association	153.2	0.9	203.9	1.0	170.0	0.8	252.4	1.1	193.9	1.0
Indonesia	29.6	0.2	49.7	0.2	22.7	0.1	29.7	0.1	0.0	0.0
Other	1,779.8	10.2	2,445.7	11.8	2,737.1	12.3	4,458.3		19.5	3,229.8
19.0										
TOTAL²	17,263.0	100.0	20,841.9	100.0	22,199.8	100.0	22,872.9	100.0	16,985.0	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-Sept 2003 only.

TABLE A.42
Weighted Average TT Dollar Exchange Rates for Selected Currencies¹,
1999 - 2003

Period	United States Dollar		Canadian Dollar		UK Pound Sterling		Japanese Yen		Euro*	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1999	6.2457	6.2997	4.1701	4.3332	10.0375	10.3680	0.0552	0.0557	-	-
2000	6.2503	6.2998	4.1599	4.3188	9.3961	9.7412	0.0581	0.0587	5.8441	6.0074
2001	6.1679	6.2314	3.9397	4.0916	8.7703	9.1134	0.0544	0.0534	5.4881	5.6632
2002	6.1746	6.2473	3.8622	4.0202	9.1236	9.4925	0.0494	0.0501	5.7305	5.9724
2003	6.2314	6.2951	4.3670	4.555	9.9809	10.4028	.0537	.0544	6.8736	7.1661
2003										
January	6.2319	6.2996	3.9395	4.1292	9.8619	10.2877	0.0524	0.0531	6.4264	6.7733
February	6.2245	6.2945	4.0321	4.2253	9.8057	10.2465	0.0520	0.0528	6.5518	6.8584
March	6.2241	6.2962	4.1272	4.3162	9.6543	10.0688	0.0524	0.0530	6.4389	6.7933
I	6.2271	6.2969	4.0267	4.2173	9.7809	10.2083	0.0523	0.0530	6.4719	6.8077
April	6.2287	6.2978	4.1791	4.3529	9.6141	10.0404	0.0517	0.0527	6.5966	6.9058
May	6.2423	6.2965	4.4264	4.6021	9.9544	10.3288	0.0532	0.0537	6.9906	7.3284
June	6.2328	6.2887	4.5164	4.6905	10.1386	10.5601	0.0524	0.0533	7.1139	7.4240
II	6.2348	6.2945	4.3724	4.5470	9.8993	10.3059	0.0524	0.0533	6.8983	7.2178
July	6.2237	6.2899	4.4339	4.6152	9.9381	10.3494	0.0523	0.0531	6.9293	7.0403
August	6.2238	6.2883	4.3677	4.5549	9.7164	10.1498	0.0525	0.0531	6.7873	7.2475
September	6.1640	6.2395	3.8479	3.9999	9.4038	9.8112	0.0510	0.0517	5.9465	6.2024
III	6.1051	6.1785	3.8554	4.0038	9.3018	9.6849	0.0512	0.0519	5.9182	6.1627
October	6.2202	6.2956	3.8627	4.0288	9.4861	9.8921	0.0502	0.0509	5.9613	6.2469
November	6.2322	6.2992	3.8757	4.0493	9.6097	10.0223	0.0514	0.0519	6.1079	6.3750
December	6.2429	6.2997	3.9082	4.0830	9.6789	10.0998	0.0512	0.0518	6.2149	6.4883
IV	6.2310	6.2980	3.8808	4.0520	9.5851	9.9977	0.0509	0.0515	6.0863	6.3622

SOURCE: Central Bank of Trinidad and Tobago

¹ Monthly rates are an average for the month

* Euro was first traded in the Foreign Exchange market in 2000.



TABLE A.43
Trinidad and Tobago - International Reserves, 1999 - 2003
/ US-\$Mn /

End of Period	Central Bank					Central Government	Net Official Reserves (5+6)
	Foreign Assets	of which		Foreign Liabilities	Net International Reserves (1-4)		
		IMF Reserve Tranche Position	SDR Holdings				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1999	964.0	0.0	0.0	17.8	946.2	3.6	949.8
2000	1,405.4	0.0	0.1	17.5	1,387.9	0.1	1,388.0
2001	1,875.9	0.0	0.2	17.5	1,858.4	0.1	1,858.5
2002	1,923.5	0.0	0.4	16.2	1,907.3	0.1	1,907.4
2003	2,257.7	0.0	1.1	16.2	2,241.5	0.1	2,241.6
2002							
I	1,867.9	0.0	0.2	17.5	1,850.4	0.1	1,850.5
II	1,965.7	0.0	0.1	17.5	1,948.2	0.1	1,948.3
III	2,007.1	0.0	0.2	16.2	1,990.9	0.1	1,991.0
IV	1,923.5	0.0	0.4	16.2	1,907.3	0.1	1,907.4
2003							
I	1,922.6	0.0	0.5	16.2	1,906.4	0.1	1,906.5
II	1,971.6	0.0	0.6	16.2	1,955.4	0.1	1,955.6
III	2,214.8	0.0	0.8	16.2	2,198.6	0.1	2,198.7
IV	2,257.7	0.0	1.1	16.2	2,241.5	0.1	2,241.6
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)	
1999	422.3	276.7	145.6	1,389.9	294.5	1,095.4	
2000	504.2	272.5	231.7	1,909.7	290.0	1,619.7	
2001	579.2	604.6	-25.4	2,455.2	622.1	1,833.1	
2002	670.4	616.5	53.9	2,594.0	632.7	1,961.3	
2003	1,009.0	739.4	269.6	3,266.8	755.6	2,511.2	
2002							
I	572.6	547.4	25.2	2,440.6	564.9	1,875.7	
II	610.1	463.1	147.0	2,575.9	480.6	2,095.3	
III	514.0	572.9	-58.9	2,521.2	589.1	1,932.2	
IV	670.4	616.5	53.9	2,594.0	632.7	1,961.3	
2003							
I	674.7	595.4	79.3	2,597.4	611.6	1,985.8	
II	1,009.9	587.0	422.9	2,981.6	603.2	2,378.4	
III	822.5	630.6	191.9	3,037.4	646.8	2,390.6	
IV	1,009.0	739.4	269.6	3,266.8	755.6	2,511.2	

SOURCE: Central Bank of Trinidad and Tobago.

Appendix:

Calendar of Key Economic Events

January - December 2003





Calendar of Key Economic Events January - December 2003

JANUARY

20 The Caribbean Association of Industry and Commerce (CAIC) received a grant of TT\$400,000 (Can\$100,000) from the Canadian International Development Agency (CIDA) through its Caribbean Regional Trade Policy Responsive Fund. The grant is to be used to inform and sensitise Caribbean service providers, on the relevant issues and potential impact of trade agreements, such as the General Agreement on Trade Services, the Free Trade Area of the Americas and the CARICOM Single Market and Economy.

27 It was reported that the Trinidad and Tobago Unit Trust Corporation (UTC) officially opened its subsidiary, the Belize Unit Trust Corporation Ltd. (BELUTC). BELUTC is limited liability investment management company specialising in Collective Investment Vehicles (CIVs), otherwise known as Mutual Funds or Unit Trusts. Its shareholders are the UTC (the largest shareholder), Provident Bank, the Trust of Belize Ltd., and St. John's Credit Union Ltd.

30 The Finance (Variation of Appropriation) (2002) Act, 2003 was assented to on this date. This

Act varied the appropriation of the sum which was authorized by the Appropriation Act, 2002 (Act No. 4 of 2003).

31 An Act to amend the Old Age Pensions Act, Chap. 32:02 and to validate certain things done thereunder, was assented to on this date. This Act may be cited as the Old Age Pensions (Amendment and Validation) Act, 2003. Under this Act the increases in old age pension paid by the Board from October 1, 2001 were validated.

FEBRUARY

01 Dr. Shelton Nicholls was appointed to the post of Deputy Governor, Central Bank of Trinidad and Tobago for a period of five years. Dr. Nicholls was a former Executive Director of the Caribbean Centre for Monetary Studies (CCMS) and a lecturer in the Department of Economics at UWI, St. Augustine.

06 It was announced that a global credit ratings agency, based in New York, USA, FITCH Ratings, reaffirmed RBTT Financial Ltd's long-term credit ratings of BB+, and downgraded the company's financial outlook to BBB-. FITCH noted in its report that the revised

rating was attributed to depressed economic conditions in many of the eleven regional countries in which RBTT Financial Ltd. operates, resulting from both the slump in tourism exacerbated by the events of September 11, 2001, and weaknesses in the agricultural export sector.

- 13 The Minimum Wages Order, 2003 was made by the Minister of Labour and Small and Micro-Enterprise Development under Section 3 of the Minimum Wages Act by *Legal Notice No. 12 of 2003*. Under this order, the National Minimum Wage for workers in Trinidad and Tobago was set at the rate of \$8.00 per hour exclusive of gratuities, service charges and commission.
- 27 The Prime Minister announced that the Republic Finance and Merchant Bank Ltd. (FINCOR) would arrange and fully underwrite a fixed-rate bond issue in the sum of TT\$518.5 million for Caroni (1975) Ltd. The bond issue was designed to refinance the short term debt of Caroni (1975) Ltd. The bond issue will initially be secured by a Letter of Comfort from the government to be converted to a full government guarantee, under the Guarantee of Loans (Companies) Act, Chap. 71:82.
- 28 In accordance with Section 8(4) of the Financial Institutions Act, 1993, Guardian Asset Management Ltd. was licensed to carry on business under the Act.

This authorizes the institution to carry out the business of a trust company, a merchant bank, a unit trust and to provide other financial services. (*Legal Notice No. 43 of 2003*).

MARCH

- 10 It was reported that RBTT Merchant Bank Ltd., on behalf of RBTT Bank Ltd., had successfully concluded a syndicated US\$46 million LIBOR-based note purchase with a duration of two years. This facility, for which funds were raised entirely from investors in the US and Europe, was oversubscribed. The proceeds will be used to fund working capital for projects within Trinidad and Tobago.
- 13 The Guarantee of Loans (Companies) Act, Chap. 71:82 Resolution was published by *Legal Notice No. 28 of 2003*. Under this resolution the aggregate amount of all borrowings by Companies that are guaranteed by the Government under the Act was increased to TT\$9 billion from TT\$5 billion, the limit that was set in 1979.

The Treasury Notes Act, 1995 Resolution was published by *Legal Notice No. 25 of 2003*. Under this resolution, the borrowing limit on treasury notes was increased from TT\$1 billion to TT\$3 billion or the equivalent in any foreign currency or currencies.



The Treasury Bills Act, Chap. 71:40 Resolution was published by *Legal Notice No. 26 of 2003*. Under this resolution, the authorised borrowing limit on treasury bills was increased from TT\$2 billion to TT\$5 billion or the equivalent in any foreign currency or currencies.

The Development Loans Act, Chap. 71:04 Resolution was published by *Legal Notice No. 27 of 2003*. Under this resolution, the limit on Government's borrowing from domestic and external sources was increased to TT\$13 billion from TT\$10 billion.

- 20 The United States of America launched an attack on Baghdad, Iraq. This began an US-led war aimed at toppling the Iraqi leader, Saddam Hussein.

It was announced that Republic Bank Ltd. (RBL) had acquired 57 percent of the shares of the Barbados National Bank (BNB). BNB has an asset base of US\$626 million and posted after-tax profits of US\$11.9 million in 2001. It was also announced that an RBL Guyana subsidiary, the National Bank of Industry and Commerce (NBIC) had purchased the Guyana National Co-operative Bank (GNCB), a business with net assets of G\$2 billion (TT\$61 million), for a price of G\$2.7 billion (TT\$82 million). The total assets of the GNCB were approximately G\$16 billion increasing NBIC's market share in Guyana to 45 percent.

APRIL

- 03 Standard & Poor's (S&P) assigned an improved credit rating to Trinidad and Tobago. S&P raised Trinidad and Tobago's short-term and long-term foreign currency sovereign credit ratings to A-3 and triple B plus, respectively. Trinidad and Tobago's triple B plus long-term local currency sovereign credit rating was increased to A minus while the A-2 short term local currency sovereign credit rating was reaffirmed.
- 21 It was reported that the Securities and Exchange Commission granted approval for the distribution of the units of the Grace Caribbean Fixed Income Fund in Trinidad and Tobago. Grace, Kennedy is a Jamaica-based publicly listed company with shares traded on the local Stock Exchange. The fund is an offshore mutual fund launched in the Cayman Islands in October 2002. The shares of the fund are valued every month and the price has appreciated to US\$10.13. The fund is expected to return an annualised yield of at least 7.5 percent per annum.
- 25 The Guardian Holdings Ltd. (GHL) announced that it had acquired 99 percent of the issued share capital of Fatum Holding NV, the owner of the Fatum Group in the Netherlands Antilles, for a price of US\$52.5 million. The net asset value of the Fatum Group per the audited accounts at

December 31, 2001 is US\$55 million. The Fatum Group has operated since 1904 and comprises three companies licensed to transact life and non-life insurance business in the Netherlands Antilles and Aruba. The ING Group will retain a 1 percent interest in the Fatum Group for a period not exceeding two years.

- 28 Atlantic LNG announced that its third plant to be constructed (Train III) achieved commercial operation, three months ahead of schedule. Train III has a production capacity of 3.3 million metric tonnes per annum, equal to its second plant, Train II, which was also completed ahead of schedule. Trains II and III cost US\$1.1 billion and will bring Atlantic LNG's contribution to GDP to 7.4 percent. The additional production from Train III will place Trinidad and Tobago fifth in the world in LNG production, behind Algeria, Indonesia, Qatar and Malaysia.

MAY

- 01 The Housing Minister announced that the Government of Trinidad and Tobago (GOTT) had agreed to a \$100 million Urban Renewal and Re-development Programme for the Beverly Hills/Laventille area in Port-of-Spain, and the Roy Joseph area in San Fernando. The Programme will include the construction of apartment blocks in both areas and is scheduled to

start in June 2003 to be completed in January 2005.

- 07 It was reported that on this date, Koch Nitrogen Company completed the acquisition of Farmland's fertilizer assets in Trinidad and Tobago and the USA for US\$293 million. Koch acquired a 50 percent interest in the Point Lisas based ammonia plant, Farmland MissChem, and paid US\$122 million for the Trinidad and Tobago assets. Koch Nitrogen Company is a subsidiary of Koch Industries Inc., of Wichita, Kansas, USA, the largest privately-held energy company and the second largest privately-held company in the USA. Koch Industries Inc., generates annual revenues of over US\$30 billion and was founded in 1940, with roots in the refining industry.
- 13 The Central Bank of Trinidad and Tobago issued new \$1, \$10 and \$100 Trinidad and Tobago currency notes with upgraded security features. These denominations are the first currency notes to bear the signature of Governor Ewart Williams. The newly upgraded notes carry a similar range of security features as those on the \$5 and \$20 notes which went into circulation in August 2002.

All currency notes with the previous design will remain legal tender and continue to circulate side by side with the upgraded notes. Replacement of the



existing notes will occur over time as older notes are withdrawn from circulation in the normal way due to expected wear and tear.

undertaking international negotiations.

JUNE

19 The Central Bank of Trinidad and Tobago, in collaboration with the commercial banks, established the office of the Banking Services Ombudsman. The new office was established to receive, investigate and render independent and prompt resolution to complaints with respect to the financial services provided by commercial banks and their subsidiaries. These financial services extend to investment related products and services, trust activities and mutual funds.

Mrs. Judy Chang was appointed to the post of Banking Services Ombudsman, Central Bank of Trinidad and Tobago. Mrs. Chang is a chartered accountant and former member of the Boards of the Central Bank of Trinidad and Tobago, the Deposit Insurance Corporation and the Trinidad and Tobago Unit Trust Corporation.

21 It was announced that the Government of Trinidad and Tobago (GOTT) and the Inter-American Development Bank had signed a US\$5 million agreement for Trade Support. The agreement is intended to improve trade policy design and implementation as well as to strengthen Trinidad and Tobago's technical capacity in

12 The Government of Trinidad and Tobago (GOTT) and the Atlantic LNG'S (ALNG) shareholders signed a contract to begin construction of ALNG Train Four in August 2003. The contract included anti-bribery clauses to void the contract if improper payments are ever detected. With a daily production capacity of 800 million cubic feet, Train Four will be the largest LNG train in the world, and starting in 2008 will earn direct revenue of \$1.02 billion annually for the contract's duration, while the GOTT's total take at the well-head will average \$1.07 million annually at an estimated US gas price of \$3.50 per million british thermal gas units (btu).

23 The Government of Trinidad and Tobago (GOTT) and the Inter-American Development Bank (IADB) successfully concluded negotiation for a US \$32 million loan for the national housing development programme. This represents 80 per cent of the US \$40 million covering the current first phase of the programme. The general objective of the programme was to establish a more equitable, transparent and sustainable system of affordable housing. The loan has two major components, one relating to the provision of family subsidies and

the other to a squatter upgrade programme.

JULY

- 07 The Finance (Supplementation and Variation of Appropriation) Act, 2003 was assented to on this date. This Act is to supplement and vary the appropriation of the sum the issue of which was authorized by the Appropriation Act, 2003. (Act No. 19 of 2003).
- 09 The **M-5000** project at Point Lisas was launched and on completion in 2005 Trinidad and Tobago will become the world's top producer and exporter of methanol. The shareholders of the **M-5000** project are Clico Energy and Ferrostal (Germany). The Methanol Plant, using purged gas streams from Methanol Holdings (Trinidad) Limited (MHTL), is expected to produce 5,400 metric tonnes of methanol per day, around double the 2.1 million metric tonnes annual output of MHTL's four existing plants. It is expected that just over half a billion US dollars would be spent on the project.
- 21 An Act to amend the Income Tax Act, Chap. 75:01 was assented to on this date. This Act may be cited as the Income Tax (Amendment) (No. 2) Act, 2003. (Act No. 20 of 2003)
- 31 This date marked the end of an era for a large segment of the population as operations ground to a halt at the Brechin Castle and

Ste Madeleine factories of Caroni (1975) Ltd. Caroni is to reemerge as the Sugar Manufacturing Company, whose operations will be greatly reduced.

AUGUST

- 06 The Desalination Company of Trinidad and Tobago (Desalcott) obtained a US \$112.2 million loan provided by Fincor for the construction of the final phase of the desalination plant. The plant, which has a total cost of US \$150 million, is the largest reverse osmosis desalination plant in the Western Hemisphere and the second largest in the world. Fincor had also arranged bridge financing of US \$77 million to take the plant to completion.
- 09 The Trinidad and Tobago Unit Trust Corporation (UTC) lent the Agricultural Development Bank (ADB) \$240 million to cover the loans to former Caroni workers who accepted the deferred installment plan. The UTC Board had agreed that the UTC would proceed to generate or mobilise a \$240 million package to be used exclusively by those persons who want to participate in the "Sweetened deal." The UTC is allowed to generate and loan the funds under its merchant bank provisions. The ADB will be repaying the UTC at the rate of 8 per cent, the same rate for the farmers. The repayment term is also the same deferred six-year period. Under the deal the former Caroni workers may invest their



VSEP payments in the UTC's Individual Retirement Unit Account and access a low-interest loan from the ADB in the same amount.

SEPTEMBER

02 The Central Bank of Trinidad and Tobago announced that in accordance with Section 30(1) of the Financial Institutions Act, Ms. Catherine Kumar was appointed Inspector of Banks for a period of five (5) years with effect from this date. The Central Bank also announced that when the amendment to the Insurance Act 1980 is approved by Parliament, this position will be re-named Inspector of Financial Institution.

04 The Central Bank of Trinidad and Tobago announced the reduction of its operating interest rates by 25 basis points, effective immediately. The Central Bank Repo rate which is the rate at which the Central Bank provides overnight credit to commercial banks will therefore be set at 5 per cent. The discount rate will also fall from 7.25 per cent to 7.00 per cent and the special deposit rate from 3.25 to 3.00 per cent. The decision to reduce these rates was taken against the background of a contraction in domestic credit, subdued inflationary pressures and the protracted delay in global economic recovery which continues to affect demand for exports. The Bank is of the view that the reduction in rates can

provide some stimulus to domestic demand, without undue risk for inflation.

Guardian Holdings Ltd announced that its shareholders and the investing public had been informed over the past months of the anomaly created in the GHL Group by the application of International Accounting Standards #28 and #39 in relation to its 21 per cent shareholding in RBTT. In brief, GHL has been obliged to treat with this strategic investment as an associated company and therefore to report its value at cost adjusted by the proportionate share of after tax undistributed profits. The effect has been to understate materially the group's operating results and the carrying value of this strategic investment. As a result GHL decided that its shareholding in RBTT be reduced. GHL decided to sell 24.0 million ordinary stock units comprising 7 per cent of the issued capital of RBTT and thereby reduce the Group's interest to approximately 14.0 per cent. Under the terms of the Strategic Alliance Agreement (SAA) between the GHL and RBTT Groups these shares will be offered to RBTT. This sale is expected to realise approximately TT\$515 million which will be satisfied in cash. On completion of this transaction, there will be a substantial reduction in GHL's debt, a sharp improvement in their debt:equity ratio, and a further strengthening of the capital base of their life and general companies to levels well

in excess of stipulated solvency margins.

The RBTT and GHL Groups announced that they had exercised their option under the Strategic Alliance Agreement, to upstream investments in certain major insurance subsidiaries of GHL directly to the level of the Group holding company, GHL. Accordingly, RBTT proposes to exchange its 20 per cent shareholding in the GHL sub-holding companies, Guardian Insurance Limited and Guardian General Limited for 29.9 million new ordinary shares of no par value in GHL at an issue price of TT\$19.70 per ordinary share. The new ordinary shares to be issued will represent 15.7 per cent of the increased share capital of GHL and is subject to (a) the shareholders of GHL approving this transaction and the issue of such new ordinary shares to RBTT; and (b) such other regulatory approvals as may be applicable to the issue of the new GHL Shares. The Board of the GHL was expected to hold a special meeting of its shareholders on October 14, 2003 to seek their approval to the issue of the new GHL shares to RBTT.

- 09 RBTT Bank was awarded the mandate to arrange a \$719 million fixed rate non-callable bond for Caroni (1975) Ltd. The proceeds of this bond are to be used for the Voluntary Separation Employment Programme. The bond was issued in two series at

a rate of 6.25 per cent.

- 10 RBTT Financial Holdings Ltd announced it had recently acquired Ernst and Young Trust Corporation in Barbados. The acquisition was made on July 31, 2003. RBTT, listed on the Barbados Stock Exchange since January 2, 1998 now adds an offshore banking and trust business to its otherwise complete portfolio of financial services throughout the Caribbean and Central America. The trust corporation is the largest of its type in Barbados with a wide range of clients from outside the Caribbean region.
- 22 The Finance (Supplementary Appropriation) Act, 2003 was assented to on this date. This Act provides for the Supplementary Appropriation for the service of Trinidad and Tobago for the financial year ending September 30, 2003. (Act No. 26 of 2003).

OCTOBER

- 07 Mississippi Chemical Corporation announced it had signed a definitive agreement to sell its 50 per cent equity interest in Point Lisas Nitrogen Ltd (PLNL) formerly Farmland MissChem Ltd (FMCL), and related shipping company to Koch Nitrogen Company. Point Lisas Nitrogen Ltd., which is jointly owned by Mississippi Chemical and an affiliate of Koch Nitrogen, owns and operates a 1,850 metric-tons-per-day ammonia plant. The proposed



transaction has an estimated total value of US\$127 million, including US\$92 million in cash proceeds. The remaining US\$35 million represents assumed liabilities. These amounts are subject to closing adjustments. Mississippi Chemical is diverting its share in Point Lisas Nitrogen Ltd. In an attempt to restructure the company so it can emerge from a Chapter 11 bankruptcy process.

- 10 The Minister of Energy announced a gas find off Trinidad's northeast coast. The newest find is at BHP Billiton's Howler Well in Block 2 (c) which tested at 22 million standard cubic feet of gas a day (mmscf/d) and produced six million barrels of condensate.
- 15 The Central Bank of Trinidad and Tobago announced a 4 per cent reduction in the cash reserve requirements for commercial banks with effect from this date. The reserve requirements had previously been reduced from 21 per cent to 18 per cent in May 2001. This latest reduction brings the reserve requirement to 14 per cent and is a move that signals the beginning of cheaper rates for banking customers. The Central Bank also announced its intention to lower the reserve requirement to 9 per cent on a phased basis over a period of about eighteen months.
- 21 It was announced that a service to provide information about the credit worthiness of customers

was launched recently. The General Manager of InfoLink, announced that the Automated Credit Bureau (ACB) was expected to come on stream in 2004 and would provide credit grantors, such as banks and stores that offer hire purchase, information on the credit payment history of their consumers seeking credit facilities. The General Manager of InfoLink assured that the facility would have the highest level of security and also that only customers who give permission would be on the network. The Automated Credit Bureau is being established under guidelines of the Inter-American Development Bank and the World Bank.

- 29 The Appropriation Act, 2004 was assented to on this date. (Act No. 27 of 2003).

NOVEMBER

- 06 The Central Bank announced that it would hold the repo rate at its current level of 5 per cent.

As a consequence of the October 2003 reduction in the reserve requirement, all banks lowered their prime lending rates which now range between 9.50 and 9.65 per cent compared to the previous levels of 11.50-12.00 per cent.

DECEMBER

- 11 The European Commission Ambassador to Trinidad and

Tobago presented the approval documents on the financing proposal for the Rural Electrification Project, Phase II, valued at 2 million Euros to the Government of Trinidad and Tobago (GOTT).

- 31 The Prime Minister of Trinidad and Tobago signed two Memoranda of Understanding with the Spanish energy company Repsol, aimed at developing the energy, trade and manufacturing sectors in Trinidad and Tobago.

The Memoranda of Understanding cover the establishment of an Energy Education Centre as part of the new University of Trinidad and Tobago, the training of energy professionals, and the development of a strong research and development capability serving the energy sector. The Memoranda of Understanding will also seek to expand the industrial sector, and enhance trade relations between Spain and Trinidad and Tobago.

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