



CENTRAL BANK OF
TRINIDAD & TOBAGO

ANNUAL ECONOMIC SURVEY 2004



ANNUAL ECONOMIC SURVEY 2004

Review of the National Economy



Central Bank of
TRINIDAD & TOBAGO

TABLE OF CONTENTS

Review of the National Economy

Chapter One - Overview of Economic Developments	1
Overview	
Chapter Two - National Accounts	6
Gross Domestic Product	6
Gross Domestic Expenditure	7
Chapter Three - Domestic Production	10
Petroleum and Petrochemicals	10
Petrochemicals	12
Agriculture	14
Chapter Four - The Labour Market	15
Employment	15
Industrial Relations	17
Chapter Five - Prices	21
Consumer and Producer Prices	21
Chapter Six - Fiscal Operations	24
Central Government Fiscal Operations	24
Central Government Domestic Debt	27
Public Sector External Debt	28
Chapter Seven - Monetary and Financial Developments	30
Money, Credit and Interest Rates	30
Institutional Developments	33
Chapter Eight - The Domestic Capital Market	35
Bonds	35
Equities	35
Mutual Funds	36
Chapter Nine - International Trade and Payments	39
Balance of Payments	39
Current Account	39
Capital Account	39

TABLE OF CONTENTS CONTINUED

Boxes

Box I	Exploration Activity for 2005	11
Box II	Developments in the Iron and Steel Industry in 2004	13
Box III	The Restructuring of the Sugar Industry	14
Box IV	Developments in Labour Legislation in 2004	19
Box V	Developments in Consumer Prices	23
Box VI	Mergers and Acquisitions	33
Box VII	Effective Exchange Rates	41

Tables

Table 1	Selected Economic Indicators, 2000 - 2004	4
Table 2	Economic Contribution of the Energy Sector, 2000 - 2004	5
Table 3	Growth in GDP at Constant (2000) Prices by Sector, 2000 - 2004	7
Table 4 (a)	Gross Domestic Expenditure and Gross National Product, 2000 - 2004	8
Table 4 (b)	Gross Domestic Expenditure at Current Market Prices, Structure and Growth 2001-2004	9
Table 4 (c)	Savings and Investment, 2000 - 2004	9
Table 5	Labour Force Statistics, 2001 - 2004	16
Table 6	Structural Distribution of Employment, 2001 - 2004	16
Table 7	Summary of Industrial Agreements Registered in 2004 for the period 1995 - 2005	18
Table 8	Work Stoppages in Trinidad and Tobago, 1999 - 2004	18
Table 9	Agreements Registered in 2003 by Sector	19
Table 10	Production, Hours Worked and Earnings in Selected Sectors	20
Table 11	Summary of Central Government Finances, 2001/02 - 2003/04	26
Table 12	Summary of Central Government Finances, 2001/02 - 2003/04	27
Table 13	Energy-Based Government Revenues, 2001/02 - 2003/04	28
Table 14	Central Government Fiscal Operations, 2001/02 - 2003/04	29
Table 15	Summary of Monetary Conditions, 2002 - 2004	32
Table 16	Factors influencing changes in the Money Supply, 2002 - 2004	32
Table 17	Financial System - Total Assets, 2002 - 2004	34
Table 18	Primary Bond Market Activity, January - December, 2004	38
Table 19	Summary Balance of Payments,	40
Table 20	Effective Exchange Rates, 2000 - 2004	42
Table A	Price of Selected Commodities, 1996 - 2004	51

TABLE OF CONTENTS CONTINUED

Appendices

Appendix One - International Economic Developments	
Latin America and the Caribbean	43
Commodities	46
Appendix Two - Economic Statistics	52
List of Tables A.1 - A.44	
Appendix Three - Calendar of key Economic Events	
January - December, 2004	99



CHAPTER ONE

OVERVIEW OF ECONOMIC DEVELOPMENTS

OVERVIEW OF ECONOMIC DEVELOPMENTS

OVERVIEW

During 2004, the Trinidad and Tobago economy maintained its path of robust economic growth with real GDP increasing by 6 per cent (see Table 1). While economic growth continued to be led by the energy sector, the scope of the sector has continued to expand resulting in reduced dependence on oil exploration and greater diversification towards natural gas and petrochemicals. In 2004, the sector saw the start-up of operations of two new petrochemical plants and the ongoing construction work on a major expansion in the LNG sector (Atlantic LNG, Train IV). The growth of the non-energy sector remained modest in 2004, though it contributed to a strong increase in employment and a reduction in the unemployment rate. Inflation was kept under control for most of the year but in the last quarter, inflationary pressures emerged largely as a result of agricultural supply shocks.

Higher volume and buoyant energy prices contributed to a significant increase in energy exports. Non-energy exports, which mainly comprise food and manufactured exports to the CARICOM region, rose by 10.6 per cent in 2004. Imports also rose sharply in 2004 by 25 per cent partly reflecting capital goods imports for the Atlantic Train IV project. The external current account surplus increased to 14.2 per cent of GDP in 2004, from 9 per cent of GDP in 2003.

On the capital account, a significant increase in foreign direct investment (66.8 per cent) in the energy sector was partly offset by increased investments abroad by domestic firms as well as capital outflows through bond placements by regional sovereigns and corporations. The balance of payments recorded a rise in official external reserves to US\$3 billion as at end 2004. This healthy external reserves position, together with the country's low external debt, has greatly reduced the economy's vulnerability to possible external shocks from the volatility in oil prices.

The strong balance of payments position has also facilitated the maintenance of stability in the exchange rate. However, because of the depreciation of the TT dollar against the pound sterling and the euro, and the containment in inflation, there was a modest improvement in external competitiveness, as measured by the real effective exchange rate.

During 2004, the Central Bank pursued an accommodating monetary stance directed towards supporting the growth of the non-energy sector, consistent with the maintenance of low inflation. As regards fiscal policy, central government operations led to a modest overall surplus in FY03/04. However, notwithstanding the repayment of a US\$150 million Central Government loan, the operations of some state enterprises and quasi-government bodies contributed to maintaining total public debt at around 50 per cent of GDP as at end 2004.

Over the past two years, the Government has been implementing an intensive programme of institutional reform geared to upgrading the macro-economic framework and setting the stage for sustainable growth and development. In mid-2004, the Government adopted a White Paper on financial sector reform. In line with the reform strategy, work has started on the modernisation of the legal, regulatory and supervisory framework governing the financial sector, and on upgrading the capital market infrastructure. Legislative amendments have now brought the insurance industry and private pension funds under the regulatory purview of the Central Bank. Amendments to the current Financial Institutions Act (1993), to bring the legislation more in line with international best practice, are now being finalised for presentation to Parliament.

The financial system infrastructure was recently strengthened by the introduction of a Real Time

Gross Settlement System (RTGS) for the processing of large time-sensitive payments and by an electronic Government Securities Settlement system. Also, in 2004, the Government unveiled an auction system for long term Government securities while, in the first half of 2005, electronic trading commenced on the T&T Stock Exchange.

Early in 2005, Cabinet approved the establishment of a Revenue Stabilisation and Heritage Fund. This Fund is designed to help stabilise government's expenditure in the event of a decline in oil prices, earmark resources for strategic investments and save some of the economic rents from our energy endowment for future generations. Ongoing reform efforts also cover the energy and non-energy tax regime, the telecommunications and port systems, and the Government procurement regime.

Partial indicators for 2005 suggest that real GDP growth has continued to be robust with the energy sector still being the main driver. Crude oil output, which had been on the decline, rose by 6 per cent in the first quarter (year-on-year) as the new BHP Billiton (Trinidad) Limited oil find came into production. Production of natural gas and petrochemicals also registered strong increases as the impact of capacity expansions – Train III for natural gas and the new methanol plants – began to be felt. In the non-energy sector, construction indicators, including cement sales and expenditure on government building programmes, point to a strong increase in construction activity. However, financial sector data indicate a slowdown in private sector credit

expansion, which seemsto lend some support to anecdotal evidence of reduced activity in the distributive sector.

Inflationary pressures persisted in the first quarter of 2005 with headline inflation rising by 7.34 per cent in the twelve months to March 2005, from 5.6 per cent as at December 2004. The sharp increases in the prices of fruits and vegetables, which make up a significant part of the consumer's food basket, were largely responsible for the increase in headline inflation. Core inflation, which rose on a year-on-year basis to 2.8 per cent in January 2005, has remained at this level for the last three months. In March 2005, the Central Bank raised its Repo rate by 25 basis

points to 5.25 per cent. This move, coming against the background of a pick up in both headline and core inflation and an increase in inflationary expectations, was intended to signal the Bank's intention to pursue a gradual shift from the accommodative monetary policy stance in existence since August 2002.

Reflecting the continued high level of energy product prices on international commodity markets, official foreign exchange reserves rose to US\$3.4 billion as at end April 2005 compared with US\$3.0 billion at the end of December 2004.



TABLE 1
Selected Economic Indicators, 2000 - 2004

ITEM	2000	2001	2002	2003	2004 ^p
Nominal GDP (\$M)	51,370.6	55,007.3	55,365.6	66,168.3	71,878.0
Energy	16,072.8	15,558.8	15,373.0	23,001.7	24,506.8
Non-energy	35,297.8	39,448.4	39,992.6	43,166.6	47,371.2
	(IN PER CENT OF GDP)				
Origin of GDP					
Energy	31.3	28.3	27.8	34.8	34.1
Non-energy	68.7	71.7	72.2	65.2	65.9
Agriculture	1.4	1.3	1.3	1.2	1.3
Manufacturing	7.1	7.4	7.8	7.1	7.1
Construction	7.5	7.9	6.7	6.1	6.2
Financial Services	14.2	13.6	14.2	12.8	12.5
Other	38.5	41.5	42.2	38.0	38.8
	(ANNUAL PERCENTAGE CHANGES)				
National Income and Prices					
Real GDP at Constant (2000) Prices	7.3	4.3	6.8	13.2	6.2
Energy	12.5	5.6	13.5	31.2	10.5
Non-energy	5.5	2.8	3.4	3.8	2.9
Agriculture	-2.4	8.7	6.0	-18.0	-20.2
Manufacturing	6.0	9.8	4.6	5.0	6.6
Construction	7.6	10.3	-16.0	6.7	9.0
Financial Services	12.4	0.8	12.0	7.1	1.7
Inflation Rate (%) ¹					
(period average)	3.6	5.5	4.2	3.8	3.7
(end of period)	5.6	3.2	4.3	3.0	5.6
Unemployment Rate (%)	12.2	10.8	10.4	10.5	8.4
	(IN PER CENT OF GDP)				
Overall Central Government Surplus(+)/Deficit(-) ²	-0.2	1.6	-0.6	1.4	2.1
External Current Account Surplus(+)/Deficit(-)	6.6	5.0	0.8	9.3	15.6
Overall External Balance Surplus(+)/Deficit(-)	5.4	5.3	0.5	3.2	6.4
Public Sector Debt	53.1	56.0	60.8	54.9	49.3
Memorandum Items:					
External Public Debt (US\$M)	1,680.4	1,665.9	1,549.1	1,553.0	1,350.6
Debt Service Ratio (%) ³	6.9	3.7	4.3	3.8	4.7
W.T.I. (US\$/barrel)	30.29	26.09	26.03	31.34	41.47
Gross Official Reserves (US\$M)	1,405.5	1,876.0	1,923.6	2,257.8	2,993.0

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

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

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

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

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

p - provisional

TABLE 2
ECONOMIC CONTRIBUTION OF THE ENERGY SECTOR, 2000 - 2004
 (per cent)

	2000	2001	2002	2003	2004
Share of Total Employment	3.2	3.0	3.3	3.3	3.3
Share of GDP					
Energy sector	31.3	28.3	27.8	34.8	34.1
Exploration and Production	17.4	15.8	16.3	20.8	20.4
Refining (including LNG)	5.5	4.4	4.1	5.9	6.0
Petrochemicals	4.3	3.9	3.3	3.9	4.0
<i>Other</i> ¹	4.1	4.2	4.1	4.3	3.7
Share of Government revenues					
Energy sector	30.2	36.6	31.1	38.7	37.1
Oil and gas exploration and production	20.1	19.3	16.4	26.4	26.2
Other taxes ²	10.1	17.3	14.8	12.3	10.8
Share of merchandise export receipts					
Energy sector	81.2	78.2	75.9	83.3	85.8
Extracted ³	13.4	10.5	14.9	15.5	15.7
Refined ⁴	50.5	48.7	44.5	50.5	53.5
Processed ⁵	17.3	18.9	16.5	17.2	16.6
Memorandum Items:					
Crude oil and condensate production (millions of barrels)	43.7	41.5	47.8	49.1	45.0
Natural gas liquids production (millions of barrels)	7.0	7.5	8.6	10.1	10.7

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

¹Includes Service Contractors, Distribution and Asphalt Production.

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

³Exports refer only to crude oil.

⁴This includes refined petroleum, liquefied natural gas and natural gas liquids.

⁵This refers to all other energy related exports e.g., petrochemicals.



CHAPTER TWO

NATIONAL ACCOUNTS

NATIONAL ACCOUNTS

GROSS DOMESTIC PRODUCT¹

The Trinidad and Tobago economy has been enjoying a period of sustained non-inflationary growth over the last decade as the prices of its major energy exports, crude oil, natural gas and petrochemicals have remained relatively robust in international commodity markets. During the year, the Central Statistical Office released the rebased figures for the national accounts.

Real Gross Domestic Product expanded by 6.2 per cent in 2004 as real value added in the energy sector grew by 10.5 per cent reflecting increased production of natural gas and LNG as well as the expansion of output in the petrochemical sector. The output of petrochemicals increased by 14.9 per cent as two new fertilizer plants (the Nitrogen 2000 and the Atlas Methanol) began production in the second half of the year. Crude oil production, however, declined by 8.3 per cent in 2004 to 45 million barrels as maturing land and marine oilfields yielded lower output.

The non-energy sector grew at a slower pace in 2004. Output in this sector increased by a modest 2.9 per cent in 2004 compared to 3.8 per cent in 2003 with the impetus to growth coming from the Manufacturing and Services sectors. The rate of growth in the Manufacturing sector accelerated to 6.6 per cent from 5 per cent in 2003, reflecting in part increased activity in the Food, Beverages and Tobacco (10.8 per cent) and Assembly-Type (10.5 per cent) industries. The Services sector grew by 2.9 per cent reflecting strong growth in

Construction (9 per cent), Hotels and Guest Houses (5.9 per cent) and Transport, Storage and Communications (4.4 per cent). The buoyant activity in the Construction sector was due mainly to government's investment in housing and infrastructural programmes and ongoing projects in the energy sector.

Although the Agriculture sector showed some improvement in the fourth quarter, the performance of this sector was weak for most of the year as output declined by 20.2 per cent for 2004. The decline in output resulted from the scaling down and restructuring of the sugar industry as well as from adverse weather conditions.

¹ GDP estimates for Trinidad and Tobago are obtained from the Central Statistical Office (CSO). The CSO has re-based the National Accounts at constant prices, shifting the base year from 1985=100 to the year 2000=100.

TABLE 3
GROWTH IN GDP AT CONSTANT (2000) PRICES BY SECTOR, 2000 - 2004
(per cent)

SECTOR	2000	2001	2002	2003	2004 ^p
Petroleum	12.5	5.6	13.5	31.2	10.5
Of which					
Petrochemicals	3.2	6.7	12.5	4.5	14.9
Exploration and Production	9.3	6.8	14.9	30.5	9.1
Refining (incl. Atlantic LNG)	40.8	-1.6	24.9	71.1	14.8
Non-Petroleum	5.5	2.8	3.4	3.8	2.9
Agriculture	-2.4	8.7	6.0	-18.0	-20.2
Manufacturing ¹	6.0	9.8	4.6	5.0	6.6
Electricity and Water	5.5	4.1	7.9	3.8	2.8
Construction and Quarrying	7.6	10.3	-16.0	6.7	9.0
Transport, Storage & Communication	8.9	7.7	9.9	5.8	4.4
Distribution and Restaurants ²	5.9	-2.8	1.3	2.0	2.2
Finance, Insurance & Real Estate	12.4	0.8	12.0	7.1	1.7
Government	-6.1	-1.5	3.7	-1.0	0.6
Education and Cultural Services	-0.8	-0.1	2.4	4.2	0.8
Personal Services	-1.0	4.0	-1.0	6.2	-0.1
FISIM ³	-14.4	9.6	-1.2	-10.0	1.3
GDP at Constant Prices (2000)	7.3	4.3	6.8	13.2	6.2

SOURCE: Central Statistical Office.

¹Excludes oil refining and petrochemical industries.

²Excludes distribution of petroleum products.

³Financial Intermediation Services Indirectly Measured.

p – provisional.

GROSS DOMESTIC EXPENDITURE

Gross Domestic Expenditure (GDE) at current market prices increased by 6.6 per cent in 2004, compared with 7.3 per cent in 2003. This performance was driven by private consumption expenditure (7.4 per cent) and total investment spending (8.8 per cent), while government consumption expenditure increased modestly by 1.1 per cent. The growth in private sector spending on consumption goods reflected the

increased number of employed persons and an expansion of 22.5 per cent in private sector credit. Growth in government consumption fell off considerably from the rate recorded in 2003 (19.4 per cent), which resulted from the payment of salary arrears in accordance with the conclusion of wage negotiations.

Gross Capital Formation, which has largely been influenced by construction projects in the energy sector, slowed from a 10 per cent expansion in 2003 to 8.8 per cent in 2004, primarily as a result of the completion of the Nitrogen 2000 and Atlas Methanol plants in the third quarter of 2004. Nevertheless, growth in the capital stock has been sustained mainly by ongoing work on the Atlantic Liquefied Natural Gas Train IV facility and the M5000 mega methanol plant. In addition, the government's housing programme, and the rehabilitation of the nation's roads and bridges have contributed to total investment.

The balance of payments recorded a current account surplus for the sixth consecutive year, estimated at TT\$9.3 billion or 13 per cent of GDP at current market prices. This resulted in a higher

savings/GDP ratio of 31 per cent from 27.3 per cent in 2003. However, gross capital formation as a percentage of GDP remained unchanged at 18 per cent while external savings rose to 13 per cent of GDP from 9.3 per cent in 2003, and a portion of these savings were utilised to build up assets abroad.

Despite a sustained flow of foreign direct investment which averaged US\$708.8 million over the last decade, net factor incomes have averaged 6 per cent of GDP over the last five years. Mainly as a result of these large equity investments in the energy sector, there was a net outflow of factor payments in 2004 of \$3.1 billion (or 4.3 per cent of GDP), which was 28.4 per cent lower than that of 2003. Accordingly Gross National Product (GNP) increased by 11.2 per cent in 2004.

◆◆◆◆◆

TABLE 4(a)
GROSS DOMESTIC EXPENDITURE AND GROSS NATIONAL PRODUCT,
2000 - 2004 (CURRENT MARKET PRICES),
(TT\$ MILLION)

ITEM	2000 ^r	2001	2002	2003	2004 ^p
Consumption Expenditure	35,497.3	38,404.1	41,422.7	44,165.7	46,842.2
Private	29,356.8	30,856.1	33,402.5	34,592.0	37,159.5
Government	6,140.5	7,548.0	8,020.2	9,573.7	9,682.7
Gross Capital Formation	8,745.5	10,696.0	10,825.6	11,908.0	12,950.9
Gross Domestic Expenditure	44,242.8	49,100.1	52,248.3	56,073.7	59,793.1
Less: Imports of goods & non-factor services	23,269.0	24,519.8	25,185.8	26,796.9	32,398.9
Plus: Exports of goods & non-factor services	30,396.7	30,426.9	28,303.1	36,891.5	44,483.7
Gross Domestic Product	51,370.6	55,007.2	55,365.6	66,168.3	71,878.0
Less: Net Factor Incomes	(3,950.1)	(3,350.3)	(2,981.2)	(4,294.1)	(3,072.7)
GNP at Market Prices	47,420.5	51,656.9	52,384.4	61,874.2	68,805.3

Source: Central Statistical Office and Central Bank Staff Estimates.

p – provisional.

TABLE 4(b)
GROSS DOMESTIC EXPENDITURE AT CURRENT MARKET PRICES
STRUCTURE AND GROWTH, 2000 - 2004
(PER CENT)

ITEM	PER CENT OF GDP				PERCENTAGE CHANGE			
	2001	2002	2003	2004 ^p	2001	2002	2003	2004 ^p
Consumption								
Expenditure	69.8	74.8	66.7	65.2	8.2	7.9	6.6	6.1
Private	56.1	60.3	52.3	51.7	5.1	8.3	3.6	7.4
Government	13.7	14.5	14.5	13.5	22.9	6.3	19.4	1.1
Gross Capital Formation	19.4	19.6	18.0	18.0	22.3	1.2	10.0	8.8
Gross Domestic Expenditure	89.3	94.4	84.7	83.2	11.0	6.4	7.3	6.6
Less: Imports of goods & non-factor services	44.6	45.5	40.5	45.1	5.4	2.7	6.4	20.9
Plus: Exports of goods & non-factor services	55.3	51.1	55.8	61.9	0.1	-7.0	30.3	20.6
Gross Domestic Product at Market Prices	100.0	100.0	100.0	100.0	7.1	0.7	19.5	8.6

Source: Central Statistical Office and Central Bank Staff Estimates.

p – provisional.

TABLE 4(C)
SAVINGS AND INVESTMENT, 2000 - 2004
(CURRENT MARKET PRICES),
(TT\$ MILLION)

ITEM	2000	2001	2002	2003	2004 ^p
Gross Domestic Savings	15,873.3	16,603.1	13,942.9	22,002.6	25,035.8
Less: Net Factor Payments	(3,950.1)	(3,350.3)	(2,981.2)	(4,294.1)	(3,072.7)
Net Transfers Abroad	237.8	207.1	338.5	367.0	323.6
Gross National Savings	12,161.0	13,459.8	11,300.1	18,075.5	22,286.7
Gross Capital Formation	8,745.5	10,696.0	10,825.6	11,908.0	12,950.9
External Savings ¹	(3,415.5)	(2,763.8)	(474.5)	(6,167.5)	(9,335.8)
MEMORANDUM ITEMS: <i>(In percent of GDP at market prices)</i>					
Gross National Savings	23.7	24.5	20.4	27.3	31.0
Gross Capital Formation	17.0	19.4	19.6	18.0	18.0
Use of External Savings ¹	(6.6)	(5.0)	(0.9)	(9.3)	(13.0)

Source: Central Statistical Office and Central Bank Staff Estimates.

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

p – provisional.



CHAPTER **THREE**

DOMESTIC PRODUCTION

Domestic Production

PETROLEUM AND PETROCHEMICALS

There were several positive developments in the energy sector in 2004 which led to increased production and exports, particularly in the petrochemical industry. Activity is expected to remain buoyant as, following the trend of 2004, several plants (Atlantic LNG Train IV and the M5000 methanol facility) are expected to come on stream in 2005. In addition, exploration activity is expected to pick up substantially.

P e t r o l e u m *Exploration and Production*

Total depth drilled in 2004 was 154.6 thousand metres, 3.1 per cent higher than in 2003, while the number of rig days declined marginally (0.8 per cent) to average 190 days. Exploration activity is set to increase substantially in 2005 with the scheduled drilling of several wells by the companies in the energy sector. (see Box I)

Crude oil production in 2004 averaged 122.9 thousand barrels per day (45 million barrels), a decline of 8.3 per cent from the previous year. The decline resulted from lower output in the maturing oilfields, especially those operated by BPTT. With the focus of exploration activities on gas in recent times, the rebuilding of oil reserves has not taken precedence, and this is reflected in the declining rate of production of both land and marine provinces. However, with the commencement of commercial oil production from BHP Billiton at a projected 60,000 barrels per

day in 2005, the secular decline in production should be reversed over the medium term. Consistent with declining oil production, exports also fell to 20.5 million barrels in 2004, a reduction of 21.3 per cent from 2003.

Refining

Capacity utilization at PETROTRIN's Point-a-Pierre refinery was approximately 75 per cent during 2004. Technical problems with the Crude Distillation Units (CDU) and the Vacuum Distillation Units (VDU) combined with a small fire at the refinery, restricted refinery throughput to 130.6 thousand bpd (47.8 million barrels) for the year. This represented a decline of 11.9 per cent from levels recorded in 2003. There were no crude oil imports during the month of September because of these difficulties. As a result, crude oil imports in 2004 totalled 22.8 million barrels, a decline of 31.4 per cent from 2003.

Natural Gas

In 2004, natural gas production averaged 2,929 million cubic feet per day (mmcf/d) representing an increase of 12.9 per cent from 2003. With the startup of the Atlas Methanol plant and the Nitrogen 2000 ammonia facility during the year, natural gas utilization averaged 2,850 mmcf/d, an increase of 13.1 per cent from a year earlier. In December, BPTT announced the discovery of approximately 2 trillion cubic feet (tcf) of natural gas at the Chachalaca well in the Columbus basin. The Coconut Deep well is scheduled to be

spudded² after Chachalaca and is the first of two more wells scheduled to be drilled in 2005. BHP Billiton also commenced natural gas production in December from its Angostura field.

² Spudding refers to the initial drilling of a well.

Box I Exploration Activity for 2005

Company/Consortium	Project/ Well Name	Project Description
BPTT/EOG Resources/ PETROTRIN-NGC	Ibis Deep	The Ibis Deep will be the deepest vertically drilled well in the country at 21,000 feet. It is located offshore in the South East Coast Consortium (SECC) block.
BPTT	Coconut Deep	Located in the east coast offshore acreage, the well will terminate at 19,000 feet.
BGTT/ChevronTexaco	Manatee Well	The Manatee is the first of three cross border initiatives between Trinidad and Tobago and Venezuela. Located in block 6d, the well will penetrate a gas field containing 6.5 tcf of gas, of which 1.5 tcf is located in Trinidad & Tobago's territorial waters.
EOG Resources	Deep Kiskadee	Located in the SECC.
EOG Resources/ Primera Oil & Gas		A second exploratory well will be drilled in the Modified UB block to confirm the extent of the gas discovered with the first well, Ub One.
Talisman Energy/PETROTRIN		Talisman is obligated to drill three wells in the Eastern Block on land.
Trinidad Exploration and Development (TED)	Habanero Well	TED is likely to resume drilling in the South West Peninsula (SWP) block. The Habanero will be drilled in 2005 contingent upon the identification of a suitable rig.
BGTT		BGTT has plans to drill two exploratory wells in the onshore Central Block following a new 3D seismic survey.
Los Bajos Oil		The company bought two farm-out blocks and one lease operatorship block, and indicated an interest in spudding 120 wells in the South Quarry block.

Source: Energy Caribbean Magazine.

Liquefied Natural Gas (LNG)

LNG production totalled 9.4 million metric tonnes following one full year's production from Atlantic LNG Train III. This represented an increase of 5.6 per cent over output in 2003. Favourable market conditions in the United States led to an estimated 92.3 per cent of LNG exports shipped to that country, with the remainder sold to Puerto Rico (5.8 per cent) and the Dominican Republic (1.9 per cent). A spot cargo was also sold to Japan. Trinidad and Tobago exported 462.1 billion cubic feet (bcf) of natural gas to the United States, an increase of 22.2 per cent from 2003. In other developments, Atlantic LNG Train IV is on schedule to meet its original start-up date in the fourth quarter of 2005 despite the 3-month strike by construction workers in 2004.

Natural Gas Liquids (NGLs)

In 2004, Phoenix Park Gas Processors (PPGPL) completed Phase II of its Fractionation and Storage Expansion Project at a cost of US\$41.3 million. There was an increase of 12,500 b/d in PPGPL's fractionation capacity to 48,000 b/d, while storage capacity rose by 250 thousand barrels to 1 million barrels. As a result of the expansion works, the production of NGLs increased by 1.7 per cent to 10,687 thousand barrels from 2003. However, exports declined marginally to 10,184 thousand barrels because of adjustments to shipment schedules which resulted in lower than average exports during the fourth quarter.

The next phase of the expansion project will elevate PPGPL's fractionation capacity by another 24,000 b/d. Liquids from Atlantic LNG Train IV will account for half of the increase, while the remainder will

represent excess capacity in anticipation of future market opportunities. In addition, engineering design works on a proposed ethylene facility also began during the year.

P e t r o c h e m i c a l s

Methanol

In 2004, methanol production amounted to 3,418.4 thousand tonnes, an increase of 20.1 per cent from 2003, while exports rose by 16.6 per cent to 3,344.4 thousand tonnes. The Atlas Methanol plant, which started its operations in August 2004, contributed to the overall increase in production and exports. The M5000 plant which has a production capacity of 1,780,000 tonnes per annum, is expected to come on stream in mid-2005. Once this plant becomes operational, methanol capacity in Trinidad and Tobago will amount to 6.4 million tonnes per year from the seven plants.

Nitrogenous Fertilizers

The local ammonia industry displayed positive growth in 2004 as production and exports increased by 9.2 per cent and 10.1 per cent, respectively, although three plants experienced technical problems in May and June. The Nitrogen 2000 plant which started its operations in August boosted total output and exports to 4,714.4 thousand tonnes and 4,343.7 thousand tonnes, respectively. Both urea output and exports fell in 2004 as production was curtailed to take advantage of higher and buoyant ammonia prices. Urea production amounted to 621.2 thousand tonnes in 2004, 4.1 per cent lower than in 2003, while exports also fell by 11.3 per cent to 574.8 thousand tonnes.

One urea plant was down for routine maintenance work between mid-November and early December. Ammonia prices climbed to a 29-year high and averaged US\$252.47 per tonne (fob Caribbean) compared with US\$201 per tonne in 2003.

The Caribbean Petrochemical Manufacturing Co., which is owned by CL Financial (70 per cent) and Ferrostaal of Germany (30 per cent), signed an agreement with the Trinidad and Tobago Natural Gas Company (NGC) to build a US\$700 million ammonia, urea and melamine complex at the Point Lisas Industrial Estate. Construction is scheduled to start in June 2005 and the plant will be operational by 2008. The facility will have a production capacity of 640,000 tonnes per year (t/y) of ammonia, 1.12 million t/y of urea and 60,000 t/y of melamine. Ammonia and urea are used as feedstock in the production of melamine, which is to be exported along with any surplus ammonia and urea.

Iron and Steel

As a result of a fire at the Caribbean Ispat plant (Mital Steel Point Lisas) that occurred during the second quarter of 2004, the production and exports of iron and steel products declined in 2004.³ Output of billets (789.8 thousand tonnes) and wire rods (616.2 thousand tonnes) declined by 11.8 per cent and 3.9 per cent, respectively from output levels recorded in 2003. However, the production of DRI rose to 2,336.5 thousand tonnes, representing a 2.7 per cent increase from 2003. Exports of wire rods amounted to 548

thousand tonnes, a decline of 13.7 per cent from 2003 because of shipment delays, but DRI exports rose by 7.1 per cent to 1,358.8 thousand tonnes.

Box II DEVELOPMENTS IN THE IRON AND STEEL INDUSTRY IN 2004

ISG Trinidad Unlimited started its operations in November 2004. This plant has the capacity to produce 500 thousand metric tonnes of Hot Briquetted Iron annually.

Nucor has received approval from the Government of Trinidad and Tobago to setup a mega module DRI plant at Point Lisas. Nucor submitted to the Government a proposal to relocate a 1.5 million tonnes a year steel plant to Trinidad and Tobago in conjunction with Brazilian iron and ore giant CVRD.

The Government of Trinidad and Tobago signed a Memorandum of Understanding (MOU) with Alcoa to build a low emission aluminium smelter with a capacity of at least 250 thousand metric tonnes per year.

³ Ispat International, LNM Holdings and International Steel Group (ISG) merged to form Mittal Steel Co. NV, the world's largest steel producer. Caribbean Ispat Ltd. was renamed Mittal Steel Pt. Lisas Ltd. to reflect this development.

AGRICULTURE

Sugar

The sugar industry faced severe challenges during the 2004 crop season. Production at the newly-established company responsible for processing of the cane, was hampered by the following:- a controversy surrounding the operating rights to manage the weigh-scales; the shutdown of the lone sugar mill on two occasions because of a fire; and strike action by contract workers. Production of raw sugar at the end of the 2004 season stood at 43 thousand tonnes, 36.8 per cent below the output for 2003 (68 thousand tonnes). Exports of sugar reached 44 thousand tonnes, 25.4 per cent lower than in 2003 (59 thousand tonnes), but the company met its export quota with the European Union. Local sales also declined from 60 thousand tonnes in 2003 to 54 thousand tonnes in 2004. Despite delays to the start of the crop season because of inclement weather, the outlook for 2005 seems promising. The Sugar Manufacturing Company has produced approximately 10,000 tonnes of sugar within the first ten weeks of 2005



Box III THE RESTRUCTURING OF THE SUGAR INDUSTRY

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:

- the commitments made by CARONI to former employees;
- the outstanding debts and liabilities of CARONI;
- the non-strategic business units (rice cultivation, citrus and dairy production);
- to establish an appropriate framework to dispose of the business and non-business assets of the company.

The Government is taking steps to divest certain non-strategic business units to separated employees. CARONI, in consultation with the Employers' Consultative Association, continues to encourage separated employees to form strategic business units in other activities such as Tractor and Field Engineering, Agricultural Services, Human Resources Management and other business opportunities so identified.

Sugar refining operations are managed by the Sugar Manufacturing Company of Trinidad and Tobago Limited, which was established in late July 2003. The company is responsible for the processing 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 Vesting Bill that transfers lands, formerly dedicated to cane cultivation and other lands belonging to CARONI (1975) Limited (some 77,000 acres), to the State, was passed in the lower House of Parliament in January 2005 and was referred to a Special Select Committee of the Senate at the time of writing. These lands are being managed by a new company, the Estate Management and Business Development Company Limited (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

THE LABOUR MARKET

Employment

The strong overall growth of the domestic economy had somewhat of a positive impact on the labour market, resulting in a larger number of jobs being created and a commensurate fall in the unemployment rate, which averaged 8.4 per cent for 2004 compared with 10.5 per cent a year earlier. The number of persons with jobs increased by 28,200, while the labour force grew by 17,000 persons. A significant increase in jobs (22,200 persons) occurred during the second quarter. This contributed to the sharp decline in the unemployment rate from 10.2 per cent in the first quarter to 7.8 per cent in the second and which remained unchanged for the remainder of the year. In addition, the robust economic environment encouraged persons to seek employment as the participation rate moved from 61.6 per cent in 2003 to 63 per cent in 2004. The most significant gains were made in the Services sector where an additional 15,700 persons were employed during 2004. The Community, Social and Personal Services sector contributed 12,000 additional jobs while the Wholesale and Retail and the Finance, Insurance and Real Estate sectors employed an additional 2,500 and 1,400 persons, respectively during the period. The construction industry continued to grow on account of government's housing programme, construction activity in the energy sector and increased private sector investment in real estate. As a result,

an additional 11,200 persons found employment in the sector.

The restructuring of the sugar industry and the fall-off in agricultural production contributed to a loss of 5,400 jobs in that sector. Employment in the agricultural sector declined from 31,400 workers in 2003 to 26,000 in 2004.

Despite the rapid growth of the energy sector, only 2,500 jobs were created in this sector as additional service providers were employed to meet the needs of the new plants which began operations during the year.

TABLE 5
LABOUR FORCE STATISTICS, 2001 - 2004
(THOUSANDS)

	2001	2002	2003	2004
Population (Mid Year) Estimates	1,266.8	1,275.7	1,282.4	1,290.6
Non-Institutional Population - 15 years and over	949.9	961.8	968.3	973.6
Labour Force	576.5	586.2	596.6	613.5
Persons with jobs	514.1	525.1	534.2	562.4
Persons without jobs	62.4	61.2	62.4	51.2
Participation Rate (%) ¹	60.7	60.9	61.6	63.0
Unemployment Rate (%)	10.8	10.4	10.5	8.4

Source: Central Statistical Office.

¹ Labour Force as a percentage of the non-institutional population 15 years and over.

TABLE 6
SECTORAL DISTRIBUTION OF EMPLOYMENT, 2001 - 2004
(THOUSANDS)

	EMPLOYMENT							
	2001		2002		2003		2004	
	(000)	%	(000)	%	(000)	%	(000)	%
Agriculture	40.1	7.8	36.1	6.9	31.4	5.9	26.0	4.6
Petroleum & Gas (including Mining & Quarrying)	16.6	3.2	18.0	3.4	16.9	3.2	20.1	3.6
Manufacturing	52.7	10.3	55.8	10.6	55.0	10.3	58.8	10.5
Construction (including Electricity & Water)	78.8	15.3	75.6	14.4	80.0	15.0	91.1	16.2
Transport, Storage & Communications	38.9	7.6	41.8	8.0	41.6	7.8	41.6	7.4
Other Services	285.3	55.5	296.4	56.4	307.3	57.5	322.9	57.4
Of Which								
Wholesale & Retail	89.8	17.5	94.5	18.0	99.0	18.5	101.2	18.0
Community, Social & Personal Services	154.5	30.0	158.1	30.1	163.4	30.6	175.3	31.2
Finance, Insurance & Real Estate	41.0	8.0	43.7	8.3	45.0	8.4	46.4	8.3
Not Classified	1.5	0.3	1.2	0.2	2.0	0.4	1.9	0.3
Total Employment	514.1	100.0	525.1	100.0	534.2	100.0	562.4	100.0

Source: Central Statistical Office.

INDUSTRIAL RELATIONS

During 2004, the industrial relations climate was more tense relative to the environment which prevailed for most of 2003. The majority of the industrial action occurred in the energy sector during the first six months of 2004.

In the energy sector, during February, non-unionised employees of the leading contractor (Bechtel) on the Atlantic LNG Train IV construction site withheld their labour for ten weeks, seeking the implementation of a sectoral minimum wage. After an arbitration process facilitated by the government, the workers received increases ranging from 7 per cent to 22 per cent. Tug boat operators at Atlantic LNG also stopped work, requesting improved wages and health and safety conditions for crews. This resulted in the shut down of the three trains of Atlantic LNG for one week as tankers were unable to dock to be filled. Workers also engaged in industrial action for increased compensation at the 56-inch cross country pipeline project of NGC and at Yara Trinidad Limited (formerly Hydro-Agri).

In the non-energy sector, a breakdown in the collective bargaining process in May resulted in the lockout of 875 Carib Brewery workers in an impasse which lasted approximately 9 weeks. During the period, workers staged protests outside of the brewery and also picketed other subsidiaries of the parent company. The matter was referred to the Industrial Court and was eventually settled with the signing of a Memorandum of Understanding among the parties.

Production time was lost at a number of other companies and protest action was staged at the North West Regional Health Authority (NWRHA) and Telecommunication Services of Trinidad and Tobago (TSTT).⁴ Negotiations also collapsed between the National Broadcasting Network (NBN) and the Electronic Media Union of Trinidad and Tobago on the issue of the adequacy of a VSEP package to workers. The matter was sent to the Industrial Court, which ruled in favour of the NBN.



⁴ Other companies where industrial action occurred included Co-operative Citrus Growers Association, the University of the West Indies, the Sugar Manufacturing Company, the Trinidad and Tobago Electricity Commission and the Caribbean Industrial Research Institute (CARIRI).

TABLE 7
SUMMARY OF INDUSTRIAL AGREEMENTS REGISTERED IN 2003
FOR THE PERIOD 1995 - 2005

PERIOD OF AGREEMENT	NUMBER OF AGREEMENTS	MEDIAN YEARLY WAGE INCREASES (%)	RANGE OF INCREASES (%)
1995 - 1997	1	1.5	0 - 4.0
1998 - 2000	2	3.2	0 - 9.5
1998 - 2002	2	3.0	0 - 16.0
1999 - 2001	2	2.0	0 - 10.0
2000 - 2002	10	2.9	0 - 17.0
2001 - 2003	5	3.4	0 - 17.5
2002 - 2004	14	3.2	0 - 19.5
2003 - 2005	5	4.3	0 - 14.5

Source: Industrial Court of Trinidad and Tobago.

TABLE 8
WORK STOPPAGES IN TRINIDAD AND TOBAGO 1999 - 2004

YEAR	STRIKES ¹	LOCKOUTS	STOPPAGES	WORKERS INVOLVED	MAN DAYS LOST
1999	0	0	117	11,662	26,606
2000	0	0	38	3,126	515
2001	0	0	80	8,064	18,036
2002	0	0	22	6,176	11,872
2003	0	0	31	10,134	52,568
2004	0	0	21	6,736	1,031,773

Source: Industrial Court of Trinidad & Tobago.

¹According to the Industrial Relations Act, the following conditions must be met for industrial action to be termed a strike or lockout: the Minister and the counterparty to the dispute are obliged to receive notice prior to the commencement of the strike or lockout; and the Minister must confirm that the dispute is unresolved and that conciliation or mediation procedures were exhausted prior to calling a strike or lockout.

Box IV
DEVELOPMENTS IN labour legislation IN 2004

The labour laws in Trinidad and Tobago were in the process of being strengthened as the Occupational Health and Safety Act which is to replace the Factory's Ordinance was laid in Parliament in 2004. Other Bills which were placed on the legislative agenda include:

- The Employment Standards Bill (to replace the Minimum Wages Act);
- The Employment Injury and Disability Benefits Bill;
- The Co-operatives Society Bill;
- The Termination of Employment Benefits Bill (replaces the Retrenchment and Severance Benefits Act);
- The Trade Union and Employees Administration and Relations Bill.

TABLE 9
AGREEMENTS REGISTERED IN 2003 BY SECTOR

SECTOR	DURATION OF AGREEMENTS	NUMBER OF AGREEMENTS	RANGE OF TOTAL INCREASES (%)
Petroleum	2000 – 2002	5	9.0 – 17.0
Manufacturing	2000 - 2002	16	0.0 – 13.0
	2001 - 2003		
	2002 - 2004		
	2003 - 2005		
Distribution	1998 - 2000	2	0.0 – 17.5
	2001 - 2003		
Transport, Storage & Communications	1999 - 2001	2	0.0 - 12.0
	2002 - 2004		
Finance, Insurance & Business Services	1995 - 1997	8	0.0 - 16.0
	1998 - 2000		
	1998 - 2002		
	2000 - 2002		
	2002 - 2004		
Personal & Cultural Services, Education & Utilities	1999 - 2001	8	0.0 – 19.5
	2000 - 2002		
	2001 - 2003		
	2002 - 2004		
	2003 - 2005		

Source: Industrial Court of Trinidad and Tobago.

TABLE 10
PRODUCTION, HOURS WORKED AND EARNINGS
IN SELECTED SECTORS
(PER CENT)

	EXPLORATION & PRODUCTION OF OIL & NATURAL GAS		SUGAR MANUFACTURING		MANUFACTURING (EXCLUDING ENERGY)		ALL INDUSTRIES	
	JAN-SEPT		JAN-SEPT		JAN-SEPT		JAN-SEPT	
	2003	2004	2003	2004	2003	2004	2003	2004
Production	19.1	0.6	(72.3)	162.5	8.7	10.7	10.4	5.3
Hours Worked	18.3	4.0	(11.5)	(15.0)	(3.7)	2.6	(1.8)	2.3
Nominal Earnings	54.6	30.1	(9.9)	(10.5)	9.4	11.9	5.7	6.4
Real Earnings	48.7	26.0	(13.3)	(13.2)	5.3	8.3	10.1	12.1

Source: Central Statistical Office.



CHAPTER FIVE

PRICES

PRICES

Consumer and Producer Prices

The inflation rate for 2004 averaged a moderate 3.7 per cent compared with 3.8 per cent in the previous year. Food prices, the major influence on the Index, rose by 12.8 per cent compared with 13.8 per cent in 2003. Despite averaging a smaller increase than in the previous year, food prices behaved more erratically in the year under review. In the twelve months to December, food prices rose by 20.6 per cent compared with 12.3 per cent for the same period, a year earlier. In the early part of the year, the increases stemmed largely from the rise in the prices of commodities such as rice, flour, powdered milk and chicken. However, price increases were strongest during the fourth quarter as a result of adverse weather conditions which caused flooding and the subsequent loss of a significant amount of agricultural produce. In addition, supply shortages were also created from the impact of Hurricane Ivan on agricultural production, particularly root crops, in the Caribbean region.

The core inflation rate (which excludes increases in food prices) slowed to an average of 1.6 per cent from 1.7 per cent in 2003. Core inflation was driven by increases in prices in the Transport (4.3 per cent) industry; and in the Housing, Water, Electricity and Other Fuels (2.7 per cent) sector where there were spikes in the home ownership (2.9 per cent) and rent components (4.6 per cent). However, a consistent decline in the Clothing and Footwear index (-5.4 per cent)

had a downward albeit negligible impact on the overall Index.

In 2004, the increase in wholesale prices (the cost of goods at the factory gate) accelerated to 3.5 per cent compared with 0.9 per cent during 2003. This reflected, in part, price increases in Assembly-Type and Related Industries (4.8 per cent) where persistently high international iron and steel prices led to a 23.9 per cent rise in the price of metal-building materials compared with 10.6 per cent in 2003. Prices in the Food Processing industry increased by 2.4 per cent compared with 4.2 per cent in the previous year. More specifically, prices at animal feed mills and bakeries rose by 8.8 per cent and 7.2 per cent, respectively.



Box V DEVELOPMENTS IN CONSUMER PRICES

The issue of food prices was thrust into the spotlight in 2004 amidst price increases of basic commodities such as rice, flour, powdered milk, fresh vegetables and chicken. Public concern on the issue prompted the government to form a Prices Advisory Committee under the Ministry of Consumer Affairs which brought together the various stakeholders along the food chain with a mandate of developing a public information campaign while attempting to eliminate inefficiencies in each stakeholder's sphere of activities. The committee identified five main areas which contributed to rising food prices. These included:

1. Unfavourable exchange rate movements;
2. Increased shipping costs;
3. Rising energy costs (oil and natural gas);
4. Increasing non-oil commodity prices (corn, wheat etc.);
5. Adverse weather conditions.

The Effect of Rising Food Prices on the Index of Retail Prices

Between 1996 and 1999, food price increases averaged 11 per cent compared with 11.6 per cent for the period 2000 to 2003. In 2003 and 2004, the Food and Non-Alcoholic Beverages sub-index grew by 13.8 per cent and 12.8 per cent, respectively. Significant increases were observed in certain commodities which constitute the basic food basket for an average consumer. Some of the major increases are itemized below:

Price Increases of Selected Commodities, January 2003 to December 2004

ITEM	WEIGHT IN THE RPI	PERCENTAGE INCREASE
Overall Index	1000	
<i>Of which:</i>		
Food	180	
Rice (packaged)	6.35	28.1
Flour (packaged)	6.82	16.9
Poultry (Fresh, Chilled or Frozen)	18.18	27.6
<i>Of which:</i>		
Chicken Parts	1.37	47.6
Fish	11.37	19.8
Powdered Milk	7.04	19.5
Eggs	1.74	19.8
Cooking Oil (Corn)	0.43	77.7
Butter	0.82	14.3
Fruits	14.28	44.3
Vegetables	21.84	242.0

Source: Central Statistical Office.



CHAPTER SIX

FISCAL OPERATIONS

FISCAL OPERATIONS

Central Fiscal Government Operations⁵

The central government posted an overall surplus of \$1,510.1 million or 2.1 per cent of GDP at current market prices in fiscal 2003/2004. This was a sharp increase over the previous fiscal period when a surplus of \$958.4 million (1.4 per cent of GDP) was realized. Although government expenditure grew by 17 per cent, revenue expanded at a substantially faster pace of 23 per cent from \$16,761.3 million to \$20,629.7 million.

However, the non-oil fiscal deficit widened to \$6,131.6 million in fiscal 2004 from \$5,224.1 million in the previous year, an increase of \$907.5 million. This occurred despite a strong increase in non-oil revenues of 22.8 per cent and a 21 per cent rise in expenditure. In addition, high energy collections masked this underlying imbalance which increased to 8.5 per cent of GDP in fiscal 2004 as government increased its support to statutory bodies and state enterprises. A significant portion of these transfers and subsidies was targeted at improving the social sectors in particular health and education. To address this imbalance and recognising the need to improve the non-energy tax regime which has arisen in part from tax exemptions, the authorities have recently sought technical assistance with respect to the formulation of recommendations for the strengthening of non-energy tax revenues.

Recurrent revenue amounted to \$20,625.6 million in fiscal 2004, surpassing the previous year's

collections by \$3,871.3 million, and reflecting improved receipts from both the oil and non-oil sectors. An increase of 23.6 per cent in oil receipts from \$6,182.5 million to \$7,641.7 million was attributed to the surge in oil prices from US\$29.60 per barrel in fiscal 2003 to US\$41.47 per barrel in fiscal 2004. This sector, because of its strong performance, was the single largest contributor to revenue (37 per cent of recurrent revenue) in 2004. During September 2004 there was a transfer of \$1.3 billion to the Revenue Stabilization Fund which had a balance of \$2,830.2 million at the end of the fiscal year.

Collections from non-oil revenue amounted to \$12,983.9 million, 22.6 per cent higher than in fiscal 2003 with increases in all categories of revenue. Taxes on income and profits (48 per cent) and on goods and services (31 per cent) continued to be the major contributors to non-oil revenue. Income taxes grew by 18 per cent to \$6,304.5 million in fiscal 2004, while taxes on goods and services increased by 33 per cent from \$3,087.6 million to \$4,103 million. Collections from the value added tax which is the major contributor to taxes on goods and services climbed from \$2,028.4 million to \$3,021.2 million. Non-tax revenue rebounded in fiscal 2004 and rose by 19 per cent to \$1,248.1 million, following a 36 per cent decline in the previous year. This reflected in part a substantial increase in profits and dividends remitted by non-financial state enterprises.

⁵ The fiscal year is the twelve-month period from October 1 2003 to September 30, 2004.

Alongside this positive trend in revenue collection, central government's total expenditure also rose at a somewhat slower pace from \$15,802.9 million to \$19,119.6 million. There were increases in all categories of expenditure except for interest payments on the public debt. Total recurrent expenditure accounted for 91 per cent of total expenditure and increased from \$15,007.4 million in fiscal 2003 to \$17,498.5 million in fiscal 2004. Personnel expenditure grew by 6.9 per cent to \$4,894.2 million because of the settlement of arrears, in accordance with a 15 per cent wage increase to public servants for the 2003-2005 triennium. This category accounted for 27.7 per cent of recurrent expenditure, down from 30.2 per cent in the previous fiscal year. An increase of \$1,947.2 million or 33 per cent in transfers and subsidies was a result of larger subventions to households (government and old age pensioners), education institutions, health authorities, the Tobago House of Assembly and state enterprises. Meanwhile interest payments declined by 5 per cent, as the government has refinanced the majority of its high-cost domestic debt.

The government's strong fiscal surplus allowed for the net repayment of both external and domestic debt obligations during the year. In addition, by the end of the fiscal year, the government was able to accumulate cash balances at the Central Bank in the amount of \$8,129 million, of which \$2,830.2 million consisted of balances in the Revenue Stabilization Fund.

The budget for fiscal year 2004/2005 was presented in October 2004. The government reiterated its medium-term plan of leveraging the energy sector to create sustainable growth and development of the non-energy sector and the economy as a whole. The plan is to continue to encourage investment in the energy sector and to increase revenue collection through the introduction of a new energy tax regime for oil and gas. Total revenue was budgeted at \$24,015.5 million, expenditure at \$22,650.9 million, with an overall fiscal surplus of \$1,364.6 million. The Budget provides for the transfer of \$1,356.9 million to the Revenue Stabilization Fund.

During the current fiscal year, the government has established a number of companies to accelerate the pace of implementation of projects under its capital programme. The Rural Development Company of Trinidad and Tobago Limited (RudeCott) would focus on rural development; the National Infrastructure Development Company (NIDCO) on highway expansion; the Education Facilities Company on projects in education such as the construction of several primary schools; and the Tobago Development Company to expedite projects in Tobago. In addition, the government is in the process of developing two industrial estates in South Trinidad that will accommodate energy-related plants including an aluminium smelter and additional ammonia and methanol facilities. The University of Trinidad and Tobago was formally launched in October 2004, and is being funded and managed by the government in partnership

with key industries. The programmes offered by the university are focused mainly on science and technology.

TABLE 11
SUMMARY OF CENTRAL GOVERNMENT FINANCES, 2001/02 - 2004/05
(DOLLARS MILLION)

	Oct. 01- Sept. 02	Oct. 02- Sept. 03	Oct. 03- Sept. 04	Oct. 04- Sept. 05 ¹
Current Revenue	13,825.0	16,754.3	20,625.6	23,670.4
Current Expenditure	13,544.4	15,007.5	17,498.5	20,525.9
Current Surplus (+) /Deficit (-)	280.6	1,746.8	3,127.1	3,144.5
Capital Receipts	47.5	7.1	4.1	345.1
Capital Expenditure and Net Lending	682.4	795.5	1,621.1	2,125.0
Overall Surplus (+) /Deficit (-)	-354.3	958.4	1,510.1	1,364.6
Financing	354.3	-958.4	-1,510.1	-1,364.6
External (Net)	-182.7	-253.4	-278.7	482.8
Domestic (Net)	537.0	-705.0	-1,231.4	-1,847.4
SURPLUS (+) / DEFICIT (-) AS A PER CENT OF GDP (CURRENT MARKET PRICES)				
Current Surplus (+) /Deficit (-)	0.5	2.6	4.4	4.4
Overall Surplus (+) /Deficit (-)	-0.6	1.4	2.1	1.9

Source: Appendix Table A.16.

¹Based on estimates in the 2004 / 2005 Budget.

TABLE 12
SUMMARY OF CENTRAL GOVERNMENT FINANCES, 2001/02 - 2003/04¹
(PER CENT)

	Oct. 01- Sept. 02	Oct. 02- Sept. 03	Oct. 03- Sept. 04
PER CENT OF RECURRENT REVENUE			
A. Recurrent Revenue			
Oil Revenue	23.5	36.9	37.0
Non-Oil Revenue	76.5	63.1	63.7
Income Taxes	32.7	32	31.3
Property Taxes	0.7	0.5	0.4
Taxes on Goods and Services	24.9	17.5	19.9
International Trade Taxes	6.2	5.9	6.0
Non-Tax Revenue	12.0	7.2	6.1
Total Recurrent Revenue	100.0	100.0	100.0
PER CENT OF RECURRENT EXPENDITURE			
B. Recurrent Expenditure			
Wages and Salaries	30.9	30.2	27.7
Goods and Services	13.0	13.4	13.6
Interest	17.8	16.6	13.5
Transfers and Subsidies	37.3	39.8	45.2
Total Recurrent Expenditure	100.0	100.0	100.0

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

¹Figures may not add to 100.0 due to rounding.

Central Government Domestic Debt

In 2004, the central government was active in the domestic bond market issuing \$1,120 million in bonds. This included the sum of \$516 million for the purpose of absorbing the funds released by the second reduction in the reserve requirement of commercial banks and two other issues valued at \$300 million each.⁶ These two fixed rate medium-term bonds were issued under the government's new auction system which was designed to enhance the efficiency of the market.⁷ At the end of 2004 therefore, outstanding domestic debt stood at \$11,787.7 million or 16.4 per cent of GDP compared with a

debt stock of \$11,168.3 million (16.9 per cent of GDP) at the end of December 2003. During the period principal repayments amounted to \$506.7 million, of which \$504.9 million represented the early retirement of callable bonds. Other central government bond repayments amounted to \$175.7 million. Interest payments during the year amounted to \$344.4 million with interest on call options totalling \$25.3 million.

⁶ In October 2004, the Central Bank reduced the reserve requirement of the commercial banks from 14 per cent of prescribed liabilities to 11 per cent. To minimize any negative impact on liquidity, the funds released were absorbed in a bond issue of equivalent amount.

⁷ See Chapter Seven, Institutional Developments, Page 33.

TABLE 13
ENERGY-BASED GOVERNMENT REVENUES,

	2001/02	2002/03	2003/04
PER CENT OF GOVERNMENT REVENUE			
Energy Sector	23.5	36.9	37.0
Corporation Tax	11.9	24.3	26.3
Royalties	4.3	6.0	5.3
Unemployment levy	0.7	1.7	1.4
Withholding tax	0.7	1.0	1.0
Excise duty	3.8	3.4	2.8
Other ¹	2.1	0.5	0.2
PER CENT OF GDP			
Energy Sector	5.9	9.3	10.6
Corporation Tax	3.0	6.2	7.6
Royalties	1.1	1.5	1.5
Unemployment levy	0.2	0.4	0.4
Withholding tax	0.2	0.3	0.3
Excise duty	0.9	0.9	0.8
Other ¹	0.5	0.1	0.0

Source: Ministry of Finance.

¹ Includes Oil Impost and receipts from Signature Bonuses for the award of production-sharing contracts.

PUBLIC SECTOR EXTERNAL DEBT

(Data in this Section are in US dollars)

The public sector external debt outstanding declined in 2004 for the fifth successive year to \$1.4 billion or 11.8 per cent of GDP. This was mainly the result of the redemption of a major Eurobond issue during the year and the fact that the central government has not engaged in any extensive external borrowing activity over the past three years. Over the past five years, the profile of the debt outstanding has remained relatively unchanged, with more than 96 per cent

denominated in US dollars, with that portion that attracts a variable rate of interest falling to less than 30 per cent of the outstanding balance.

The maturity structure of the debt was skewed toward long term obligations, while the creditor composition showed that 55.7 per cent was owed to bond holders and 41.7 per cent to multilateral creditors. Multilateral disbursements to the central government fell by \$63.1 million in 2003

to \$23.4million in 2004. These funds were received primarily from the Inter American Development Bank (IADB) and financed projects with respect to health (\$12.1 million), secondary schools (\$5.7 million) and community development (\$3 million). The balance (\$2.6 million) funded the continuation of projects with respect to agriculture sector reform, highway development, HIV/Aids prevention programmes and public sector reform.

In 2004, total debt service increased by \$129.6 million as the bullet payment on the \$150 million Eurobond contracted in 1994 became due. Other principal repayments amounted to \$76.1 million, of which approximately one third settled debt

obligations of the energy sector, and the remainder, loans with the IADB (\$29.5 million,) the IBRD (\$17.6 million), the CDB (\$1.8 million) and the Eximbank of Japan (\$4.9 million). Interest payments fell from \$146.7 million in 2003 to \$109.9 million at the end of 2004 and interest payments on bonds accounted for 77.5 per cent of this total.

In 2004, the central government made final payments on two loans contracted in 1990 with the IBRD (\$4 million) and the Eximbank of Japan (¥5,328 million) under the structural adjustment programme of 1988-1991. A final payment to the Eximbank of Japan is due in 2006.



TABLE 14
CENTRAL GOVERNMENT FISCAL OPERATIONS, 2001/02 - 2003/04
(IN PER CENT OF GDP)

	2001/02	2002/03	2003/04
Total Revenue	25.1	25.3	28.7
Of which			
Energy Sector	5.9	9.3	10.6
Non-energy Sector	19.2	16.0	18.1
Total Expenditure	25.7	23.9	26.6
Current Expenditure	24.5	22.7	24.3
Capital Expenditure	1.2	1.2	2.3
Overall Surplus/Deficit	-0.6	1.4	2.1
Non-energy Deficit	-6.5	-7.9	-8.5

Source: Ministry of Finance.



CHAPTER SEVEN

MONETARY AND FINANCIAL DEVELOPMENTS

MONETARY AND FINANCIAL DEVELOPMENTS

Money, Credit and Interest Rates

The Central Bank of Trinidad and Tobago pursued an accommodative monetary policy stance in 2004 in order to encourage investment and growth in the non-energy sector, which has been growing at a rather slow pace. The Bank had embarked on a number of policy measures which included a lowering of the Repo rate in September, 2003 to 5.00 per cent from 5.25 per cent and had also announced a phased programme for the gradual reduction in the statutory reserve requirement for commercial banks. The first phase of this programme was implemented in October 2003 with the lowering of the statutory reserve requirement for commercial banks from 18 per cent of prescribed liabilities to 14 per cent. In October, 2004, the Bank implemented the second phase of this planned reduction programme with a three percentage point reduction in the statutory reserve requirement for commercial banks from 14 per cent of prescribed liabilities to 11 per cent. The final phase, which will bring the reserve requirement of commercial banks in line with that of the non-bank financial institutions (9 per cent), is expected to take place in 2005.

The easing of monetary conditions resulted in a general fall in short-term interest rates throughout the financial system. The prime lending rate fell by 75 basis points to 8.75 per cent in October 2004 from 9.50 per cent in November 2003. The weighted average loan rate declined by 94 basis

points from 10.03 per cent to 9.09 per cent, while the weighted average deposit rate fell by 40 basis points from 2.26 per cent to 1.86 per cent over the period December 2003 to December 2004. Commercial banks' intermediation margin, which is defined as the difference between the commercial banks' weighted average loan and deposit rates, narrowed by 54 basis points to 7.23 per cent.

In the securities market, the average discount rate on three-month treasury bills recorded a declining trend throughout 2004. In January, the discount rate stood at 4.82 per cent, falling marginally during the first quarter to 4.76 per cent in March. The rate increased in April to a high of 4.84 per cent, but declined for the remainder of the year, to reach 4.70 per cent in December. This trend along with the increase in the rate on US three-month treasury bills during the year resulted in a narrowing of the interest rate differential from 393 basis points at the start of the year to 247 basis points at year's end.

Other factors such as generally tighter liquidity conditions in the domestic market during the first half of 2004 impacted on the weighted average inter-bank rate which trended upward during the year from 3.85 per cent in January. In August 2004, the inter-bank rate peaked at 4.39 per cent but softened thereafter, ending the year at 4.25 per cent.

As a result of the low interest rate environment, private sector credit extended by the consolidated financial system experienced steady growth in 2004 (13.4 per cent) compared with an increase of 9.5 per cent in 2003. Commercial banks' credit to the private sector grew by 27.1 per cent with growth of 19.7 per cent in business lending and 11.9 per cent in consumer credit. However, in 2004 credit extended by the non-bank financial institutions contracted by 15.6 per cent.⁸ Credit extended by the non-bank financial institutions to businesses, consumers and for investment purposes contracted by 34.8 per cent, 13.2 per cent and 1.4 per cent, respectively.

Liquidity conditions in the domestic economy remained generally tight in the early part of 2004, but as the year progressed, conditions eased primarily because of the increase in the net domestic fiscal injection. In the first half of 2004, the net domestic fiscal injection amounted to \$750.2 million, and in the second half of the year, to \$3,504 million, bringing the net amount to \$4.2 billion in 2004 compared with \$3.5 billion in 2003 and \$2.8 billion in 2002. The Central Bank conducted open market operations to absorb the excess liquidity in the system and withdrew a net amount of \$2,490 million from the market. Easy liquidity conditions, particularly in the final quarter of the year led to increased open market activity. In the final quarter alone, open market operations resulted in the withdrawal of a net amount of \$1,750 million. In addition, the Central Bank sold US\$400 million to authorized dealers which withdrew a further TT\$2,492 million from the financial system.

Narrow money (M1-A), defined as currency in active circulation plus demand deposits displayed a slower rate of growth during 2004 (8.8 per cent) compared with an increase of 12.1 per cent and 19.1 per cent in 2003 and 2002, respectively. Currency in active circulation increased by 13.1 per cent while demand deposits increased by 7.6 per cent. A broader measure of money supply (M-2), defined as M1-A plus savings and time deposits increased by 6.2 per cent compared with an expansion of 6.5 per cent in the previous year. Over the review period, savings deposits increased on average by 8.8 per cent while there was a 5.3 per cent decline in time deposits as investors shifted their funds to investments that yielded higher returns.

The foreign exchange market experienced demand pressures as there were on occasion mismatches between demand and supply flows throughout 2004. The Central Bank intervened in the market to smooth the flows and sold US\$400 million to authorized dealers in 2004, compared with US\$505 million and US\$315 million in 2003 and 2002, respectively. The weighted average selling rate of the TT dollar remained almost unchanged throughout the year and ranged between TT\$6.29896=US\$1 and TT\$6.29929=US\$1.



⁸ Following the announcement that the reserve ratio for commercial banks and non-bank financial institutions (NFIs) was to be equalized, some NFIs have been transferring their mortgage portfolios to their affiliate banks for strategic purposes.

TABLE 15
SUMMARY OF MONETARY CONDITIONS,
2002 - 2004 (ANNUAL AVERAGE)
(DOLLARS MILLION)

	PERCENTAGE CHANGES (%)				
	2002	2003	2004	2004/2003	2003/2002
Currency in active circulation	1,383	1,573	1,779	13.1	13.7
M-0	4,414	4,849	4,473	-7.9	9.9
M-1A	6,256	7,016	7,636	8.8	12.1
M-2	16,832	17,924	19,032	6.2	6.5
M-2*	22,317	23,131	25,971	12.3	3.6
M-3	21,040	22,002	22,588	2.7	4.6
M-3*	28,248	28,872	32,207	11.5	2.2
Domestic Credit (Net)	21,274	21,437	24,180	12.8	0.8
Private Sector	16,167	17,012	20,247	19.0	5.2
Public Sector	5,107	4,425	3,933	-11.1	-13.4

Source: Central Bank of Trinidad and Tobago.

TABLE 16
FACTORS INFLUENCING CHANGES IN THE MONEY SUPPLY, 2000 - 2004
(DOLLARS MILLION)

	2000	2001	2002	2003	2004
Net Domestic Budget Deficit	655	736	63	2,010	1,168
Increase in Credit to the Private Sector ¹	1,690	545	1,338	1,516	4,145
Bal. of Payments Deficit of Private Sector ²	2412	-1,441	1,916	4,735	3,412
Changes in Net Unclassified Assets	116	513	825	2,292	-793
Central Bank	241	1,567	569	19	808
Commercial Banks	-126	-1,054	256	2,273	-1,601
Change in Money Supply (M-2)	48.8	3,235	310	1,083	1,108
Change in Money Supply (M-1A)	605	1,808	636	-23	620
Change in Quasi-Money ³	- 557	1,426	-326	1,106	488
Memo Items:					
Money Supply (M-2)					
Annual Growth (%)	6.9	23.2	1.8	5.8	8.6
Total Composition (%)	100.0	100.0	100.0	100.0	100.0
Money	35.0	38.9	41.9	39.3	40.2
Quasi - Money	65.0	61.1	58.1	60.7	59.8

Source: Central Bank of Trinidad and Tobago.

¹ Includes State Enterprises.

² Residual, but mainly covering net sales of foreign exchange to the commercial banks.

³ Time deposits plus savings deposits.

Institutional

Developments

In 2004, the Ministry of Finance, with the assistance of the Central Bank, finalized the White Paper on Financial Sector Reform which received Parliamentary approval. This White Paper now constitutes the basis for Government's reform strategy in the financial sector and contains a number of recommendations relating to the upgrading of the supervisory and regulatory framework as well as the financial sector infrastructure. In keeping with the recommendations contained in the White Paper, a number of key reform initiatives were undertaken during the year. These included the Insurance Amendment Act, the introduction of the Real Time Gross Settlement System and the Government Securities System, and the establishment of a regional credit rating agency.

On May 25 2004, with the passage of the Insurance (Amendment) Act No. 15 2004, the Central Bank formally assumed responsibility for the supervision of the insurance industry and private pension funds. During the year, the Central Bank continued with its three year programme (2002-2004) of reform to improve the efficiency of and reduce risk in the payments and securities clearance and settlement systems, in line with international best practice. On October 14, 2004, the Bank introduced a Real Time Gross Settlement System (RTGS). This new system, called safe-tt, allows for faster, safer and more efficient clearance and settlement of large value (TT\$500,000 and over) and time-sensitive payments among commercial banks. It is intended to reduce payment and settlement risk and

improve efficiency in the financial system. The Bank is also working with the commercial banks to establish an Automated Clearing House for smaller value payments in 2005. Another important development was the launch on December 9 2004, of the Central Bank Government Securities System (GSS). This system, which comprises of an on-line auction system and an integrated securities depository, allows the Bank's counterparties to bid for new government securities on-line.



Box VI **mergers and acquisitions**

In July 2004, AIC Limited was granted a license to operate as a financial institution in Trinidad and Tobago under the Financial Institutions Act, 1993.

The Republic Bank Limited became a subsidiary of the CL Financial Group after the Clico Investment Bank purchased 15,968,356 shares in the equity of Republic Bank Limited. CL Financial's shareholding in Republic Bank increased to 53 per cent.

The First Caribbean International Bank (FCIB) acquired the Mercantile Banking and Financial Corporation Ltd on November 3, 2004, with the approval of the Central Banks of Trinidad and Tobago and Barbados.

In recognition of the commitment of the Government of Trinidad and Tobago to upgrade financial sector practices and legislation, and to bring them more in line with international norms, the Central Bank formed a Professional Advisory Committee (PAC). This Committee, which comprises representatives from the financial, accounting, actuarial and legal bodies, will discuss and advise on matters related to the financial sector. This committee held its first meeting on October 12, 2004 and is expected to meet quarterly or as circumstances demand. In light of the number of complaints received from businesses and individuals, particularly with respect to general insurance, the Central Bank and the Association of Trinidad and Tobago Insurance Companies (ATTIC) have agreed to extend the

role of the Banking Services Ombudsman to incorporate complaints from the insurance industry. The Office of the Financial Services Ombudsman, which will be established in 2005, will therefore address complaints in both banking and insurance services.

A regional credit rating agency – Caribbean Information and Credit Rating Services Limited (CariCRIS) – formally launched its operations on October 19 2004. By providing the financial community with a statement of the credit worthiness of borrowers through its rating scale, this agency is expected to promote the development of an efficient and competitive bond market.

◆◆◆

TABLE 17
FINANCIAL SYSTEM - TOTAL ASSETS, 2000 - 2004
DOLLARS MILLIONS

	2000	2001	2002	2003	2004
1. Central Bank	12,481	15,592	16,136	17,855	22,605
<i>External Assets</i>	9,707	12,603	13,009	14,607	19,301
<i>Domestic Assets</i>	2,774	2,989	3,127	3,248	3,304
2. Commercial Banks	32,933	38,161	40,104	43,226	48,058
3. Finance Companies and Merchant Banks	4,792	6,251	6,855	8,270	12,218
4. Trust & Mortgage Finance Companies	9,157	8,907	9,292	11,228	10,351
5. Thrift Institutions	75	63	66	68	67
6. Development Finance Institutions	1,349	1,327	1,406	1,880	2,056
7. Unit Trust Corporation	4,420	5,579	8,456	11,340	NA
8. Deposit Insurance Corporation	441	515	575	652	743
9. Home Mortgage Bank	837	886	1,141	1,631	1,749
10. Life Insurance Companies	10,015	12,589	14,913	17,968	NA
11. National Insurance Board	6,674	7,687	8,310	9,679	12,010

Source: Central Bank of Trinidad and Tobago.



CHAPTER EIGHT

THE DOMESTIC CAPITAL MARKET

THE DOMESTIC CAPITAL MARKET

BONDS

The performance of the domestic capital market in 2004 was strong, maintaining the momentum from 2003. Although the overall number of placements on the bond market fell, US-dollar activity rose while TT-dollar issues fell. Conditions in the stock market were robust as the Composite Stock Index grew by 54.8 per cent. In addition, there were cross listings of two regional companies and an acquisition of a controlling interest in a financial institution. In 2004, the mutual fund industry continued to show strong growth and two new mutual funds were introduced. Total value of funds under management increased by 22.7 per cent to TT\$23,962.8 million.

Bond market activity waned in 2004 as the supply of long-term securities on the domestic market declined to 35 bonds compared with 40 placements in 2003. Foreign currency placements of which there were 19, accounted for 54.2 per cent of total market issues in 2004, and amounted to US\$690 million. This represented an increase of US\$152.8 million or 28.4 per cent over 2003. The remaining 16 placements were TT-dollar denominated and totalled in excess of \$3,237 million, a 50 per cent decline compared with the preceding year.

There were 17 regional placements, 6 of which valued at US\$230.4 million were issued by sovereigns. These sovereign issues were predominantly US-dollar denominated (US\$215.5 million) except for one placement denominated in Eastern Caribbean dollars (EC\$40

million). The tenors on the regional sovereigns were largely 10 years and interest rates on these bonds ranged between 6.80 per cent and 9.95 per cent.

In respect of TT-dollar placements on the primary market, there were two 15 year issues by the central government in August and September of 2004, which attracted interest rates of 6.15 per cent and 6.10 per cent, respectively. The government also issued a 10 year bond with a face value of \$516 million following the reduction in the reserve requirement in September. Other capital market activities during 2004 included TT\$1,261.4 million in bonds issued by state enterprises and statutory corporations. In addition, four firms in the local private sector were successful in raising TT\$1,511 million through 7 placements. This represented an increase of 39 per cent or TT\$430 million over private sector placements in 2003. The average maturity of issues by local private and public sector institutions was approximately 10 years and 2 months in 2004. (see Table 18)

Equities

The domestic stock market continued its bullish run throughout 2004 producing new records for the Stock Exchange. This trend was driven by higher disposable incomes created by the buoyant conditions in the domestic economy and investors' demand for attractive investment instruments. The Composite Stock Price Index

(CPI, 1983=100) which started the year at 694.1 points grew by 54.8 per cent to close at 1,074.6 points, the highest growth rate since 1997. The All Trinidad and Tobago Index (ATI, 1999=100) grew by 41.5 per cent from an opening position of 911.9 points to 1,290.1 points at year-end, an increase of 378.2 points. In keeping with these trends, trade values rose by 31.7 per cent in 2004, compared with trades totalling \$2,303.2 million in 2003. Nonetheless, there was a 23.7 per cent decline in the number of shares traded over 2003, to 312.5 million shares with a combined market value of \$3,033.4 million.

This buoyant performance was underpinned by strong gains in all the sub-indices. The Conglomerate, Property and Trading sub-indices increased by 80.4 per cent, 90 per cent, and 91.9 per cent, respectively while the Banking and Non-Banking sub-indices advanced by 46.2 per cent and 49.5 per cent, respectively in 2004. In addition, the Banking sector accounted for 43.2 per cent of the volume of shares traded and the Non-Banking sector, 33.6 per cent.

Consistent with a strengthening in the domestic stock market prices, market capitalization rose 58 per cent to \$107,560 million (149.6 per cent of GDP) up from \$67,979.6 million (102.7 per cent of GDP) in 2003.

Among the highlights for 2004 was the acquisition of a controlling interest in a commercial bank by a

non-financial private holding company. This acquisition raised issues about the need for improved legislative and regulatory provisions governing mergers and acquisitions and the protection of minority shareholders' rights in Trinidad and Tobago. In addition, there were the cross listings of two regional companies - Sagicor Financial Corporation of Barbados in August and Jamaica's Dehring, Bunting and Golding in October. The recent cross-listings bring the total number of regional companies listed on the Trinidad and Tobago Stock Exchange to seven.

Mutual Funds

In 2004, the mutual funds industry continued to be one of the fastest growing collective investment vehicles in Trinidad and Tobago. Indeed, two new mutual funds were launched in the latter half of 2004 - a US-dollar denominated income and growth fund and one US-dollar denominated money market fund, both sponsored by a single commercial bank. This brought the number of local mutual funds in the financial system to twelve and the number of providers remained unchanged at four. Against this background, assets under management of the mutual fund industry grew by 22.7 per cent to reach TT\$23.9 billion in 2004. Consistent with developments in their underlying equities' portfolio, the income and growth funds grew by 52.6 per cent and outperformed the money market funds which grew more slowly by 15.9 per cent. Net incremental investments totalled TT\$3.8 billion, 34.5 per cent of which were invested in the income

and growth segment of the industry. In addition, incremental investments in US-dollar denominated funds accounted for 20.7 per cent of net investments over the review period.

Fund value growth in both the US-dollar (US\$3,503.5 million) and TT-dollar (TT\$20, 459.3 million) mutual funds also lagged behind previous year's performance growing by 32.8 per cent and 21.3 per cent, respectively. This compared with growth rates of 42.5 per cent and 37.1 per cent, respectively in 2003.

Investors in the money market funds were in receipt of returns averaging 6.11 per cent and 5.16 per cent as posted by the TT-dollar denominated and US-dollar denominated funds, respectively. Annualized yields to investors in the industry's two TT-dollar denominated equity funds were 18.05 per cent and 34.64 per cent in 2004, compared with 13.09 per cent and 23.85 per cent in the preceding year.



TABLE 18
PRIMARY BOND MARKET ACTIVITY,
JANUARY - DECEMBER 2004

Period Issued	Borrower	(Face Value) \$Mn	Period to Maturity	Interest Rate	Placement Type
Feb.	Government of Grenada	US\$10.50	10 yrs.	Fixed rate 7.50% p.a.	Private
	JPSCO of Jamaica	US\$30.00	7 yrs.	Fixed rate 10.60% p.a.	Private
	TransJamaican Highway Ltd.	US\$130.00	7 yrs.	Fixed rate 10.25% p.a.	Private
Mar.	Government of Jamaica	US\$58.00	4 yrs.	Fixed rate 8% p.a.	Private
	APUA Funding Ltd.	US\$16.50	5 yrs.	Fixed rate 11.50% p.a.	Private
Apr.	Government of Aruba	US\$67.00	10 yrs.	Fixed rate 6.80% p.a.	Private
	RBTT Financial Holdings Ltd.	\$200.00	10 yrs.	Fixed rate 6.25% p.a.	Private
	S.W. Regional Health Authority	\$55.00	7 yrs.	Fixed rate 5.35% p.a.	Private
	Trincity Commercial Centre Ltd.	\$130.00	15 yrs.	Floating @ avg. TTD prime less 2.75% with floor of 7.00% & cap of 11.00%.	Private
May	Trincity Commercial Centre Ltd.	US\$9.80	3 yrs.	Fixed rate 7.00% p.a.	Private
	Hydroenergia del General	US\$57.00	15 yrs.	Floating LIBOR +5%	Private
	Barbados Agri. Management Co. Ltd.	BD\$20.00	10 yrs.	Fixed rate 3.00-5.50% p.a.	Private
	Princess Juliana Int. Airport Co. N.V.	US\$118.59	15 yrs.	Fixed rate 8.25% p.a.	Private
Jun.	Trincity Commercial Centre Ltd.	US\$12.00	10 yrs.	Fixed rate 7.75% p.a.	Private
Jul.	Digicel Eastern Caribbean Ltd.	US\$8.25	7 yrs.	Fixed rate 9.00% p.a.	Private
Aug.	Government of Trinidad & Tobago	\$300.00	15 yrs.	Fixed rate 6.15% p.a.	Private
	WASA	\$145.00	15 yrs.	Fixed rate 5.85% p.a.	Private
	Caroni 1975 Ltd.	\$131.00	10 yrs.	Fixed rate 5.55% p.a.	Private
	Barbados Agri. & Mgmt. Co. - Tranche 1	BD\$15.00	12 yrs.	Fixed rate 5.40% p.a.	Private
	Trinidad Cement Ltd.	\$346.50	10 yrs.	Fixed rate 6.87% p.a.	Private
	Barbados Agri. & Mgmt. Co. - Tranche 2	BD\$25.00	12 yrs.	Fixed rate 5.40% p.a.	Private
Sep.	Government of Trinidad & Tobago	\$300.00	15 yrs.	Fixed rate 6.10% p.a.	Private
Oct.	Port Authority Bond - Tranche 1	\$228.00	15 yrs.	Fixed rate 5.775% p.a.	Private
	Port Authority Bond - Tranche 2	\$112.40	15 yrs.	Fixed rate 6.05% p.a.	Private
	National Flour Mills - Tranche 1	\$40.00	5 yrs.	Fixed rate 5.85% p.a.	Private
	National Flour Mills - Tranche 2	\$40.00	7 yrs.	Fixed rate 5.94% p.a.	Private
	National Flour Mills - Tranche 3	\$10.00	10 yrs.	Fixed rate 6.18% p.a.	Private
	Government of Belize	US\$65.00	10 yrs.	Fixed rate 9.95% p.a.	Private
Nov.	Government of Turks and Caicos	US\$15.00	10 yrs.	Floating 4.20-7.05% p.a.	Private
	Simpsons Finance Ltd.	BD\$15.00	5 yrs.	Fixed rate 5.80% p.a.	Private
	Government of St. Vincent	EC\$40.00	10 yrs.	Fixed rate 7.00% p.a.	Private
Dec.	Guardian Holdings Ltd.- Tranche 1	\$350.00	10 yrs.	Fixed rate 6.42% p.a.	Private
	Guardian Holdings Ltd.- Tranche 2	\$350.00	10 yrs.	Fixed rate 6.625% p.a.	Private
	WASA	\$500.00	20 yrs.	Fixed rate 6.185% p.a.	Private
	RBTT Bank Jamaica Limited	US\$40.00	5 yrs.	Floating 5.00-6.375% p.a.	Private

Source: Central Bank of Trinidad and Tobago.



CHAPTER NINE

INTERNATIONAL TRADE AND PAYMENTS

INTERNATIONAL TRADE AND PAYMENTS

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

Balance of Payments

On account of the robust performance of the energy sector, Trinidad and Tobago recorded a balance of payments surplus of \$734 million (6.4 per cent of GDP) in 2004, more than twice the surplus (\$334.2 million) posted for 2003. The external current account improved significantly, reflecting net earnings on the merchandise account of \$1.5 billion. By contrast, on the external capital account, outflows through bond placements to regional sovereigns and corporations amounting to US\$690.1 million, and increased investments abroad by domestic firms contributed to a deficit on the capital account. As a result, the year-end level of gross official reserves stood at \$2,993 million, equivalent to 6.9 months of imports of prospective goods and non-factor services.

Current Account

The external current account recorded a surplus of \$1,788.1 million or 15.6 per cent of GDP in 2004, compared with \$984.7 million or 9.3 per cent of GDP in 2003. Total exports increased by 23 per cent, reflecting higher prices and volumes of energy exports. Shipments of mineral fuels and lubricants were valued at \$3,860 million compared with \$3,470.4 million in 2003, as international crude oil prices rose by over 30 per cent. Chemical exports also grew by \$615 million to \$1,521.6 million in 2004 as a result of higher prices for ammonia, urea and methanol. In addition, exports of manufactured goods increased by 28.3 per cent, following a decline of 6.1 per cent in 2003. Capital imports associated with new investment

projects in the energy sector, particularly the ALNG Train IV, were mainly responsible for the rise of almost 25 per cent in Trinidad and Tobago's total imports to \$4,894.2 million in 2004. This is reflected in the imports of machinery and transport equipment which increased by \$539.2 million to \$1,795.9 million in 2004. Imports of mineral fuels and lubricants also increased by \$116.9 million from \$1,064.2 million in 2003.

Capital Account

In contrast to the surplus on the current account, the capital account recorded a deficit of \$823.8 million (-7.2 per cent of GDP) as regional bond issues reached \$690.1 million. Direct investment inflows increased by \$189.8 million to \$998.1 million, as the construction of the ALNG Train IV facility progressed in 2004. Direct investment outflows, however, fell to \$25.4 million in 2004. The build-up of commercial banks' net foreign position amounted to \$524.3 million in 2004, after a fall of \$93.9 million in 2003. Official capital transactions during 2004 registered a deficit of \$202 million, compared with \$63.5 million in 2003. The central government was the sole recipient of multilateral disbursements amounting to \$23.4 million. Principal repayments on existing external debt increased from \$89.7 million in 2003 to \$226 million in the reporting year, primarily because of the repayment of the \$150 million Eurobond contracted in 1994.

Interest payments amounted to \$109.9 million, resulting in total debt service of \$335.9 million. Consequently, the debt service ratio for the year 2004 stood at 4.7 per cent compared with 3.8 per cent in 2003. Trinidad and Tobago's gross foreign assets amounted to \$4,219.6 million at the end of December, \$959.3 million above the level at the end of the previous year. The country's net foreign

reserves position as at December stood at \$3,461.1 million, an increase of \$1,259.2 million from the end of 2003. This comprised an increase of \$734.9 million in the Central Bank's net international reserves and an increase of \$524.3 million in the net foreign position of commercial banks.

TABLE 19
SUMMARY BALANCE OF PAYMENTS, 2000 - 2004
(US\$ MILLION)

	2000	2001	2002	2003 ^r	2004 ^p
Current Account					
Merchandise	544.3	445.8	76.4	984.7	1,788.1
Services	968.8	718.1	237.7	1,293.2	1,508.7
Income	166.1	233.6	264.0	313.8	671.4
Transfers	-628.5	-539.3	-479.8	-680.9	-446.2
	37.9	33.4	54.5	58.6	54.2
Capital Account	234.7	428.1	328.7	-505.7	-823.8
Official	114.9	-34.7	-50.8	-63.5	-202.0
State Enterprises	-61.0	-14.7	-10.2	-10.2	-10.7
Private Sector	180.8	477.5	389.7	-432.0	-627.5
Errors and Omissions	-338.0	-403.3	-356.2	-144.8	-230.3
Overall Surplus / Deficit	441.0	470.6	48.9	334.2	734.0
Change in Reserves					
Increase (-) / decrease (+)	-441.0	-470.6	-48.9	-334.2	-734.0
Memorandum Items:					
Exports: Energy	3,852.0	3,663.9	3,387.7	4,774.0	5,923.6
Non-energy	435.2	488.6	487.1	433.7	479.1
Gross Official Reserves	1,405.5	1,876.0	1,923.6	2,257.8	2,993.0
Import Cover (months)	4.3	5.6	5.5	5.4	6.9

Source: Central Bank of Trinidad and Tobago.

Box VII EFFECTIVE EXCHANGE RATES

The Nominal Effective Exchange Rate Index (1990=100) is calculated as a geometric average of bilateral exchange rates between the Trinidad and Tobago dollar and other currencies, weighted by non-oil merchandise trade shares. The Real Effective Exchange Rate Index is similarly constructed but also takes into account relative inflation rates using consumer price indices. An increase in the value of indices represents a loss of competitiveness, while, a decrease represents a gain in competitiveness. The trade-weighted real effective exchange rate (TWREER) index is the main indicator of international price competitiveness of domestic exports, and local goods that face competition from imports in the domestic market.

During 2004, there was an improvement in Trinidad and Tobago's external competitiveness as measured by the trade weighted real effective exchange rate index (TWREER). The TWREER index rose by an average rate of 2.5 per cent compared with 1.4 per cent in 2003. This improvement followed a loss in competitiveness between the years, 1997 and 2002 when there were successive increases in the TWREER.

The depreciation of the TWREER index occurred largely on account of movements in relative exchange rates as measured by the nominal effective exchange rate index (TWNEER). This latter index fell by 1.8 per cent in 2004 following the weakening of the US dollar against the major currencies (the Euro, Pound Sterling and the Yen) which translated into an indirect depreciation of the TT dollar against these currencies.

Complementing the exchange rate effect was the effective inflation rate which is represented by changes in domestic inflation rates relative to the

country's major trading partners. In 2004, Trinidad and Tobago's average inflation rate was 3.7 per cent, which was higher than that of the rate in the United States (2.7 per cent), the United Kingdom (1.4 per cent), and Japan (-0.8 per cent). Nevertheless, the overall inflation differential was lower by 0.7 per cent, attributable to the double digit inflation rates experienced by Venezuela (21.9 per cent) and Jamaica (13.7 per cent).

While the annual data suggest an acceleration of the decline in the real effective exchange rate, this masked intra-year changes. During the second quarter, the US dollar strengthened against the Euro and the Pound by 3.7 per cent and 1.8 per cent, respectively. Indirectly, this resulted in a slowing of the depreciation of the real effective exchange rate, despite the favourable price effect which partially offset the loss of competitiveness. The trend was reversed in the third and fourth quarters as once more the US dollar declined sharply against the major currencies, with the sharpest fall occurring

towards the end of the fourth quarter. At the same time however, there was a widening in the inflation rate differential between Trinidad and Tobago and the country's major trading partners. This widening outweighed the

exchange rate effect which led to the slower rate of increase in the international price competitiveness of locally produced goods.



TABLE 20
EFFECTIVE EXCHANGE RATES Index, 2000-2004
(1990 = 100)

	TRADE-WEIGHTED		EXPORT-WEIGHTED		EFFECTIVE INFLATION RATE	
	TWREER	TWNEER	XWREER	XWNEER	TRADE-WEIGHTED	EXPORT-WEIGHTED
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	101.53	156.40	97.11	115.93	64.92	83.77
2003	100.11	155.06	96.90	117.21	64.56	82.67
2004	97.61	152.30	94.34	116.94	64.10	80.68
PERCENTAGE CHANGES						
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	3.86	2.84	3.68	3.12	0.99	0.55
2003	-1.40	-0.86	-0.22	1.12	-0.55	-1.32
2004	-2.49	-1.78	-2.64	-0.23	-0.72	-2.40

Source: Central Bank of Trinidad and Tobago.



APPENDIX

ONE

INTERNATIONAL ECONOMIC DEVELOPMENTS

INTERNATIONAL ECONOMIC DEVELOPMENTS

(In this Chapter, \$ refers to US dollars unless otherwise indicated)

LATIN AMERICA AND THE CARIBBEAN

Economic conditions in Latin America in 2004 were influenced by developments in the United States (US) and China. Growth in the US was robust for most of the year, providing a stimulus to economic activity in Latin America. China's economy continued to grow at a rate of 9.5 per cent, despite efforts to slow the pace of growth during the year. China's surging demand for primary commodities had a positive impact on the exports of some developing countries. The relatively buoyant oil market also impacted on the external current account and inflation outturns. On the whole, Latin America and the Caribbean exhibited a solid growth performance, which allowed for gains to be reflected in reductions in unemployment, fiscal consolidation and the narrowing of current account deficits in some countries.

The **Mexican economy** is estimated to have grown by 4.4 per cent in 2004, compared with growth of 3.3 per cent in the 2003. Though the expansion has been broad-based, the rebound in industrial production (3.8 per cent) was particularly noteworthy. This was facilitated by the improved performance of the manufacturing sector in the US, which also provided a renewed dynamism to the *maquiladora* industry in Mexico. Growth was also supported by an improvement in

private consumption. Nevertheless, unemployment rates have risen slightly at the end of December as the increase in the labour force has outstripped the number of new jobs created. High oil prices contributed to increased export earnings and improved fiscal accounts. Export revenues to December rose by 14.5 per cent, mainly as a result of increases in oil prices. Nevertheless, faster-rising imports, as a result of raw material imports, ensured that the trade deficit in the 2004 soared 48 per cent higher than in the corresponding period of 2003. The public sector fiscal deficit in 2004 was 55.6 per cent lower than in the corresponding period of 2003 as buoyant international oil prices led to an increase of 14.5 per cent in government revenues from the petroleum sector. Inflation at the end of September measured 5.06 per cent compared with 4.37 per cent in the similar period the year before, as a result of increases in the international prices of energy, metals and raw materials.

In **Venezuela**, economic activity expanded by 17.3 per cent in 2004, following sharp declines in the previous two years. The robust performance was generated by heightened activity in both the petroleum and non-petroleum sectors of the economy. The construction sector expanded

32.4 per cent as a result of increased activity by both the public and private sectors. Manufacturing also recovered, exhibiting growth of 25.4 per cent. Unemployment is estimated to have fallen to 15.3 per cent at the end of December, more than 2.7 percentage points below the levels of December 2003. At the same time, inflation has moderated, to 19.2 per cent in 2004 from 27.1 per cent compared with 24.8 per cent in the previous year. Along with exports, imports have expanded significantly so far in 2004 as a result of heightened internal demand and increased foreign exchange availability. Foreign exchange sales by the Foreign Exchange Commission tripled in the first eleven months of the year.

In 2004, higher export demand and commodity prices contributed to an improvement in **Brazil's** merchandise trade account and helped to boost overall economic performance. Increased exports of agricultural and other commodities resulted in a widening of the merchandise trade surplus which amounted to US\$33.7 billion compared with US\$24.8 billion in 2003. Industrial production rose in 2004 by 8.3 per cent and capital goods output grew by 20.4 per cent. The rebound in activity led to a fall in the unemployment rate, to 11.5 per cent in December 2004 from 12.3 per cent in December 2003. Inflation measured 7.6 per cent compared with 9.3 per cent in 2003, despite the upward pressures caused by the increase in international oil prices. Towards the end of the year, the Central Bank raised its policy interest rate, the *Selic*, on three occasions, to keep price increases in check.

The Bank has also eschewed intervention in the foreign exchange market to halt the steady appreciation of the *real* since September 2004.

The **Jamaican economy** recorded an improved performance during 2004. The economy grew by 2.5 per cent, supported by the mining and tourism sectors. In addition, the exchange rate displayed relative stability which allowed for a moderation in inflation. During 2004, the Bank of Jamaica used open market operations to absorb liquidity, while reducing interest rates charged on its instruments and lengthening their maturities as macroeconomic conditions improved. Rates across the spectrum of open market instruments were reduced, from a range of 17 per cent to 23 per cent in December 2003 to a range of 14 per cent to 16 per cent by September 2004. Inflation ended the year at 13.7 per cent, just 0.4 percentage points below the 14.1 per cent in the 2003, as price increases accelerated in the last quarter of the year as a result of the effects of Hurricane Ivan. The inflation outturn was moderated by the relative stability in the foreign exchange market: the Jamaican dollar ended the year at J\$61.85 to the US dollar from J\$60.72 to the US dollar at the start of the year, which represented a depreciation of 1.9 per cent. The steady macroeconomic performance during the year allowed for a gradual return of investor confidence in the economy. The more favourable international perception was reflected in the upgrade of the country's sovereign credit rating on December 10, 2004 by Standard and Poor's. The rating agency upgraded its outlook on Jamaica's foreign and local currency debt

from "Negative" to "Stable". During 2004, the Government of Jamaica raised some Euro 550 million on the external capital markets, which allowed for a reduction in borrowing on the local market. This facilitated the monetary objective of the continued reduction of local interest rates by the Bank of Jamaica.

In 2004, the **Barbados** economy grew for the third consecutive year, by 3.4 per cent compared with an increase of 2.2 per cent in 2003. The key driver of the expansion was the tourism sector in which real value added grew by 6.9 per cent because of improved airlift capacity out of the main tourist markets which brought larger numbers of passengers to the country. The agriculture sector performed poorly, with the sugar and non-sugar sub-sectors of the agricultural sector declining by 5.4 per cent and 7.8 per cent, respectively. In addition growth in value added in manufacturing remained flat. Within services, Distribution was boosted by a surge in imports experienced during the year. The positive growth outturn was reflected in a downward trend in the unemployment rate, to 9.9 per cent at the end of September, from 11.1 per cent at the end of 2003. The fiscal deficit declined by B\$19.3 million in 2004 to 2.4 per cent of GDP compared with 5.4 per cent in 2003. Total revenue grew by 2.7 per cent while expenditure increased by 1.6 per cent. Indirect taxes rose by 8.6 per cent on account of increased takings through VAT and import duties, while direct taxes declined because of lower personal and corporate tax receipts as a result of revisions to some applicable tax rates.

The external current account deficit reached a record B\$555.5 million (-9.9 per cent of GDP from - 6.4 per cent in 2003) in 2004, mainly as a result of an increase of 16 per cent in imports as against an increase of 5.1 per cent in exports. Imports of consumer goods rose by 14 per cent, while capital imports expanded by 26.6 per cent. The growth in imports was led by higher sales of sugar, rum and electronic components. With the expansion in airlift capacity, travel receipts rose by 8.8 per cent. On the capital account, higher portfolio outflows which outstripped inflows of foreign direct investment led to a fall of 65 per cent in net capital inflows. The weakened overall external accounts led to a decline in reserves of B\$311.5 million to B\$1.37 billion or almost 7 months of imports.

Following the sharp contraction in 2003, the economy of the **Dominican Republic** returned to growth (2 per cent) in 2004. Growth was supported by heightened activity in Communications (18.3 per cent), Mining (11.7 per cent) and Agriculture (3.5 per cent).

Monetary policy was directed towards the control of liquidity by means of open market operations. The tighter monetary stance contributed towards declining inflation and an appreciation of the exchange rate. Inflation ended the year at 28.7 per cent, compared with 43 per cent the year before. This was helped by the appreciation of the peso to RD\$30 to the US in December 2004 from RD\$47.50 to the US dollar in January 2004. Fiscal operations of the Central Government led to a deficit of

RD\$22,393.85 million or 2.9 per cent of GDP. Central Government revenues increased by 56.8 per cent, while expenditure rose by 45.3 per cent. During the year, a number of tax reforms were introduced, including an increase in the rate of VAT to 16 per cent from 12 per cent, a tax on financial transactions, modification of the rate of individual income tax and a tax of 10 per cent on Telecommunications services. These measures were implemented in anticipation of the re-start of the IMF Stand-By Arrangement which fell into abeyance in 2003.

COMMODITIES

Petroleum

The international crude oil market was very unpredictable in 2004 and at times, defied underlying market fundamentals. The price of the benchmark crude, West Texas Intermediate (WTI) averaged \$35.31 and \$38.50 in the first and second quarters, respectively, and surged during the second half, reaching as high as \$55.67 in October. WTI prices averaged \$48.26/bbl in the fourth quarter, posting an overall average of \$41.47 for 2004, which represented an increase of 32.4 per cent from 2003. Geopolitical factors were the driving force behind the market's instability which caused concern about the security of supplies, especially from the Middle East. Continued attacks by insurgents in Iraq took a heavy toll on the country's oil infrastructure, further delaying Iraq's attempts to re-establish normal production levels of around 3 million barrels per day (b/d). There were also signs of increasing hostilities in Saudi Arabia, OPEC's

largest producer. Sporadic civil unrest in Nigeria was further exacerbated when the government announced its decision to increase fuel prices by some 25 per cent. This generated some upheaval in the oil sector which adversely affected production. The market also saw a greater than expected rise in world oil demand which provided the impetus for further price increases. This was driven by China and contra-seasonal inventory building by OECD countries (especially the United States). World oil demand recorded its strongest growth in 30 years to reach an estimated 82.4 million b/d, an increase of 2.6 million b/d from 2003. In seeking to ensure that the market was adequately supplied, the OPEC-10 (excluding Iraq) at the September 2004 meeting, raised its production ceiling by 1 million b/d to 27 million b/d effective November 1, 2004. The increase had little impact on the market as most OPEC countries, with the exception of Venezuela and Indonesia, were already producing in excess of their quotas and close to full capacity. OPEC's ability to influence the market waned somewhat after prices continued to remain high throughout October and into November, despite six consecutive months of increases in OPEC production.

Developments in non-OPEC producing countries also added a significant premium to market prices. In September, Hurricane Ivan battered the oil infrastructure in the Gulf of Mexico region and this shut-in approximately 1.3 million b/d (83 per cent of total production) for several days. It took an estimated 90 days for production levels in the Gulf to return to normal. In Norway, production was affected by striking rig workers

and this had some influence on prices in a market where demand exceeded supply. In Russia, the largest oil producer Yukos, was faced with major legal problems and this fuelled speculation about possible supply disruptions. Overall in 2004, non-OPEC producers struggled to maintain output because of maturing oil fields and limited exploration success. Thus, the growth in Non-OPEC oil lagged behind global demand by some 2 million b/d.

Despite assertions by OPEC that the market was adequately supplied, prices continued to remain buoyant partly because of refinery bottlenecks caused by underinvestment in refinery conversion and desulphurization capacity, especially in the US.¹ Although prices eventually moderated in November as global economic growth began to slow, the decline was at a faster rate than anticipated. Crude oil prices fell by approximately 25 per cent between late October and early December. At the December meeting, the OPEC-10 countries agreed to cut excess production by 1 million b/d to the prescribed quota level, effective January 1, 2005. As the winter season got underway in the US, low inventories of distillates prevented any further significant softening of prices. Both heating oil and diesel inventories were lower than average because of a prolonged maintenance period for refineries which served to restrict supplies. There were large drawdowns from stocks of diesel in particular because of an increase in demand from the transportation sector as trade with Asia blossomed. However, at the end

of the year, crude prices softened because of warmer than predicted weather conditions which reduced the demand for heating oil. These developments allowed for a build-up in inventories leading into 2005.

In 2005, high prices prevailed in the first quarter, but *ceteris paribus*, there was a marginal seasonal decline during the second quarter. Some analysts believe that traders have discounted the instability factor in Iraq and this suggests some moderation in prices. However, a structural shift in the world oil market towards high long-term prices has seemingly occurred. OPEC has echoed this view by signaling intentions to cut production to support prices if the market softens beyond a predetermined threshold.

Natural Gas

Natural gas prices averaged \$5.96 during 2004, representing an increase of 7.8 per cent over the levels of 2003. In the United States, a cooler than normal summer season tempered the demand for natural gas for air-conditioning purposes. As a result, there was an acceleration in stock-building, causing natural gas reserves to surpass the 3 trillion cubic feet (tcf) benchmark at the end of September. The injections of gas could have been greater if not for continued supply shortfalls from the Gulf of Mexico because of Hurricane Ivan.

¹ A lack of investment in refinery capacity combined with environment regulations, which made the cost of crude processing more expensive, supported an increase in the importation of refined products and of light, sweet crude oil. The latter crude was in high demand because of changes to gasoline specifications.

Natural gas prices subsequently fell to an average of \$5.57 per million British thermal units (mmbtu) during the third quarter compared with \$6.16/mmbtu in the previous quarter. At the end of October, Gulf of Mexico producers were still reporting production losses in the amount of 1.2 billion cubic feet per day (bcf/d) because of damaged facilities.

Liquified Natural Gas

The LNG industry maintained a positive growth trajectory in 2004 as investment in infrastructure continued apace. Imports of LNG into the United States totalled 652 bcf (71 per cent of which was supplied by Trinidad and Tobago), an increase of 22.2 per cent from 2003. In the US, the focus was on increasing import capacity through the construction of regasification facilities. However, environmental concerns and security issues impeded developers' ability to secure licenses for construction, especially in the Northeast and Western regions of the US. In other developments, countries with large gas reserves such as Russia began to focus their attention on the North American market. In an attempt to bring to the market natural gas output from relatively remote fields, liquefaction facilities were being established in more extreme climates and hostile working conditions. Both Norway and Russia should have liquefaction facilities by 2007. Through strategic alliances with companies in North America, Russia in particular, which has more than 50 per cent of the world's natural gas reserves, should begin LNG shipments to the US by 2008.

Adjusting for shipping costs, global LNG prices in the major consuming markets appeared to be

converging. Nevertheless, the market remained tight with the spot trading of LNG hovering around 6 per cent of total trade and it is unlikely that this ratio will increase in the near term. As the global demand for energy increased, particularly for environmentally friendly energy sources, the quest for securing LNG supplies took prominence. Most of the LNG supply in the Atlantic Basin is under contract, and now the focus is on constructing additional receiving terminals. Conversely, there is adequate LNG supply in the Pacific Basin, but the necessary LNG infrastructure is lacking.

Methanol

The methanol market showed some improvement in 2004. Growth in demand together with tight supply and high natural gas prices put upward pressure on methanol prices during the year. Methanol prices averaged \$264.50 per tonne (fob Rotterdam) in 2004 compared with \$256.80 per tonne in 2003. On the demand side, there was a significant reduction in the use of the methanol derivative MTBE, in the United States. However, in 2004, the United States continued to be a major importer of methanol particularly for use in the non-MTBE sector. In the European market, demand grew particularly in the latter half of the year as countries that recently gained accession to the European Union increased their importation of methanol for MTBE production in 2004 to meet new gasoline standards. In the non-MTBE sector, the demand for methanol also grew because derivatives such as acetic acid and formaldehyde fetched high prices throughout most of the year and encouraged chemical producers to increase the production

of such chemicals. In the Asian market, demand was strong especially in China as the non-MTBE sector experienced some increased activity. Methanol demand is expected to expand further in 2005 as the non-MTBE sectors in the major consuming regions continue to experience solid growth,

On the supply side, the market was tight as several plants experienced production outages due to technical problems, routine maintenance, and in some instances, to the high prices of natural gas (a key feedstock), which restricted production. The addition of new capacity (the Atlas methanol plant in Trinidad and Tobago and a plant in Iran) did not make a significant contribution to supply in the year but should do so in 2005. A significant number of new producing facilities are planned in South America (including Trinidad and Tobago), and countries within the Middle East and Australia. These regions will eventually dominate world methanol supply in the near future. High natural gas prices in the United States during the year continued to provide a price floor for the methanol industry. Since 2000, the high cost of producing natural gas in the United States had also forced a significant section of the methanol industry out of operation.

Nitrogenous Fertilizers

The international fertilizer market was exceptionally tight throughout 2004 as import demand grew in the major consuming regions. The United States continued to be the world's largest importer of ammonia as high natural gas prices continued to make fertilizer production in the country

uneconomic. Buoyant crop prices, increased plant acreage and soaring farm incomes in the US kept fertilizer demand for agricultural purposes high throughout most of the year, although closer to the year's end, fertilizer application rates were not as large as expected due to adverse weather conditions. The industrial demand for ammonia in the United States was also strong throughout the year. The overall importation of ammonia in the United States in 2004 was similar to 2003 (approximately 7 million tonnes). In Northwest Europe, weather conditions were favourable particularly for wheat cultivation, and kept the demand for ammonia steady. In Asia, strong demand led to deficits that required shipments of ammonia into the region from the former Soviet Union. Indonesia maintained its export ban to meet domestic ammonia demand during the year.

In 2004, world ammonia exports were estimated at 17.3 million tonnes, marginally higher than 2003. There were shortfalls in the supply of ammonia throughout the year as technical problems and routine maintenance occurred at plants in Trinidad and Tobago, Russia, Ukraine and Indonesia. In 2005, there will be some additional export supply on the market particularly in the latter half of the year with new ammonia plants coming on stream in Russia, Australia, Oman and Iran, together with a full year's production from the Nitrogen 2000 plant in Trinidad and Tobago.

Ammonia prices were buoyant throughout 2004, and reached a 29-year high. After a marginal decline in April, ammonia prices took an upward turn and continued this trend for the remainder of the year. Ammonia prices averaged US\$252.47 per tonne (fob Caribbean) compared with US\$201 per tonne in 2003. Urea prices were also buoyant, and reached a 10-year high. Prices averaged US\$192.10 (fob Caribbean) in 2004. The cost of shipping nitrogenous fertilizers increased in 2004. Ship-owners quoted major increases for fertilizer shipments during the year which in turn impacted on fertilizer prices. In addition, with a buoyant market for liquefied petroleum gasoline (LPG), some vessels were moved out of the fertilizer market which further limited transportation facilities in the fertilizer industry. The outlook for 2005 suggests that freight rates will increase further.

Iron and Steel

The iron and steel industry reached a milestone in 2004 as this was the first time that over one billion tonnes of steel was produced in a single year. The International Iron and Steel Institute (IISI) reported that crude steel production stood at 1.05 billion tonnes for 2004, an increase of 8.8 per cent over 2003. The year also recorded high prices for metal products. International iron and steel prices remained buoyant in 2004, with the prices of billets averaging US\$369.54 per tonne, an increase of 51.1 per cent from 2003, while prices of wire rods rose by 63.1 per cent to average US\$452.84 per tonne.

During the year, the global steel demand increased sharply as China increased its

consumption of steel. Although China accounts for almost 23 per cent of global steel production, it still imports steel to meet excess demand, particularly for high grade products. However, China took measures during the year to boost its own steel production by approving investments in several new plants in order to reduce its importation of steel in the near future.

Steel demand also remained relatively strong in Latin America (Venezuela and Brazil), where steel consumption grew by about 12.6 per cent and in North American industries where imports grew by 50 per cent. A similar trend was also observed in Europe where a major concern for the steel industry is the impact of the European Union Trading Scheme (ETS) scheduled to be introduced in 2005. Steelmakers will be allocated carbon dioxide emission quotas on a country-by-country basis and this could put them at a competitive disadvantage with countries outside of the European Union.

During the year, the steel industry also experienced some major consolidation and restructuring. Ispat International, LNM Holdings and International Steel Group (ISG) merged to form Mittal Steel Co. NV, the world's largest producer of steel.



TABLE A
PRICES OF SELECTED COMMODITIES, 1996 - 2004

FOR THE PERIOD	PETROLEUM (US\$/bbl)			IRON AND STEEL (US\$/tonne)		CHEMICALS (US\$/tonne)		
	BRENT	WTI	OPEC	BILLETS (FOB LATIN AMERICA)	MESH WIRE RODS (FOB LATIN AMERICA)	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	31.31	27.09	245	278	201	157	257
2004	38.24	41.47	35.41	370	456	253	191	265
Qtr. I	31.93	35.31	29.53	368	406	264	163	240
Qtr. II	35.51	38.50	33.05	384	476	196	156	241
Qtr. III	41.54	43.83	39.07	373	481	258	215	283
Qtr. IV	43.99	48.26	40.01	354	459	293	227	295

Sources: Platts Oilgram Price Report; Bloomberg; Green Markets; Fertilizer Week; Monthly Methanol Newsletter (TECNON); Metal Bulletin.

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



APPENDIX TWO

ECONOMIC STATISTICS

LIST OF TABLES A.1 - A. 44

LIST OF TABLES a.1 - a.44

A.1	Gross Domestic Product at Constant (2000) Prices by Sector of Origin	52
A.2	Gross Domestic Product at Market Prices (Current Prices) by Sector of Origin	53
A.3	Annual Changes in G.D.P. at Market Prices (Current Prices) by Sector of Origin	54
A.4	Sectoral Composition of G.D.P. at market Prices (Current Prices)	55
A.5	Major Agricultural Commodities	56
A.6	Production of Selected Food Crops	57
A.7	Local Production and Imports of Selected Agricultural Products	58
A.8	Production and Utilization of Crude Oil and Related Products and Petrochemicals	59
A.9	Production of Iron and Steel Products and Cement	60
A.10	Index of Domestic Production (1995= 100)	61
A.11	Annual Changes in the Indices of Production and Hours Worked (All Employees)	62
A.12	Annual Changes in the Indices of Average Weekly Earnings and Employment (All Employees)	63
A.13	Annual Changes in the Indices of Real Earnings and Output per Man Hour Worked (All Employees)	64
A.14(a)	Retail Prices Index: Inflation Rates	65
A.14(b)	Retail Prices Index for Major Expenditure Categories	65
A.15	Index of Producers' Prices	66
A.16	Central Government Fiscal Operations	67
A.17	Central Government Revenue	68
A.18	Central Government Expenditure- An Economic Classification ¹	69
A.19(a)	Public Sector External Debt	70
A.19(b)	Non-Government Public Sector External Debt	71
A.20(a)	Commercial Banks	72
A.20(b)	Summary Accounts of the Monetary System	73
A.21	Liquidity Position of Commercial Banks	74
A.22	Commercial Banks: Distribution of Loans and Advances by Sector	75
A.23	Commercial Banks: Percentage Distribution of Loans and Advances by Sector	76
A.24	Commercial Banks - Interest Rates	77
A.25	Money Supply	78
A.26	Changes in Money Supply	79
A.27	Finance Companies and Merchant Banks: Summary of Assets and Liabilities	80
A.28	Finance Companies and Merchant Banks: Distribution of Loans and Advances by Sector	81

r - revised

n.a. - not available

p - provisional

LIST OF TABLES a.1 - a.44 (continued)

A.29	Finance Companies and Merchant Banks: Percentage Distribution of Loans and Advances by Sector	8 2
A.30	Trust and Mortgage Finance Companies: Summary of Assets and Liabilities	8 3
A.31	Development Banks: Summary of Assets and Liabilities	8 4
A.32	Thrift Institutions: Summary of Assets and Liabilities	8 5
A.33	Non-Bank Financial Institutions Interest Rates	8 6
A.34	Money and Capital Market Activity	8 7
A.35	Selected Interest Rates	8 8
A.36(a)	Balance of Payments	8 9
A.36(b)	Summary Balance of Payments	9 0
A.37	Value of Exports and Imports by Sections of the S.I.T.C. (R2)	9 1
A.38	Exports by Economic Function	9 2
A.39	Imports by Economic Function	9 3
A.40	Direction of Trade - Exports	9 4
A.41	Direction of Trade - Imports	9 5
A.42	Weighted Average TT Dollar Exchange Rates for Selected Currencies	9 6
A.43	Trinidad and Tobago - International Reserves	9 7
A.44	Summary Accounts of the Central Bank	9 8

TABLE A.1
Gross Domestic Product at Constant (2000) Prices
by Sector of Origin, 2000 - 2004¹
/ Per Cent /

Sector	2000 ^r	2001 ^r	2002 ^r	2003 ^r	2004 ^p
Agriculture	-2.4	8.7	6.0	-18.0	-20.2
Petroleum	12.5	5.6	13.5	31.2	10.5
Manufacturing	6.0	9.8	4.6	5.0	6.6
Electricity and Water	5.5	4.1	7.9	3.8	2.8
Construction	7.6	10.3	-16.0	6.7	9.0
Transport, Storage and Communication	8.9	7.7	9.9	5.8	4.4
Distribution	5.9	-2.8	1.3	2.0	2.2
Finance, Insurance and Real Estate	12.4	0.8	12.0	7.1	1.7
Government	-6.1	-1.5	3.7	-1.0	0.6
Other Services ²	-1.8	2.1	0.0	3.6	0.9
FISIM ³	-14.4	9.6	-1.2	-10.0	1.3
TOTAL	7.3	4.3	6.8	13.2	6.2

SOURCE: Central Statistical Office.

¹ In 2004, the GDP was rebased to a base year of 2000 = 100 from 1985 = 100 and the statistical methodology revised.

² Includes Hotels and Guest Houses, Education and Community Services and Personal Services.

³ Financial Intermediation Services Indirectly Measured.

TABLE A.2
Gross Domestic Product at current Market Prices
by Sector of Origin, 2000 - 2004
/ Dollars Million /

Sector	2000	2001 ^r	2002 ^r	2003 ^r	2004 ^p
Agriculture	697.2	707.6	713.7	713.7	773.8
Petroleum	16,072.8	15,558.8	15,373.0	23,001.7	24,506.8
Manufacturing	3,625.4	4,074.4	4,326.9	4,672.0	5,111.5
Electricity and Water	888.2	880.6	802.6	802.6	577.9
Construction	3,833.1	4,353.3	3,700.3	4,048.1	4,444.8
Transport, Storage and Communication	4,410.4	5,571.5	5,913.1	6,704.0	7,116.3
Distribution	8,401.8	8,724.3	9,286.7	9,901.9	10,533.5
Finance, Insurance and Real Estate	7,305.1	7,505.8	7,862.3	8,488.9	8,972.8
Government	3,887.2	4,714.1	4,332.9	5,254.5	5,910.6
Other Services ¹	2,438.1	2,854.2	2,881.3	3,313.7	3,558.2
Correction for Imputed Service Charge	-2,216.0	-2,116.0	-2,228.1	-2,541.3	-2,617.5
PLUS: Value Added Tax	2,027.3	2,178.7	2,400.9	1,973.1	2,754.7
GROSS DOMESTIC PRODUCT AT MARKET PRICES	51,370.6	55,007.3	55,365.6	66,168.3	71,878.0

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 Current Market Prices
by Sector of Origin, 2000 - 2004
/ Per Cent /

Sectors	2000 ^r	2001 ^r	2002 ^r	2003 ^r	2004 ^p
Agriculture	-16.0	1.5	0.9	8.4	17.2
Petroleum	66.8	-3.2	-1.2	49.6	6.5
Manufacturing	5.5	12.4	6.2	8.0	9.4
Electricity and Water	-0.7	-0.9	-8.9	-28.0	17.6
Construction	10.9	13.6	-15.0	9.4	9.8
Transport, Storage and Communication	12.6	26.3	6.1	13.4	6.2
Distribution	10.3	3.8	6.4	6.6	6.4
Finance, Insurance and Real Estate	14.8	2.7	4.7	8.0	5.7
Government	-4.6	21.3	-8.1	21.3	12.5
Other Services ¹	2.0	17.1	0.9	15.0	7.4
Correction for Imputed Service Charge	-32.1	4.5	-5.3	-14.1	-3.0
PLUS: Value Added Tax	4.2	7.5	10.2	-17.8	39.6
TOTAL	12.7	7.1	0.7	19.5	8.6

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 Current Market Prices, 2000 - 2004
/ Per Cent /

Sectors	2000	2001 ^r	2002 ^r	2003 ^r	2004 ^p
Agriculture	1.4	1.3	1.3	1.2	1.3
Petroleum	31.3	28.3	27.8	34.8	34.1
Manufacturing	7.1	7.4	7.8	7.1	7.1
Electricity and Water	1.7	1.6	1.4	0.9	0.9
Construction	7.5	7.9	6.7	6.1	6.2
Transport, Storage and Communication	8.6	10.1	10.7	10.1	9.9
Distribution	16.4	15.9	16.8	15.0	14.7
Finance, Insurance and Real Estate	14.2	13.6	14.2	12.8	12.5
Government	7.6	8.6	7.8	7.9	8.2
Other Services ¹	4.7	5.2	5.2	5.0	5.0
Correction for Imputed Service Charge	-4.3	-3.8	-4.0	-3.8	-3.6
PLUS: Value Added Tax	3.9	4.0	4.3	3.0	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, 2000 - 2004

Products	2000	2001	2002 ^r	2003	2004
SUGAR					
Cane Production (000 tonnes)					
Estates	599	497	598	364	83
Farmers	774	532	741	542	528
Production of raw sugar (000 tonnes)*	111	91	98	68	43
Production of refined sugar (000 tonnes)	52	47	45	55	42
Sales (000 tonnes)					
Exports	83	60	61	59	44
Local ^r	186	75	64	60	54
Estate Canes Reaped (hectare/acre)	10,060	10,311	10,366	8,234	2,232
Estate Canes Yield (tonnes/acre)	59	48	58	44	37
Conversion Factor (tonnes cane/ tonnes sugar)	12	11	13	13	15
COCOA (000 kgs)					
Production	1,593	649	1,722	912	1,321
Exports***	1,209	719	1,032	855	728
Local Sales***	19	44	571	81	65
COFFEE (000 kgs)***					
Production	553	406	247	586	109
Exports	0	0	13 ^r	2	2
Local Sales	508	285	290	321	320
CITRUS (000 kgs)***					
Production	7,421	3,897	7,495	284	3,148
Exports	-	-	-	-	-

SOURCE: Central Statistical Office.

*Includes production of wash grey sugar.

**Data for 2000 to 2004 include the sale of imported sugar.

***Includes data to 3rd Quarter 2004.

TABLE A.6
Production of Selected Food Crops, 2000 - 2004
/ 000 Kgs /

Crop	2000	2001	2002	2003 ^r	2004
Tomato	2,728	2,737	2,411	1,811	1,748
Cabbage	1,533	1,412	2,251	2,225	1,575
Cucumber	2,494	3,503	4,708	1,889	1,889
Dasheen	3,458	923	2,286	3,931	4,814
Rice	3,110	6,256	3,262	1,720	1,720
Pigeon Peas	2,613	785	1,642	1,487	1,487
Pumpkin	2,064	11,449	5,795	3,718	4,862
Melongene	1,320	947	1,856	2,976	2,976

SOURCE: Central Statistical Office.

TABLE A.7
Local Production and Imports of Selected
Agricultural Products, 2000 - 2004

Products	2000	2001	2002	2003	2004
Total Meat Supply (000 kgs) (excluding poultry)	8,399	9,609	9,401	4,412	12,461
Production	2,514	2,883	3,810	1,803	3,236
Imports	5,885	6,726	5,591	2,609	9,225
Beef and Veal (000 kgs)	3,860	3,767	3,588	1,516	5,093
Production	810	823	848	426	707
Imports	3,050	2,944	2,740	1,090	4,386
Pork (000 kgs)	3,837	4,870	5,239	2,628	6,191
Production	1,693	2,039	2,935	1,370	2,513
Imports	2,144	2,831	2,304	1,258	3,678
Mutton (000 kgs)	702	972	574	268	1,177
Production	11	21	27	7	16
Imports	691	951	547	261	1,161
Broilers (000 birds)¹	19,240	23,852	31,016	14,367	28,336^p
Production					
Table Eggs (000 doz)¹	4,890	5,022	5,542	2,390	5,582^p
Production					
Milk (000 litres)	10,477	10,352	9,605	5,451	7,438
Production	10,477	10,352	9,605	5,451	7,438
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, 2000 - 2004

Commodity Group	2000	2001	2002 ^r	2003 ^r	2004
Crude Oil					
Exploration (meters)					
Depth Drilled	136,829	172,604	144,046	149,991	154,613
of which: Exploration	33,139	45,910	20,593	28,941	23,968
Production (000 barrels)					
Crude Oil and Condensates	43,680	41,469	47,824	49,117	44,985
of which: Condensates	4,314	5,117	4,746	6,100	5,677
Daily Average (b/d)	119,354	113,523	130,626	134,089	122,933
Imports (000 barrels)					
Crude Oil Imports	35,195	30,524	32,241	33,186	22,772
of which: u.p.a.	99	438	337	345	298
Refining (000 barrels)					
Refinery Throughput	58,959	55,978	54,801	54,512	47,838
Refinery Output	57,543	54,818	54,788	52,876	46,349
Capacity Utilization (%) ¹	92.1	87.6	82.0	85.0	74.7
Exports (000 barrels)					
Crude Oil Exports	19,118	18,323	24,895	26,002	20,467
Petroleum Products	52,198	na	na	39,057	48,095
Natural Gas (Mn cubic feet/day)					
Production	1,498.0	1,596.0	1,826.0	2,594.0	2,929.0
Utilization ²	938.0	1,492.0	1,722.0	2,520.0	2,850.0
of which: Petrochemicals	618.5	661.0	693.8	731.1	817.9
Electricity Generation	186.5	193.3	219.2	230.1	239.4
LNG	450.0	450.0	858.2	1,364.0	1,566.5
Natural Gas Liquids					
(000 barrels)					
Production	6,992.8	7,531.3	8,607.6	10,505.1	10,686.8
Exports	6,800.0	7,666.0	8,766.9	10,236.1	10,183.5
Local Sales	0.0	0.0	0.0	0.0	0.0
Closing Stock	192.8	-134.7	159.3	269.0	503.3
Fertilizers (000 tonnes)					
Production	3,827.5	4,209.0	4,662.0	4,965.4	5,335.6
Exports	3,449.7	3,995.1	4,239.6	4,595.0	4,918.5
Local Sales	126.5	13.2	12.0	10.6	7.7
Stock Change	251.3	200.8	408.4	359.8	409.4
Methanol (000 tonnes)					
Production	2,480.2	2,788.9	2,828.7	2,845.7	3,418.4
Exports	2,438.6	2,807.9	2,787.7	2,868.0	3,344.4
Local Sales	18.0	17.3	19.2	17.1	21.6
Stock Change	23.6	-36.3	21.7	-39.4	52.4

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

¹Refinery capacity is estimated at 175,000 barrels per day from 1995.

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

TABLE A.9
Production of Iron and Steel Products and Cement,
2000 - 2004

Commodity	2000	2001	2002	2003	2004
Steel Products (000 tonnes)					
(i) Direct Reduced Iron					
Production	1,524.8	2,187.4	2,316.3	2,275.0	2,336.5
Exports	677.2	1,364.2	1,377.1	1,268.3	1,358.8
Local Sales	-	-	0.0	0.0	0.0
Own Consumption	777.9	725.5	903.2	978.9	888.0
(ii) Billets					
Production	743.8	668.3	816.9	896.0	789.8
Exports	0.0	14.8	0.0	0.0	0.0
Local Sales	57.3	63.5	87.8	237.8	125.2
Own Consumption	656.3	608.3	714.3	667.1	642.7
(iii) Wire Rods					
Production	630.8	604.8	704.5	640.9	616.2
Exports	590.4	561.0	655.1	635.3	548.0
Local Sales	27.5	35.9	31.5	35.5	39.3
Own Consumption	1.4	1.3	2.0	1.3	1.5
Cement (000 tonnes)					
Production	742.7	696.8	743.7	765.6	768.4
Imports	-	-	-	0.0	0.0
Local Sales	453.0	429.0	445.8	509.7	525.2
Exports	288.0	263.7	296.1	257.6	244.8

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.10
Index of Domestic Production (1995=100), 2001 - 2004¹

Industry	Weight	2001 ^r	2002 ^r	2003 ^r	Jan. – Sept. 2003	Jan. – Sept. 2004
Food Processing	58	201.8	217.4	236.4	221.7	285.0
Drink and Tobacco	63	285.6	293.6	320.6	300.0	310.7
Textiles, Garments and Footwear	6	782.8	743.4	1,219.4	1,141.1	1,461.2
Printing, Publishing and Paper						
Converters	27	191.8	210.7	212.2	199.7	263.6
Wood and Related Products	7	342.9	430.6	543.5	505.7	611.5
Chemicals and Non-Metallic Minerals	43	213.7	255.6	307.4	297.0	310.0
Assembly-Type and Related Industries	61	331.4	397.5	425.5	428.8	454.8
Miscellaneous Manufacturing Industries	10	178.1	186.2	231.0	233.4	218.4
Electricity	40	106.4	125.8	114.4	113.3	117.2
Water	6	122.0	134.0	140.2	140.2	144.6
Sugar	-1	111.7	72.9	15.5	20.9	67.7
All Industry Index (excluding petrochem, oil & natural gas, explor. product & refining)	320	241.7	270.2	299.7	290.8	321.5
Explor. & product of oil, natural gas, etc.	445	105.2	132.1	147.9	145.0	145.1
Petrochemicals	182	138.6	154.1	151.0	150.4	150.2
Oil & natural gas refining	53	262.1	275.3	310.6	304.9	315.5
All Industry Index (including petrochem, oil & natural gas, explor. product & refining)	1,000	163.2	187.9	205.6	201.1	211.5

SOURCE: Central Statistical Office.

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

TABLE A.11
Annual Changes in the Indices of Production and
Hours Worked (All Employees), 2002 - 2004¹
/ Per Cent /

Industry	Index of Domestic Production ²				Index of Hours Worked ²			
	2002 ²	2003 ²	Jan-Sept. 2003	Jan-Sept. 2004	2002 ²	2003 ²	Jan-Sept. 2003	Jan-Sept. 2004
Food Processing	7.7	8.8	-0.6	29.4	-4.1	4.2	3.3	6.8
Drink and Tobacco	2.8	9.2	3.7	3.5	16.8	-8.7	7.4	3.1
Textiles, Garments and Footwear	-5.0	64.0	65.0	31.2	20.7	11.6	19.8	2.6
Printing, Publishing and Paper Converters	9.8	-9.3	-5.4	19.2	3.9	0.1	0.7	3.2
Wood and Related Products	25.6	26.2	25.2	21.7	4.4	-3.9	-6.7	4.4
Chemicals and Non-Metallic Minerals	19.6	20.3	20.2	5.1	10.6	-3.8	-4.5	9.9
Assembly-Type and Related Industries	20.0	7.0	9.9	6.0	2.2	-1.8	-2.4	-10.6
Miscellaneous Manufacturing Industries	4.8	23.4	27.3	-6.1	6.1	-3.3	-2.9	4.9
Electricity	18.2	-9.1	-11.9	3.5	-45.3	2.2	5.9	-1.2
Water	9.9	4.7	6.5	3.2	-1.2	-0.2	-0.4	-0.8
Sugar	-34.7	-78.7	-72.3	162.5	2.0	-50.7	-11.5	-15.0
All Industry Index (excluding petrochem, oil, natural gas, explor. product & refining etc.)	11.8	11.0	8.7	10.7	2.4	-4.6	-3.7	2.6
Explor. & product of oil, natural gas, etc.	25.5	11.9	19.1	0.6	35.0	-1.5	18.3	4.0
Petrochemicals	11.2	-2.0	-1.5	0.1	3.0	0.1	-1.5	4.0
Oil & natural gas refining	5.1	12.8	12.5	3.9	-0.4	6.1	3.5	0.5
All Industry Index (including petrochem, oil & natural gas, explor. product & refining etc.)	15.1	9.5	10.5	5.3	2.7	-2.3	-1.8	2.3

SOURCE: Central Statistical Office.

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

²Percentage changes over the corresponding period.

TABLE A.12
Annual Changes in the Indices of Average
Weekly Earnings and Employment
(All Employees), 2002 - 2004¹
/ Per Cent /

Industry	Average Weekly Earnings ²				Employment ²			
	2002	2003	Jan-Sept. 2003	Jan-Sept. 2004	2002	2003	Jan-Sept. 2003	Jan-Sept. 2004
Food Processing	-2.5	10.9	8.8	25.0	-11.0	0.1	-0.7	3.2
Drink and Tobacco	12.4	19.9	22.9	25.1	-20.4	-22.8	-24.6	4.3
Textiles, Garments and Footwear	-21.1	-24.3	-8.6	0.0	4.1	10.3	8.2	0.4
Printing, Publishing and Paper Converters	-3.9	-3.7	-2.9	2.6	-2.9	23.7	23.0	6.2
Wood and Related Products	6.9	38.7	36.1	-1.3	5.0	-13.5	-13.7	0.2
Chemical and Non-Metallic Minerals	1.5	4.4	3.5	11.0	8.4	3.9	3.0	1.8
Assembly-Type and Related Industries	-9.7	22.4	20.2	7.4	5.1	-3.9	-1.6	4.9
Miscellaneous Manufacturing Industries	-4.6	11.3	9.8	11.4	3.8	-7.2	-7.5	-0.8
Electricity	8.8	14.4	15.1	7.2	88.1	-2.8	0.7	0.3
Water	27.2	11.8	14.4	9.1	3.8	-0.2	-0.4	-1.3
Sugar	1.7	-46.8	-9.9	-10.5	0.5	-51.2	-1.3	8.5
All Industry Index (excluding petrochem, oil, natural gas, explor. product & refining etc.)	7.8	9.1	9.4	11.9	5.1	-3.6	-2.6	3.4
Explor. & product of oil, natural gas, etc.	47.0	38.8	54.6	30.1	-3.4	24.4	29.9	-7.7
Petrochemicals	19.5	12.1	14.6	-6.7	-0.6	-2.0	-2.4	0.8
Oil & natural gas refining	12.6	13.5	14.6	25.7	-10.1	3.1	-3.0	3.1
All Industry Index (including petrochem, oil & natural gas, explor. product & refining etc.)	11.6	13.2	5.7	6.4	-1.2	1.8	0.4	1.8

SOURCE: Central Statistical Office.

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

²See footnote 2 of Table A.11.

TABLE A.13
Annual Changes in the Indices of Real Earnings and
Output Per Man Hour Worked (All Employees), 2002 - 2004¹
/ Per Cent /

Industry	Real Earnings ²				Output Per Man Hour Worked ²			
	2002	2003	Jan-Sept 2003	Jan-Sept 2004	2002	2003	Jan-Sept 2003	Jan-Sept 2004
Food Processing	-6.3	6.7	4.7	21.1	12.3	4.4	-3.7	22.5
Drink and Tobacco	7.9	15.6	18.3	21.0	-12.0	19.6	12.6	0.5
Textiles, Garments and Footwear	-17.7	-16.8	-16.5	-3.2	-20.5	46.4	40.5	37.3
Printing, Publishing and Paper Converters	-7.8	-7.2	-6.6	-0.6	5.8	-9.4	-5.8	15.8
Wood and Related Products	2.7	33.6	31.0	-4.4	20.3	31.3	34.4	13.1
Chemical and Non-Metallic Minerals	-2.5	0.6	-0.4	7.5	8.1	25.0	25.9	-2.8
Assembly-Type and Related Industries	-13.3	17.8	15.7	4.0	17.4	9.0	12.5	19.1
Miscellaneous Manufacturing Industries	-8.4	7.2	5.7	7.9	-1.2	27.6	31.6	-0.8
Electricity	4.7	10.3	10.8	3.8	116.2	-11.0	-16.4	5.1
Water	22.2	7.7	10.0	5.6	11.2	4.9	6.9	4.0
Sugar	-2.3	-48.5	-13.3	-13.2	-35.9	-56.8	-68.7	208.8
All Industry Index (excluding petrochem, oil, natural gas, explor. product & refining)	3.5	5.1	5.3	8.3	9.1	16.3	13.0	9.3
Explor. & product of oil, natural gas, etc.	40.7	33.9	48.7	26.0	-7.0	13.6	9.6	-17.8
Petrochemicals	14.7	8.0	10.3	-9.7	8.0	-2.1	0.7	-6.6
Oil & natural gas refining	8.2	9.3	10.5	21.7	5.5	6.3	8.8	4.1
All Industry Index (including petrochem, oil & natural gas, explor. product & refining)	7.2	9.1	10.1	12.1	12.1	12.0	12.6	3.3

SOURCE: Central Statistical Office.

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

²See footnote 2 of Table A.11.

TABLE A.14(a)
Retail Prices Index: Inflation Rates, 2000-2004¹
(Annual Average)
/ January 2003=100 /

Item	Weight	2000	2001	2002	2003	2004
All Items	1000	89.3	94.2	98.1	101.9	105.7
Inflation Rate (%)		3.6	5.5	4.2	3.8	3.7

SOURCE: Tables A.14(b).

¹The 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,
2001 - 2004
/ January 2003=100 /

Sections	Weights	2001	2002	2003	2004	2004			
						I	II	III	IV
All Items ¹	1000	94.2	98.1	86.2	105.7	103.4	104.8	106.2	108.2
		<i>5.5</i>	<i>4.2</i>	<i>3.8</i>	<i>3.7</i>	<i>0.4</i>	<i>1.3</i>	<i>1.3</i>	<i>1.9</i>
(i) Food	180	86.5	95.3	108.5	122.4	114.9	119.4	123.2	131.9
		<i>13.9</i>	<i>10.2</i>	<i>13.8</i>	<i>12.8</i>	<i>2.3</i>	<i>3.9</i>	<i>3.2</i>	<i>7.1</i>
(ii) Clothing	53	102.3	99.9	98.7	93.4	94.7	94.1	93.2	91.7
		<i>-1.4</i>	<i>-2.3</i>	<i>-1.2</i>	<i>-5.4</i>	<i>-1.8</i>	<i>-0.6</i>	<i>-0.9</i>	<i>-1.7</i>
(iii) Transportation	167	98.7	100.3	100.9	105.3	103.7	103.7	105.9	107.7
		<i>2.1</i>	<i>1.6</i>	<i>0.6</i>	<i>4.3</i>	<i>0.0</i>	<i>0.0</i>	<i>2.1</i>	<i>1.7</i>
(iv) Housing	262	100.5	100.4	100.5	103.2	101.1	102.8	103.9	105.1
		<i>0.1</i>	<i>-0.1</i>	<i>0.1</i>	<i>2.7</i>	<i>0.4</i>	<i>1.7</i>	<i>1.0</i>	<i>1.2</i>
(v) Others ²	338	98.4	99.7	100.4	100.9	100.9	100.8	101.1	100.8
		<i>1.9</i>	<i>1.3</i>	<i>0.7</i>	<i>0.5</i>	<i>0.2</i>	<i>-0.2</i>	<i>0.4</i>	<i>-0.3</i>
Per Cent Contribution To Change In Index									
(i) Food	217	173.4	95.0	68.7	65.2	84.0	68.8	48.2	79.0
(ii) Clothing	104	25.0	-4.7	-8.5	-7.3	-16.4	-2.5	-3.3	-4.2
(iii) Transportation	152	-84.6	4.0	22.8	19.0	0.0	0.0	26.2	15.1
(iv) Housing	216	1.0	-1.1	7.6	18.7	18.7	38.5	19.9	15.8
(v) Others ²	311	-14.8	6.9	9.4	4.5	13.7	-4.8	9.0	-5.8
Memorandum:									
All Items (Jan. 1993=100) ^f		142.2	148.1	153.7	159.4	156.1	158.1	160.3	163.2

SOURCE: Central Statistical Office

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

²Includes 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, 2001 - 2004
/ Oct. 1978=100 /

Industry	Weights	2001	2002	2003 ^r	2004	2 0 0 4			
						I	II	III	IV
Food Processing	191	420.6 <i>0.3</i>	425.3 <i>1.1</i>	444.0 <i>4.4</i>	453.8 <i>2.2</i>	449.2 <i>0.1</i>	456.2 <i>1.6</i>	454.1 <i>-0.5</i>	455.5 <i>0.3</i>
Drink and Tobacco	121	497.4 <i>3.7</i>	505.9 <i>1.7</i>	515.7 <i>2.0</i>	544.1 <i>5.5</i>	539.0 <i>4.1</i>	544.1 <i>0.9</i>	546.4 <i>0.4</i>	546.9 <i>0.1</i>
Textiles, Garments and Footwear	101	299.3 <i>0.0</i>	296.8 <i>-0.8</i>	294.0 <i>-0.8</i>	294.9 <i>0.2</i>	294.4 <i>0.0</i>	295.0 <i>0.2</i>	295.0 <i>0.0</i>	295.0 <i>0.0</i>
Printing, Publishing & Paper Converters	93	338.6 <i>-0.2</i>	335.7 <i>-0.9</i>	323.4 <i>-3.7</i>	323.9 <i>0.1</i>	323.3 <i>-0.6</i>	324.4 <i>0.3</i>	323.3 <i>-0.3</i>	324.4 <i>0.3</i>
Wood & Related Products	89	270.9 <i>1.4</i>	278.3 <i>2.7</i>	278.4 <i>0.1</i>	293.3 <i>5.4</i>	293.3 <i>5.4</i>	289.9 <i>-1.2</i>	289.9 <i>0.0</i>	300.1 <i>3.5</i>
Chemicals and Non-Metallic Minerals	148	415.7 <i>0.0</i>	417.3 <i>0.4</i>	422.2 <i>1.2</i>	424.9 <i>0.6</i>	421.0 <i>-0.3</i>	423.6 <i>0.6</i>	427.3 <i>0.9</i>	427.6 <i>0.1</i>
Assembly-Type and Related Industries	257	295.8 <i>0.6</i>	295.5 <i>-0.1</i>	300.5 <i>1.7</i>	314.9 <i>4.8</i>	301.1 <i>0.0</i>	318.4 <i>5.7</i>	319.4 <i>0.3</i>	320.5 <i>0.3</i>
All Industry	1000	363.9 <i>0.9</i>	366.1 <i>0.6</i>	369.4 <i>0.9</i>	382.3 <i>3.5</i>	376.6 <i>1.2</i>	383.3 <i>1.8</i>	383.8 <i>0.1</i>	385.5 <i>0.4</i>

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, 2000 - 2004¹
/ Dollars Million /

	Fiscal Years ²				
	2000	2001	2002	2003	2004
Current Revenue	11,954.1	13,956.5	13,825.0	16,754.2	20,625.6
Current Expenditure	10,879.0	12,173.3	13,544.4	15,007.4	17,498.5
Current Account Surplus(+) /Deficit(-)	1,075.1	1,783.2	280.6	1,746.9	3,127.1
Capital Revenue	18.7	37.3	47.5	7.1	4.2
Capital Expenditure and Net lending ³	1,190.6	929.6	682.4	795.5	1,621.1
Overall Surplus(+)/Deficit(-)	-96.8	890.9	-354.3	958.4	1,510.1
Total Financing (net)	96.8	-890.9	354.3	-958.4	-1,510.1
External Financing (Net)	1,660.4	-715.7	-182.7	-182.8	-278.7
Net External Borrowing	1,628.9	-715.7	-182.7	-182.8	-278.7
Disbursements	2,360.6	211.4	240.6	151.3	211.0
Repayments ⁴	731.8	927.0	423.3	334.1	489.7
Divestment Proceeds	31.5	0.0	0.0	0.0	0.0
Domestic Financing (Net)	-1,563.6	-175.3	537.0	-775.6	-1,231.4
Treasury Bills(Net)	0.0	0.0	0.0	0.0	0.0
Bonds(Net)	246.0	519.6	361.9	-889.9	907.0
Disbursements	1,251.3	1,676.0	1,138.0	2,000.0	1,756.0
Repayments	1,005.3	1,156.4	776.1	2,889.9	849.0
Divestment Proceeds	0.0	194.0	250.0	0.0	0.0
Uncashed Balances (Net) ⁵	-1,809.6	-888.9	-74.9	114.3	-2,138.4
Memo Items					
Primary Balance⁶	2,466.6	3,202.3	2,054.7	3,452.2	3,874.4
Surplus(+)/Deficit(-) as a Percentage of GDP (current market prices)					
Current Account Surplus(+)/Deficit(-)	2.2	3.3	0.5	2.8	4.4
Overall Surplus(+)/Deficit(-)	-0.2	1.6	-0.6	1.5	2.1
Primary Surplus(+)/Deficit(-)	5.0	5.9	3.7	5.4	5.5

SOURCE: Ministry of Finance: Review of Fiscal Measures, various years. Review of the Economy, 2004.
 Central Bank of Trinidad and Tobago: **Monthly Statistical Digest**, various issues.

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

²Represents the period October 1st - September 30th.

³Includes an adjustment for Repayment of Past Lending.

⁴Figures do not include repayments of loans from the IDB and the EIB received by the Central Government for onlending to the energy sector.

⁵Includes errors and omissions, advances from the Central Bank and drawdowns from the treasury deposit accounts. Negative numbers represent an increase in deposits at the Central Bank.

⁶The 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, 2000 - 2004¹
/ Dollars Million /

Revenue	Fiscal Years ²				
	2000	2001	2002	2003	2004
A. Oil Sector	3,761.1	4,583.8	3,249.4	6,182.5	7,641.7
Corporation	2,441.9	2,791.8	1,644.1	4,079.4	5,428.3
Withholding Tax	22.6	153.1	95.3	172.4	200.7
Royalties	574.8	751.3	599.6	1,011.1	1,094.5
Oil impost	17.6	22.7	29.5	33.9	36.8
Unemployment levy	151.2	186.1	102.5	290.5	294.2
Excise duties	480.7	493.8	524.9	562.8	587.2
Other ³	72.2	185.0	253.5	32.4	0.0
B. Non oil sector	8,193.0	9,372.7	10,575.6	10,571.7	12,983.9
Taxes on income	3,765.0	4,533.7	4,530.0	5,359.6	6,304.5
Companies	1,139.0	1,752.9	1,418.3	2,083.8	2,308.3
Individuals	2,216.4	2,387.4	2,692.7	2,793.0	3,280.8
Unemployment Levy	2.7	0.5	21.8	0.3	115.9
Health Surcharge	144.7	144.5	137.4	133.3	164.8
Other	262.2	248.3	174.6	216.1	295.7
Taxes on Property	63.5	59.1	94.3	77.6	85.4
Lands and Buildings Taxes	63.5	59.1	94.3	77.6	85.4
Taxes on Goods and Services	2,712.4	3,053.1	3,436.4	3,087.6	4,103.0
Purchase Tax	0.3	0.2	0.2	0.2	0.1
Excise Duties	320.0	328.2	386.5	406.8	403.2
Motor Vehicles	238.4	215.7	212.2	211.6	173.2
Value Added Tax	1,818.2	2,154.5	2,475.4	2,028.4	3,021.2
Other ⁴	335.5	354.4	362.1	440.7	505.3
Taxes on International Trade	752.5	813.7	855.4	994.1	1,242.7
Import Duties	752.5	813.7	855.4	994.1	1,242.7
Other	0.0	0.0	0.0	0.0	0.0
Non-Tax Revenue	899.6	913.1	1,659.6	1,052.9	1,248.1
National Lottery	162.1	134.3	133.5	109.3	127.0
Interest	158.3	233.2	180.2	111.0	86.2
Central Bank	75.8	81.1	135.3	80.7	96.3
Other	503.4	464.5	1,210.5	751.9	938.7
TOTAL CURRENT REVENUE	11,954.1	13,956.5	13,825.0	16,754.2	20,625.6
Capital Revenue	18.7	37.3	47.5	7.1	4.2
TOTAL REVENUE	11,972.8	13,993.8	13,872.5	16,761.3	20,629.7

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

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

² Represents the period October 1st – September 30th.

³ Includes receipts of \$118.4 million and \$31.2 million from signature bonuses for the award of production sharing contracts in 2002 and 2003, respectively.

⁴ Includes Road Improvement Tax.

TABLE A.18
Central Government Expenditure -
Annual Economic Classification¹
2000 - 2004
/ Dollars Million /

Expenditure	Fiscal Years ²				
	2000	2001	2002	2003	2004
Current Expenditure³	10,879.0	12,173.3	13,544.4	15,007.4	17,498.5
Wages and Salaries	3,143.7	3,772.8	4,188.9	4,537.8	4,849.2
Goods and Services	1,191.7	1,533.7	1,759.8	2,012.4	2,374.5
Interest	2,563.4	2,311.4	2,409.0	2,493.8	2,364.3
External	855.1	812.8	823.3	726.3	726.1
Domestic	1,708.3	1,498.6	1,585.7	1,767.5	1,638.2
Transfers and Subsidies ³	3,980.2	4,555.4	5,186.7	5,963.4	7,910.6
of which:					
Loans & Grants to Statutory Boards and State Enterprises	1,015.8	1,175.6	1,266.0	1,571.7	2,448.7
Households	1,360.6	1,540.1	1,899.7	2,055.3	2,173.0
Capital Expenditure and Net-Lending⁴	1,190.6	929.6	682.4	795.5	1,621.1
TOTAL EXPENDITURE	12,069.6	13,102.9	14,226.8	15,802.9	19,119.6
(as a % of GDP at current market prices)	24.5	24.2	25.7	24.9	27.1
<i>Per Cent of Total Expenditure</i>					
Memo Items (%)					
Current Expenditure	90.1	92.9	95.2	95.0	91.5
Capital Expenditure and Net-Lending	9.9	7.1	4.8	5.0	8.5
Total Expenditure	100.0	100.0	100.0	100.0	100.0

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

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

² Represents the period October 1st – September 30th.

³ In Sept 2003 and 2004, the central government transferred \$497.4 million and \$1,263.2 million, respectively to the Revenue Stabilisation Fund. These cannot be considered as expenditure and are therefore omitted.

⁴ See footnotes to Table A.16.

TABLE A.19(a)
Public Sector External Debt
2000 - 2004
/ US\$ Mn /

Sector	End of Period				
	2000 ^r	2001 ^r	2002 ^r	2003 ^r	2004
CENTRAL GOVERNMENT					
Receipts	401.9	52.5	42.8	86.5	23.4
<i>of which: Leases</i>	0.0	0.0	0.0	0.0	0.0
Amortization	268.9	61.1	68.6	89.7	226.1
<i>of which: Leases</i>	5.8	0.0	0.0	0.0	0.0
<i>Debt Conversion</i>	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	-16.9	-6.2	7.9	6.0	0.0
Balance Outstanding ¹	1,532.2	1,517.4	1,499.5	1,502.3	1,299.6
<i>of which: Leases</i>	0.0	0.0	0.0	0.0	0.0
Interest	107.4	121.4	129.7	116.7	109.9
NON-GOVERNMENT PUBLIC SECTOR²					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	1.4	0.0	0.0	0.0	0.0
Rescheduling ³	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	-1.4	0.3	1.1	1.1	0.3
Balance Outstanding	148.2	148.5	49.6 ⁴	50.7	51.0
Interest	0.4	0.0	0.0	0.0	0.0
TOTAL					
Receipts	401.9	52.5	42.8	86.5	23.4
Amortization	270.3	61.1	68.6	89.7	226.1
<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	-18.3	-5.9	9.0	7.1	0.3
Balance Outstanding	1,680.4	1,665.9	1,549.1	1,553.0	1,350.6
Interest	107.8	121.4	129.7	116.7	109.9

SOURCE: Central Bank of Trinidad Tobago.

¹Excludes a short-term US dollar denominated bond of US\$150 million provided by resident financial institutions in 1998.

²Comprises state enterprises and Central Bank external debt (see Table A.19(b)).

³Once rescheduled, the external debt of the state enterprises becomes the external liability of the central government.

⁴A portion of this debt is no longer defined as government-guaranteed debt.

TABLE A.19(b)
Non-Government External Debt **Public Debt** **Sector**
2000 - 2004
/ US\$ Mn /

Sector	End of Period				
	2000 ^r	2001 ^r	2002 ^r	2003 ^r	2004
GOVERNMENT-GUARANTEED¹					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	1.4	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Balance Outstanding	42.6	41.6	42.6	42.5	43.0
Interest	0.4	0.0	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	103.7	3.3 ³	3.8	4.0
Interest	0.0	0.0	0.0	0.0	0.0
TOTAL					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	1.4	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustments	-1.4	0.3	1.1	1.1	0.3
Balance Outstanding	148.2	148.5	49.6	50.7	51.0
Interest	0.4	0.0	0.0	0.0	0.0

SOURCE: Central Bank of Trinidad Tobago.

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

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

³See footnote 4 on Table A. 19(a).

TABLE A.20(a)
Commercial Banks, 2000 - 2004
/ Dollars Million /

	End of Period				
	2000	2001	2002	2003 ^p	2004
A. Outstanding					
1. Aggregate Deposits (adj.)	17,947.7	20,821.5	21,521.5	21,153.7	25,871.5
Demand Deposits (adj.) ¹	3,616.2	5,322.1	5,829.8	5,600.8	6,420.2
Time Deposits (adj.) ²	3,281.2	3,869.7	3,399.9	3,019.6	3,511.1
Savings Deposits (adj.) ²	5,796.5	6,634.3	6,778.7	8,264.2	8,952.4
Foreign Currency Deposits (adj.) ³	5,253.8	4,995.4	5,513.1	4,296.1	6,987.8
2. Gross Bank Credit ⁴	12,949.8	14,422.7	14,789.1	16,348.1	20,263.9
<i>of which:</i>					
Business purposes	6,399.6	7,041.6	7,411.4	7,931.4	9,940.7
<i>Corporate</i>	5,676.4	6,322.8	6,634.0	7,070.1	8,916.4
<i>Non-corporate</i>	723.1	717.2	776.5	861.3	1,024.3
3. Investments	6,087.0	7,746.9	8,220.9	9,890.3	10,411.1
Government Securities	2,052.5	2,791.3	2,768.6	3,320.4	3,415.4
Other Investments ²	4,034.5	4,955.6	5,452.3	6,569.9	6,995.7
<i>of which:</i>					
<i>Special Deposits</i>	284.1	783.1	281.3	621.5	660.9
B. Annual Change					
1. Aggregate Deposits (adj.)	2,024.4	2,873.8	700.0	-367.8	4,717.8
Demand Deposits (adj.)	626.7	1,705.9	507.7	-229.0	819.4
Time Deposits (adj.)	-7.2	588.5	-469.8	-380.3	491.5
Savings Deposits (adj.)	309.4	837.8	144.4	1,485.5	688.2
Foreign Currency Deposits (adj.)	1,095.5	-258.4	517.7	-1,244.0	2,691.7
2. Gross Bank Credit ⁴	872.3	1,472.9	366.4	1,559.0	3,915.8
<i>of which:</i>					
Business purposes	934.3	642.0	369.8	520.0	2,009.3
<i>Corporate</i>	995.8	646.4	311.2	436.1	1,846.3
<i>Non-Corporate</i>	-61.5	-4.4	58.6	84.8	163.0
3. Investments	633.3	1,659.9	474.0	1,669.4	520.8
Government Securities	185.4	738.8	-22.7	551.8	95.0
Other Investments ⁵	818.7	921.1	496.7	1,117.6	425.8
<i>of which:</i>					
<i>Special Deposits</i>	263.1	499.0	-501.8	340.2	39.4

SOURCE: Central Bank of Trinidad and Tobago.

¹Total demand deposits *minus* non-residents' and Central Government's demand deposits, cash items in process of collection on other banks, and branch clearings, plus cashiers and branch clearings.

²Total time deposits *minus* Central Government's deposits and deposits of non-residents.

³Total demand, savings and time deposits in foreign currency *minus* those of non-residents.

⁴Total loans excluding loans to non-residents and central government.

⁵Special deposits, other local and foreign securities, and equity in subsidiaries and affiliates.

TABLE A.20(b)
Summary Accounts of the Monetary System, 2000 - 2004
/ Dollars Million /

	End of Period				
	2000	2001	2002	2003	2004
Net Foreign Assets	10,050	11,336	12,209	13,234	21,181
Monetary Authorities	8,595	11,494	11,870	13,484	18,209
Commercial Banks	1,454	-159	339	-250	2,972
Net Domestic Assets	8,219	8,883	8,926	8,317	4,412
Net Claims on public Sector	-1,944	-3,262	-2,825	-4,496	-8,926
Central Government (net)	-2,073	-3,427	-3,797	-4,611	-8,796
Treasury bills	961	1,241	1,406	1,117	1,828
Other government securities	1,088	1,551	1,373	2,203	1,588
Other credit(net)	-4,122	-6,219	-6,576	-7,932	-12,212
Local government (net)	-120	-83	-144	-55	-166
Statutory bodies (net)	196	-312	602	525	432
Public enterprises (net)	52	560	514	-354	-395
Official capital and surplus	-1,782	-2,066	-2,172	-2,207	-2,207
Credit to Other Financial Institutions(net)	353	741	189	1,724	423
Credit to private sector	13,392	14,045	14,691	15,234	19,147
Interbank float	144	138	70	75	457
Other foreign assets	896	893	931	916	885
SDR allocation	-383	-358	-376	-399	-427
Medium and longterm foreign liabilities	-17	-26	-16	-37	-16
Other assets (net)	-2,440	-1,222	-1,566	-2,494	-4,925
Liabilities to private sector (M3)	18,269	20,218	21,135	21,551	25,592
Money and quasi-money	17,336	19,239	19,802	20,415	23,792
Money	5,034	5,611	6,895	7,304	8,823
Currency in circulation	1,271	1,373	1,502	1,709	1,957
Demand deposits	3,764	4,238	5,393	5,595	6,866
Quasi-Money	12,301	13,627	12,907	13,111	14,969
Time deposits	4,876	5,318	4,222	3,410	3,858
Savings deposits	7,426	8,309	8,685	9,701	11,111
Less: nonresidents' deposits	0	0	0	0	0
Securitized Instruments	933	980	1,333	1,136	1,800
Private capital and surplus	4,291	4,749	5,383	5,952	7,154
	Changes as a percent of beginning-of-period M3				
Net Foreign Assets	19.4	7.0	4.3	4.9	36.9
Net Domestic Assets	-13.5	3.6	0.2	-2.9	-18.1
Net Claims on public Sector	-17.6	-7.2	2.2	-7.9	-20.6
<i>Of which:</i> Central Government	-15.7	-7.4	-1.8	-3.9	-19.4
Credit to private sector	7.9	3.6	3.2	2.6	18.2
Other assets (net)	-0.8	6.7	-1.7	-4.4	-11.3
Liabilities to private sector (M3)	5.9	10.7	4.5	2.0	18.8
Memorandum items:					
Credit to the private sector (12-month increase)	11.3	4.9	4.6	3.7	25.7
M3 Velocity	2.8	2.7	2.6	3.1	2.8

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.21
Liquidity Position of Commercial Banks, 2002:IV - 2004:IV¹
/ Dollars Million /

	End of Period								
	2002	2003				2004			
	IV	I	II	III	IV	I	II	III	IV
Legal Reserves Position²									
Required Reserves	2,763.8	2,740.1	2,707.1	2,870.6	2,327.5	2,323.8	2,407.3	1,915.7	2,055.1
Cash Reserves	2,790.4	2,742.7	2,691.9	2,648.3	2,333.8	2,326.7	2,415.5	1,988.7	2,121.6
Excess (+) or Shortage (-)*	26.6	2.6	-15.2	-222.3	6.3	2.9	8.2	73.0	-66.5
Liquid Assets									
Cash Reserves	2,790.4	2,742.7	2,691.9	2,648.3	2,333.8	2,326.7	2,415.5	1,988.7	2,121.6
Special Deposits	281.3	526.5	1048.1	1086.2	621.5	534.0	427.6	576.3	660.9
Total Deposits at CBTT ³	3,071.6	3,269.2	3,740.0	3,734.5	2,955.3	2,860.7	2,843.1	2,565.0	2,782.5
Local Cash in Hand	502.8	306.5	323.6	350.1	586.1	355.7	396.8	470.1	596.8
Treasury Bills	208.8	259.6	1109.4	330.9	124.6	38.2	109.3	269.6	60.2
TOTAL LIQUID ASSETS	3,783.2	3835.3	5173.0	4,415.5	3,666.0	3,254.6	3,349.2	3,304.7	3,439.5
Total Deposit/Liabilities (Adj)	15,354.4	15,222.8	15,039.4	20,504.3	16,625.0	16,598.6	21,884.5	17,415.4	18,682.7
<i>As a percentage of Total Deposit Liabilities (Adj)</i>									
Legal Reserves Position									
Required Reserves	18.0	18.0	18.0	14.0	14.0	14.0	11.0	11.0	11.0
Actual Reserves	18.2	18.0	17.9	12.9	14.0	14.0	11.0	11.4	11.4
Excess (+) or Shortage (-)	0.2	0.0	-0.1	-1.1	0.0	0.0	0.0	0.4	-0.4
Average Excess (+) or Shortage (-)**	8.3	11.5	8.1	11.7	5.7	5.3	1.2	9.8	50.1
Liquid Assets									
Cash Reserves	18.2	18.0	17.9	12.9	14.0	14.0	11.0	11.4	11.4
Special Deposits	1.8	3.5	7.0	5.3	3.7	3.2	2.0	3.3	3.5
Total Deposits at CBTT	20.0	21.5	24.9	18.2	17.8	17.2	13.0	14.7	14.9
Local Cash in Hand	3.3	2.0	2.2	1.7	3.5	2.1	1.8	2.7	3.2
Treasury Bills	1.4	1.7	7.4	1.6	0.7	0.2	0.5	1.5	0.3
TOTAL LIQUID ASSETS	24.6	25.2	34.4	21.5	22.1	19.6	15.3	19.0	18.4

SOURCE: Central Bank of Trinidad and Tobago.

¹The statutory cash reserve requirement was reduced from 18 per cent to 14 per cent effective October 22, 2003, and subsequently reduced to 11 per cent effective September 15, 2004.

²See note (1) of Table A.20.

³Central Bank of Trinidad and Tobago.

*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, 1999 - 2004
/ Dollars Million /

Sectors	End of Period					
	1999	2000	2001	2002	2003	2004
Central & Local Government	26.2	127.6	98.4	41.8	22.2	10.1
Agriculture	351.8	119.9	172.5	273.8	145.9	115.8
Petroleum	276.8	376.3	810.9	1,101.7	764.7	632.0
Manufacturing	1,395.2	1,629.0	1,702.5	1,565.4	1,794.6	1,912.0
Construction	634.6	590.6	555.2	715.9	1,238.7	1,381.5
Distributive Trades	544.0	951.6	1,093.4	1,124.5	1,235.9	1,312.9
Hotels and Guest Houses	268.2	174.2	440.0	181.2	296.9	442.3
Transport, Storage and Communication	685.2	900.8	728.6	617.7	611.4	773.1
Finance, Insurance and Real Estate	1,330.6	1,675.9	1,844.3	2,032.5	2,940.5	3,825.6
Education, Cultural and Community Services	38.3	41.9	23.7	20.3	155.1	75.1
Personal Services	417.7	354.1	710.7	739.2	642.8	994.7
Electricity and Water Consumers	243.1	105.3	145.5	360.4	88.6	552.5
	5,297.7	5,425.9	5,671.6	5,600.9	6,000.4	6,842.3
TOTAL (excluding Real Estate Mortgage Loans)	11,509.4	12,473.1	13,988.6	14,375.3	15,937.7	18,869.9
Real Estate Mortgage Loans & Lease Financing	816.4	732.4	761.4	839.1	819.6	2,359.9
TOTAL LOANS	12,325.8	13,205.5	14,750.0	15,214.4	16,757.3	21,229.8

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.23
Commercial Banks: Percentage Distribution of Loans
and Advances by Sector, 1999-2004¹
/ Per Cent /

Sector	End of Period					
	1999	2000	2001	2002 ^r	2003	2004
Central Government	0.2	1.0	0.7	0.3	0.1	0.1
Agriculture	2.9	0.9	1.2	1.8	0.9	0.5
Petroleum	2.2	2.8	5.5	7.2	4.5	3.0
Manufacturing	11.3	12.3	11.5	10.3	10.5	9.0
Construction	5.1	4.5	3.8	4.7	7.3	6.5
Distributive Trades	4.4	7.2	7.4	7.4	7.2	6.2
Hotels and Guest Houses	2.2	1.3	3.0	1.2	1.7	2.1
Transport, Storage and Communication	5.6	6.9	4.8	4.1	3.6	3.6
Finance, Insurance and Real Estate	10.8	12.7	12.5	13.4	17.2	18.0
Education, Cultural and Community Services	0.3	0.3	0.2	0.1	0.9	0.4
Personal Services	3.4	2.7	4.8	4.8	3.8	4.7
Electricity and Water	2.0	0.8	1.0	2.4	0.5	2.6
Consumers	43.0	41.1	38.4	36.8	35.1	32.2
TOTAL (excluding Real Estate Mortgage Loans)	93.4	94.5	94.8	94.5	93.3	88.9
Real Estate Mortgage Loans and Lease Financing	6.6	5.5	5.2	5.5	6.7	11.1
TOTAL LOANS	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Table A.22.

¹Figures may not sum to 100 due to rounding.

TABLE A.24
Commercial Banks - Interest Rates, 2002 - 2004
/ Per Cent /

Interest Rates ¹	2002	2003	2004	2004				
				I	II	III	IV	
A. Loan Rates (Prime)								
(i) Term	- Range	5.00-26.75	5.00-26.75	4.25-26.75	5.00-26.75	5.00-26.75	5.00-26.75	4.25-26.75
	- Median	13.63	11.37	9.50	9.50	9.50	9.50	9.13
(ii) Demand	- Range	3.50-24.00	5.00-24.00	3.50-25.75	3.50-25.75	3.50-25.75	3.50-25.75	3.50-25.00
	- Median	9.00	11.50	9.50	9.50	9.50	9.50	8.75
(iii) Overdraft	- Range	7.00-24.00	7.00-26.00	7.00-26.75	7.00-26.00	10.00-26.00	10.00-26.00	10.00-31.75
	- Median	13.00	11.50	9.50	9.50	9.50	9.50	9.13
(iv) Basic Prime Rate	- Range	11.25-17.00	9.50-12.00	8.75-12.00	9.50-12.00	9.50-9.50	9.50-9.50	8.75-9.50
	- Median	12.00	11.50	9.50	9.50	9.50	9.50	8.75
(v) Real Estate Mortgage	- Range	2.00-15.50	5.00-18.04	3.00-19.00	4.00-19.00	4.00-19.00	4.00-19.00	3.00-19.00
	- Median	12.13	12.50	9.50	10.00	9.50	9.50	9.50
B. Deposit Rates (Announced)								
(i) Ordinary Savings	- Range	0.50-7.50	0.50-3.75	0.50-5.25	0.50-5.25	0.50-5.25	0.50-5.25	0.50-5.10
	- Median	2.35	2.07	1.78	2.25	1.75	1.63	1.81
(ii) Special Savings	- Range	1.75-10.00	1.33-7.50	0.05-8.75	0.50-6.00	0.50-4.00	0.50-4.00	0.50-8.75
	- Median	3.22	2.75	2.56	2.63	2.56	2.56	2.00
(iii) 3-Month Time	- Range	1.50-8.75	1.00-8.75	1.00-8.75	1.00-8.75	1.00-3.00	1.00-5.00	1.00-5.00
	- Median	3.38	3.07	2.58	3.28	2.58	2.58	2.75
(iv) 6-Month Time	- Range	1.50-9.50	1.25-6.00	1.00-8.75	1.25-8.75	1.00-4.75	1.25-4.95	1.00-4.95
	- Median	4.25	3.31	3.32	3.33	3.30	3.33	2.63
(v) 1-Year Time	- Range	2.50-9.25	1.25-9.25	1.00-9.25	1.25-9.25	1.25-7.50	1.25-7.50	1.00-7.50
	- Median	4.38	3.85	3.60	3.96	3.55	3.55	3.65

SOURCE: Central Bank of Trinidad and Tobago.

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

TABLE A.25
Money Supply, 2000 - 2004
/ Dollars Million /

	End of Period				
	2000	2001	2002	2003	2004
A. Narrow Money Supply	4,887.2	6,695.6	7,331.6	7,309.4	8,377.6
Currency in Active Circulation	1,271.0	1,373.5	1,501.8	1,708.6	1,957.4
Demand Deposits (adj.)	3,616.2	5,322.1	5,829.8	5,600.8	6,420.2
B. Factors Affecting Changes in Money Supply					
1. Net Bank Credit to Central Government	-2,069.1	-3,427.1	-3,796.8	-5,040.8	-10,114.5
(a) Central Bank	-4,045.9	-6,113.3	-6,502.3	-8,155.5	-12,871.1
(b) Commercial Banks	1,976.8	2,686.2	2,705.5	3,114.7	2,756.6
2. Bank Credit	16,544.6	18,522.9	19,731.9	20,447.1	24,695.3
(a) Public Sector ¹	1,537.4	2,970.5	2,841.9	2,041.3	2,144.2
(b) Private Sector ²	15,007.2	15,552.4	16,890.0	18,405.8	22,551.1
3. External Assets (net)	10,477.1	11,788.3	12,682.1	13,631.0	21,341.1
4. Quasi-Money³	-9,077.7	-10,504.0	-10,178.6	-11,283.8	-12,463.5
5. Foreign Currency Deposits (Adj)	-5,253.8	-4,995.4	-5,513.1	-6,009.2	-6,987.8
6. NFIs Foreign Currency Deposit (Adj)	-1,601.6	-1,993.6	-1,520.7	-1,827.0	-3,621.4
7. Other Items (Net)	-5,733.9	-4,689.1	-5,593.9	-6,147.9	-8,092.3
C. Broad Money Supply (M-2)	13,964.9	17,199.6	17,510.1	18,593.3	20,841.2
D. Broad Money Supply (M2*)⁴	19,218.7	22,195.1	23,023.2	22,889.4	27,829.0
Memo: ⁵					
Money Supply M-3	17,961.3	21,615.2	21,478.7	22,619.2	23,908.5
Money Supply M-3*	24,763.2	28,574.0	28,510.6	28,738.0	34,498.2

SOURCE: Central Bank of Trinidad and Tobago.

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

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

³Excludes foreign currency deposits of residents which are shown separately below.

⁴Includes foreign currency deposits of residents.

⁵In 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, 2000 - 2004
/ Dollars Million /

	2000	2001	2002	2003	2004
A. Narrow Money Supply (M-1A)	605.3	1,808.4	636.0	-22.2	1,068.2
	<i>14.1</i>	<i>37.0</i>	<i>9.5</i>	<i>-0.3</i>	<i>14.6</i>
Currency in Active Circulation	-21.4	102.5	128.3	206.8	248.8
	<i>-1.7</i>	<i>8.1</i>	<i>9.3</i>	<i>13.8</i>	<i>14.6</i>
Demand Deposits (adj.)	626.7	1,705.9	507.7	-229.0	819.4
	<i>20.9</i>	<i>47.2</i>	<i>9.5</i>	<i>-3.9</i>	<i>14.6</i>
B. Factors Affecting Changes in Money Supply					
1. Net Bank Credit to Government	-2,710.8	-1,358.0	-369.7	-1,244.0	-5,073.7
	<i>-422.4</i>	<i>-65.6</i>	<i>-10.8</i>	<i>-32.8</i>	<i>-100.7</i>
Central Bank	-2,571.3	-2,067.4	-389.0	-1,653.2	-4,715.6
	<i>-174.4</i>	<i>-51.1</i>	<i>-6.4</i>	<i>-25.4</i>	<i>57.8</i>
Commercial Banks	-139.5	709.4	19.3	409.2	-358.1
	<i>-6.6</i>	<i>35.9</i>	<i>0.7</i>	<i>15.1</i>	<i>-11.5</i>
2. Bank Credit	1,436.0	1,978.3	1,209.0	715.2	4,248.2
	<i>9.5</i>	<i>11.9</i>	<i>6.5</i>	<i>3.6</i>	<i>20.8</i>
Public Sector ¹	-254.5	1,433.1	-128.6	-800.6	102.9
	<i>-14.2</i>	<i>93.2</i>	<i>-4.3</i>	<i>-28.2</i>	<i>5.04</i>
Private Sector ²	1,690.5	545.2	1,337.6	1,515.8	4,145.3
	<i>12.7</i>	<i>3.6</i>	<i>8.6</i>	<i>9.0</i>	<i>22.5</i>
3. Net Foreign Assets	3,371.6	1,311.2	893.8	948.9	7,710.1
	<i>47.5</i>	<i>12.5</i>	<i>7.6</i>	<i>7.5</i>	<i>56.6</i>
4. Quasi-Money ³	-322.2	-1,426.3	325.4	-1,105.2	1,179.7
	<i>3.7</i>	<i>15.7</i>	<i>-3.1</i>	<i>10.9</i>	<i>10.5</i>
5. Foreign Currency Deposits (Adj)	-1,095.5	258.4	-517.7	1,217.0	-2,691.7
	<i>26.3</i>	<i>-4.9</i>	<i>10.4</i>	<i>22.1</i>	<i>-62.7</i>
6. NFIs Foreign Currency Deposits (Adj)	107.6	-392.0	472.9	-306.3	-1,794.4
	<i>-6.3</i>	<i>24.5</i>	<i>-23.7</i>	<i>-20.1</i>	<i>-98.2</i>
7. Other Items (net)	-73.8	1,044.8	-904.8	-554.0	-1,944.4
Increase (-), Decrease (+)	<i>1.3</i>	<i>-18.2</i>	<i>-19.3</i>	<i>-10.0</i>	<i>-31.6</i>
C. Broad Money Supply (M-2)	907.4	3,234.7	310.5	1,083.2	2,247.9
	<i>6.9</i>	<i>23.2</i>	<i>1.8</i>	<i>6.2</i>	<i>12.1</i>
D. Broad Money Supply (M-2*)⁴	2,002.9	2,976.4	828.1	-133.8	4,939.6
	<i>11.6</i>	<i>15.5</i>	<i>3.7</i>	<i>-0.6</i>	<i>21.6</i>
Memo: Money Supply M-3	601.5	3,653.9	-136.5	1,140.5	1,289.3
	<i>3.5</i>	<i>20.3</i>	<i>-0.6</i>	<i>5.3</i>	<i>5.7</i>
Money Supply M-3*	1,548.0	3,810.8	-63.4	227.4	5,760.2
	<i>6.7</i>	<i>15.4</i>	<i>-0.2</i>	<i>0.8</i>	<i>20.0</i>

SOURCE: Table A.25.

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

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

³See footnote (3) of Table A.25.

⁴See 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 - September 2004
/ 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	512,707	228,962	-18,954	3,799,754	1,778,780	5,578,534
2003	532,506	487,275	31,505	4,635,933	1,795,626	6,431,559
2003^a						
I	466,761	341,646	-8,278	3,903,825	1,805,288	5,709,113
II	568,273	229,505	2,363	4,406,712	1,769,072	6,175,784
III	546,248	455,920	57,522	4,111,782	1,786,405	5,898,187
IV	532,506	487,275	31,505	4,635,933	1,795,626	6,431,559
2004						
I	516,269	235,369	181,927	5,559,369	1,894,706	7,454,075
II	587,244	255,477	30,123	5,605,925	2,085,587	7,691,512
III ^a	425,499	206,242	193,439	6,382,320	2,134,851	8,517,171
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 ^a	5,590,003	3,456,366	751,052	41,182	744,024	597,379
2002	6,301,249	2,978,964	1,585,368	45,879	870,620	820,418
2003	7,482,845	3,431,185	1,820,729	76,864	981,416	1,172,651
2003^a						
I	6,509,242	2,858,113	1,597,535	63,737	883,460	1,106,397
II	6,975,925	3,174,195	1,584,232	82,897	1,010,621	1,123,980
III	6,957,877	2,967,346	1,723,054	78,230	1,062,948	1,126,299
IV	7,482,845	3,431,185	1,820,729	76,864	981,416	1,172,651
2004						
I	8,387,640	4,192,800	1,663,672	83,990	981,855	1,465,323
II	8,564,356	4,127,536	1,786,888	68,334	1,042,535	1,539,063
III ^a	9,342,351	4,203,871	1,602,412	61,064	1,703,479	1,771,525

SOURCE: Central Bank of Trinidad and Tobago.

¹Borrowings 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, 2001 - 2004
/ Dollars Million /

Sectors	End of Period						
	2001	2002	2003	2004			
				I	II	III	IV
Public Sector	88.6	0.7	59.2	0.0	311.4	54.2	3.9
Private Sector	1,287.2	1,115.8	1154.7	657.4	392.0	822.3	1,516.4
Agriculture	17.3	9.0	5.3	6.9	9.6	12.3	7.5
Petroleum	20.6	20.6	17.6	36.8	3.8	9.0	3.2
Manufacturing	174.3	160.3	87.5	66.8	29.2	44.0	193.6
Construction	146.2	119.1	148.5	81.1	73.4	99.1	147.1
Distributive Trades	103.2	128.5	67.2	10.0	24.9	58.1	73.3
Hotels and Guest Houses	111.5	127.1	30.0	33.0	0.2	0.5	143.2
Transport, Storage and Communication	109.1	51.5	78.9	55.1	47.5	74.0	88.3
Finance, Insurance, Real Estate and Services	317.6	332.4	526.7	314.2	138.1	345.2	708.6
Education, Cultural and Community Services	4.6	4.0	3.8	1.0	1.2	3.3	3.4
Personal Services	8.5	6.2	5.6	0.6	4.2	4.0	4.1
Consumers	274.3	157.1	183.6	53.1	61.0	176.1	144.1
TOTAL (excluding Real Estate Mortgage & Leases)	1,375.8	1,116.5	1,213.9	657.4	703.4	876.5	1,520.3
Real Estate Mortgage Loans	53.3	28.6	27.0	30.6	27.1	14.5	28.5
Leases	155.8	96.2	225.7	35.4	115.2	222.4	176.5
TOTAL LOANS	1,584.9	1,241.3	1,466.6	723.4	845.7	1,113.4	1,725.3

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.29
Finance Companies and Merchant Banks: Percentage Distribution of Loans and Advances by Sector, 2001 - 2004
/ Per Cent /

Sectors	End of Period						
	2001	2002	2003	2004			
				I	II	III	IV
Public Sector	5.6	0.1	4.0	0.0	36.7	4.9	0.1
Private Sector	81.1	89.9	78.8	90.9	46.5	73.8	88.0
Agriculture	1.1	0.7	0.4	1.0	1.1	1.1	0.2
Petroleum	1.3	1.7	1.2	5.1	0.4	0.8	0.1
Manufacturing	11.0	12.9	6.0	9.2	3.5	4.0	6.0
Construction	9.2	9.6	10.1	11.2	8.7	8.9	4.5
Distributive Trades	6.5	10.4	4.6	1.4	2.9	5.2	2.3
Hotels and Guest Houses	7.0	10.2	2.0	4.6	0.0	0.0	4.4
Transport, Storage and Communication	6.9	4.1	5.4	7.6	5.6	6.6	2.7
Finance, Insurance, Real Estate and Business Services	20.0	26.8	35.9	43.4	16.3	31.0	21.9
Education, Cultural and Community Services	0.3	0.3	0.3	0.1	0.1	0.3	0.1
Personal Services	0.5	0.5	0.4	0.1	0.5	0.4	0.1
Consumers	17.3	12.7	12.5	7.2	7.2	15.8	4.5
TOTAL (excluding Real Estate Mortgage & Leases)	86.7	90.0	82.8	90.9	83.2	78.7	88.1
Real Estate Mortgage Loans	3.4	2.3	1.8	4.2	3.2	1.3	1.7
Leases	9.9	7.7	15.4	4.9	13.6	20.0	10.2
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, 2000 - 2004
/ 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)
2000	387,136	894,682	3,669,753	3,663,523	7,333,276	8,615,094
2001 ¹	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
2004	358,671	1,069,101	4,328,651	3,790,994	8,119,645	9,547,417
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
2004						
I	445,664	1,317,254	5,024,922	3,958,127	8,983,049	10,745,967
II	424,167	1,623,483	5,016,495	4,055,914	9,072,409	11,120,059
III	401,958	1,547,088	4,541,125	3,748,237	8,289,362	10,238,408
IV	358,671	1,069,101	4,328,651	3,790,994	8,119,645	9,547,417
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 ¹	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	
2004	1,514,478	246,110	69,420	1,946,124	5,771,285	
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	
2004						
I	2,309,419	298,298	80,270	2,380,501	5,677,479	
II	2,263,637	296,856	103,369	2,327,125	6,129,072	
III	1,844,381	394,057	63,418	2,142,815	5,793,737	
IV	1,514,478	246,110	69,420	1,946,124	5,771,285	

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.31
Development Banks: Summary of Assets and Liabilities,
2000 - September 2004
/ 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)
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 ^r	-12,600	-34,488	-500,656	1,786,902	1,251,758	1,239,158	0	402,568	836,590
2003									
I	-16,110	-28,208	-505,409	1,366,436	832,819	816,709	0	373,650	443,059
II	-14,712	-19,117	-500,656	1,232,376	712,603	697,891	0	385,691	312,200
III	-13,664	26,316	-500,656	1,684,032	1,204,692	1,196,028	0	390,606	805,422
IV	-12,600	-34,488	-500,656	1,786,902	1,251,758	1,239,158	0	402,568	836,590
2004									
I	-11,546	-36,757	-491,032	1,877,668	1,349,879	1,338,333	0	402,708	935,625
II	-10,843	-23,080	-486,200	1,957,330	1,448,050	1,437,207	0	423,031	1,014,176
III	-9,436	-23,714	-486,200	1,967,579	1,457,665	1,448,229	0	424,383	1,023,846

SOURCE: Central Bank of Trinidad and Tobago.

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

TABLE A.32
Thrift Institutions: Summary of Assets and Liabilities,
2000 - 2004
/ 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)
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	7,268	10,391	42,863	60,522	60,522	10,483	4,512	14,995	16,162	29,365
2004	0	10,557	9,396	41,506	61,459	61,459	10,776	4,376	15,152	13,335	32,972
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	7,268	10,391	42,863	60,522	60,522	10,483	4,512	14,995	16,162	29,365
2004											
I	0	6,427	10,382	43,186	59,995	59,995	10,056	4,306	14,362	14,955	30,678
II	0	7,895	9,669	41,761	59,325	59,325	11,142	3,188	14,330	14,632	30,363
III	0	8,186	9,643	41,470	59,299	59,299	10,484	4,145	14,629	13,387	31,283
IV	0	10,557	9,396	41,506	61,459	61,459	10,776	4,376	15,152	13,335	32,972

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.33
Non-Bank Financial Institutions Interest Rates, 2000 - 2004
/ Per Cent /

Interest Rates ¹	For the Period						
	2002	2003	2004	2004 ^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	6.00-10.00	6.00-10.00	6.00-10.00	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	13.00	12.00
2. Trust & Mortgage Finance Companies							
(a) Time Deposits							
(i) 1 - 3 years							
Range	6.00-12.00	2.00-11.00	2.00-10.75	2.00-10.75	2.00-10.25	2.00-10.00	2.90-8.00
Median	9.95	7.35	4.56	5.92	4.65	4.50	4.53
(ii) Over 3 years							
Range	3.00-11.57	3.00-12.00	2.90-11.50	3.00-11.50	2.95-11.50	2.90-11.50	2.90-11.50
Median	9.63	7.55	4.10	8.25	4.10	4.10	4.10
(b) Mortgage Loans							
(i) Residential							
Range	5.00-13.50	6.00-16.00	6.00-16.00	6.00-16.00	6.00-16.00	6.00-16.00	6.00-16.00
Median	13.50	12.00	10.13	12.00	9.25	9.88	10.38
(ii) Commercial							
Range	6.00-16.50	7.00-15.00	6.75-15.00	6.75-15.00	6.75-14.50	7.00-14.50	9.75-14.50
Median	14.25	9.41	10.75	11.00	10.75	10.75	9.75
3. Finance Companies and Merchant Banks							
(a) Time Deposits							
(i) 1 - 3 years							
Range	7.00-12.00	3.00-11.75	2.00-11.75	2.00-11.75	2.00-11.75	2.00-11.75	2.00-10.50
Median	10.63	8.26	8.33	8.91	8.91	7.75	7.41
(b) Instalment Loans							
Range	6.00-19.57	4.60-19.50	3.00-19.50	6.00-19.50	6.00-19.50	6.00-19.50	3.00-18.00
Median	11.50	9.00	9.44	10.50	10.50	8.38	7.75

SOURCE: Central Bank of Trinidad and Tobago.

¹Annual 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, 2001 - 2004

End of Period	New Issues (\$Mn)			Secondary Market Turnover ¹						
	Government Securities	Treasury Bills	Other ³	Government Securities ²		Treasury Bills		Public Company Shares		
				Face Value (\$Mn)	No. of Transactions	Face Value (\$Mn)	No. of Transactions	Market Value (\$Mn)	No. of Transactions	Volume of Shares Traded (Mn)
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
2002^e	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	3,939.0^p	0.0	0	710.3	37	2,303.2	16,690^e	409.6
I	0.0	0.0	1,035.1	0.0	0	10.7	4	290.4	1,899	121.7
II	1,000.0	0.0	725.8	0.0	0	281.3	7	319.8	3,190	58.5
III	1,000.0	0.0	1,362.3	0.0	0	293.6	10	790.4	4,749	83.7
IV	640.0	0.0	815.8	0.0	0	124.7	16	902.6	6,852	145.7
2004	1,120.0	0.0	1,447.4	0.0	0	701.1	68	3,015.8	34,946	311.8
I	0.0	0.0	0.0	0.0	0	174.7	15	518.0	8,532	92.2
II	0.0	0.0	331.0	0.0	0	115.7	19	784.6	9,908	61.9
III	1,120.0	0.0	276.0	0.0	0	238.3	24	735.3	7,844	76.1
IV	0.0	0.0	840.4	0.0	0	172.4	10	977.9	8,662	81.6

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

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

²Trading 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. Data include new issues by state corporations and other private organisations.

TABLE A.35
Selected Interest Rates, 2002 - 2004
/ Per Cent /

	For the Period						
	2002	2003	2004	2004			
				I	II	III	IV
A. Central Bank							
(i) Bank Rate	7.25	7.00	7.00	7.00	7.00	7.00	7.00
(ii) Special Deposits Rate	4.00	3.00	3.00	3.00	3.00	3.00	3.00
(iii) Repo Rate ²	5.25	5.00	5.00	5.00	5.00	5.00	5.00
(iv) Reverse Repo Rate ²	4.75	4.50	4.50	4.50	4.50	4.50	4.50
B. Government							
(i) Treasury Bills ³	4.83	4.82	4.77	4.81	4.80	4.76	4.73
C. Commercial Banks - Local Currency							
(i) Weighted Average Rate on Loans	12.78	11.70	9.49	9.87	9.68	9.32	9.09
(ii) Weighted Average Rate on Deposits	3.66	2.60	2.07	2.30	2.14	1.97	1.86
(iii) Interest Spread (i - ii)	9.12	9.10	7.42	7.57	7.54	7.34	7.23
D. Non-Bank Financial Institutions⁴							
(i) Weighted Average Rate on Loans	10.95	10.17	9.32	10.78	9.13	8.69	8.69
(ii) Weighted Average Rate on Deposits	7.70	6.89	5.88	7.14	5.27	5.21	5.91
(iii) Interest Spread (i - ii)	3.25	3.28	3.44	3.64	3.86	3.48	2.78

SOURCE: Central Bank of Trinidad and Tobago.

¹Annual 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.

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

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

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

TABLE A.36(a)
Balance of Payments, 2000 - 2004
/ US\$ Mn /

Item	2000	2001	2002	2003 ^r	2004 ^p
(1)Merchandise (Net)	968.8	718.1	237.7	1,293.2	1,508.7
Exports	4,290.3	4,304.2	3,920.0	5,204.9	6,402.9
Imports	3,321.5	3,586.1	3,682.3	3,911.7	4,894.2
(2)Services (Net)	166.1	233.6	264.0	313.8	671.4
Transportation	34.4	90.7	85.1	85.2	244.9
Travel	65.7	49.9	55.7	141.7	332.3
Communication	30.8	24.2	24.5	36.0	39.5
Insurance	45.7	70.5	99.6	108.1	113.0
Other Government	-13.9	9.5	6.2	-23.1	-41.4
Other Services	3.4	-11.2	-7.1	-34.1	-16.9
(3)Income	-628.5	-539.3	-479.8	-680.9	-446.2
Investment Income	-628.5	-539.3	-479.8	-680.9	-446.2
(4)Unrequited Transfers (Net)	37.9	33.4	54.5	58.6	54.2
(5)Current Account (1+2+3+4)	544.3	445.8	76.4	984.7	1,788.1
(6)Net Capital Movement (Net)	234.7	428.1	328.7	-505.7	-823.8
Portfolio Investment	-146.3	-58.0	-4.2	-14.9	-11.5
Direct Investment	654.3	776.8	684.3	583.1	972.7
Regional bond issues	-30.0	-206.2	-70.1	-509.2	-690.1
Other Private ¹	-211.1	-292.2	-141.0	-584.9	-357.2
Commercial Banks	-86.1	257.1	-79.3	93.9	-524.3
Official Borrowing	114.9	-34.7	-50.8	-63.5	-202.0
Official Loans	0.0	0.0	0.0	0.0	0.0
State Enterprises Borrowing	-61.0	-14.7	-10.2	-10.2	-10.7
Other Assets	0.0	0.0	0.0	0.0	0.0
(7)Net Errors & Omissions	-338.0	-403.3	-356.2	-144.8	-230.3
(8)Overall Surplus or Deficit	441.0	470.6	48.9	334.2	734.0
(9)Official Financing	-441.0	-470.6	-48.9	-334.2	-734.0
Government	3.5	0.0	0.0	0.0	0.0
Central Bank (Net) ²	-444.5	-470.6	-48.9	-334.2	-734.0
(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)	6.6	5.0	0.8	9.3	15.6
Gross Official Reserves (US\$Mn)	1,405.5	1,876.0	1,923.6	2,257.8	2,993.0
Import Cover	4.3	5.6	5.5	5.4	6.9
Debt Service Ratio	7.9	3.7	4.4	3.5	4.7

SOURCE: Central Bank of Trinidad and Tobago.

¹Represents estimated short-term foreign capital.

²Includes Central Bank holdings, IMF Reserve Tranche and SDR holdings, and use of Fund (IMF) Credit.

TABLE A.36(b)
Summary Balance of Payments, 2000 - 2004
/ US\$ Mn /

Sector	End of Period				
	2000	2001	2002	2003 ¹	2004
Current Account Balance	544	446	76	985	1,788
Trade Balance	969	718	238	1,293	1,509
Exports	4,290	4,304	3,920	5,205	6,403
Petroleum crude and refined	2,002	1,735	1,768	2,386	1,643
Gas	737	828	459	951	1,978
Petrochemicals	744	823	647	907	1,522
Other	808	918	1,046	962	1,260
Imports	3,322	3,586	3,682	3,912	4,894
Fuel imports	1,073	926	1,019	1,064	1,181
Capital	1,016	1,267	1,276	1,257	1,796
Other	1,233	1,394	1,388	1,591	1,917
Services and transfer (net)	-425	-273	-161	-309	279
Nonfactor services (net)	166	233	264	314	671
Factor income (net)	-629	-539	-480	-681	-446
Current transfers (net)	38	33	55	59	54
Capital and financial account (net)¹	-103	25	-28	-627	-1,054
Official, medium and long-term (net)	54	-49	-61	-74	-230
Disbursements	384	27	18	26	25
Amortizations	-270	-61	-69	-90	-255
Direct Investment (net)	654	777	684	583	973
Inward	680	835	791	808	1,001
Outward	25	58	106	225	29
Commercial banks (net)	-86	257	-79	94	-524
Other private sector capital (net) ¹	-725	-960	-572	-1,230	-1,273
<i>Of which: net errors and omissions</i>	-338	-403	-356	-121	-230
Overall balance	441	471	49	334	734
Change in gross official reserves (increase-)	-444	-471	-49	-334	-734
	In percent of GDP, unless otherwise specified				
Memorandum items:					
Current Account	6.6	5.0	0.9	9.3	15.6
Exports	52.4	48.5	44.0	49.3	55.9
Imports	40.6	40.4	41.3	37.0	42.7
Gross international reserves (millions of US\$, end of period)	1,909.7	2,455.2	2,594.0	3,260.0	4,209.2
Oil prices (WEO, spot crude).	28.2	24.3	25.0	28.9	37.8

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

¹Includes net errors and omissions.

TABLE A.37
Value of Exports¹ and Imports by Sections of the S.I.T.C. (R2),
2002- 2004
/ Dollars Million/

Section	2002		2003		2004	
	Exports	Imports	Exports	Imports	Exports	Imports
Total²	24,062.3	22,872.9	32,600.3	24,501.4	40,144.4	30,600.3
0. Food and Live Animals	897.8	1,681.3	784.3	1,919.2	884.2	2,208.5
1. Beverages and Tobacco	628.2	132.4	633.1	180.4	520.9	177.7
2. Crude Materials Except Fuels	58.4	775.1	73.1	999.3	97.7	715.0
3. Mineral Fuel Lubricants	14,457.3	6,324.9	21,735.4	6,665.5	24,209.5	7,407.2
4. Animal and Vegetable Oils and Fats	36.4	66.4	37.5	92.4	45.6	104.8
5. Chemicals	4,019.4	1,795.5	5,679.6	1,942.3	9,543.2	2,130.0
6. Manufactured Goods	2,964.4	2,875.4	2,807.1	3,370.4	3,607.2	5,075.1
7. Machinery & Transport Equipment	583.1	7,925.2	451.4	7,871.4	813.6	11,262.6
8. Misc. Manufactured Articles	415.4	1,256.5	395.4	1,409.5	418.6	1,490.1
9. Misc. Transactions and Commodities	1.9	40.2	3.4	51.0	3.9	29.3
Memorandum item:						
Ships' Stores/Bunkers	253.6	-	718.3	-	251.2	-

SOURCE: Central Statistical Office.

¹ Domestic Exports.

² Unadjusted for Balance of Payments.

TABLE A.38
Exports by Economic Function, 2000 - 2004
/ Dollars Million/

Commodity Groups	2000	2001	2002	2003	2004
1. Consumer Goods	1,991.4	1,986.7	2,005.5	1,906.3	1,924.9
NON-DURABLES	1,685.1	1,650.4	1,673.2	1,582.6	1,582.0
Food	902.7	813.6	808.7	715.1	832.2
Other	782.4	836.8	864.5	867.5	749.8
DURABLES	306.3	336.3	332.3	323.7	342.9
2. Raw Materials and Inter. Goods	24,068.8	22,733.0	20,879.3	29,827.4	36,960.2
Fuels	17,574.8	15,430.3	14,457.3	21,735.4	24,209.5
Construction Materials	1,567.0	1,846.8	2,101.6	2,157.3	2,940.8
Chemicals	4,665.9	5,102.2	4,019.3	5,679.6	9,543.2
Other Raw Materials	261.1	353.7	301.1	255.1	266.7
3. Capital Goods	254.6	337.1	491.8	348.5	686.3
Transport Equipment	30.2	21.8	42.9	36.9	260.5
Other Machinery and Equipment	224.4	315.3	448.9	311.6	425.8
4. Other Commodities	608.7	691.9	685.7	518.1	573.0
5. Total Exports Unadjusted for Balance of Payments (1+2+3+4)	26,923.5	25,748.7	24,062.3	32,600.3	40,144.4

SOURCE: Central Statistical Office.

TABLE A.39
Imports by Economic Function, 2000 - 2004
/ Dollars Million/

Commodity Groups	2000	2001	2002	2003 ^r	2004
1. Consumer Goods	3,428.0	4,108.8	4,009.1	4,733.6	3,762.4
NON-DURABLES	2,057.7	2,485.5	2,375.5	2,823.5	2,225.4
Food	1,370.9	1,689.6	1,536.6	1,790.2	1,457.0
Other	686.8	795.9	838.9	1,033.3	768.4
DURABLES	1,370.3	1,623.3	1,633.6	1,910.1	1,537.0
C.K.D. Passenger Cars	-	-	-	-	-
Non-C.K.D. Passenger Cars	498.4	540.5	596.1	756.3	704.6
Other	871.9	1,082.8	1,037.5	1,153.8	832.4
2. Raw Materials and Inter. Goods	9,598.9	8,920.1	9,697.7	10,153.1	9,031.7
Fuels	6,731.4	5,737.2	6,324.9	6,665.5	5,628.5
Construction Materials	628.0	870.8	830.4	1,113.3	1,222.3
Other Raw Materials	2,239.5	2,312.1	2,542.4	2,374.3	2,180.9
3. Capital Goods	5,623.3	6,499.9	7,237.9	6,597.9	8,489.8
Transport Equipment	2,079.6	1,148.8	2,196.5	1,118.8	1,200.1
Oil and Mining Machinery	767.2	316.9	539.3	534.7	1,859.7
Other Machinery and Equipment	2,776.5	5,034.2	4,502.1	4,944.4	5,430.0
4. Other Commodities	2,191.7	2,682.0	1,928.2	3,016.8	1,750.4
5. Total Imports Unadjusted for Balance of Payments (1+2+3+4)	20,841.9	22,210.8	22,872.9	24,501.4	23,034.3

SOURCE: Central Statistical Office.

TABLE A.40
Direction of Trade - Exports, 2001 - 2004

Country	2001		2002		2003 ^r		2004	
	\$Mn	%	\$Mn	%	\$Mn	%	\$Mn	%
United States	11,029.9	43.4	11,201.3	46.6	17,444.6	54.7	27,626.0	69.2
United Kingdom	395.6	1.6	354.3	1.5	356.8	1.1	614.0	1.5
Japan	8.2	0.0	8.6	0.0	4.5	0.0	4.9	0.0
Other European Community (excluding U.K.)	805.5	3.2	774.7	3.2	648.9	2.0	593.7	1.5
Canada	611.2	2.4	574.1	2.4	597.4	1.9	506.4	1.3
CARICOM	6,112.8	24.1	4,796.3	20.0	6,300.2	19.8	5,140.9	12.9
of which:								
<i>Jamaica</i>	<i>2,192.7</i>	<i>8.6</i>	<i>1,792.9</i>	<i>7.5</i>	<i>2,195.0</i>	<i>6.9</i>	<i>1,467.0</i>	<i>3.7</i>
<i>Guyana</i>	<i>548.2</i>	<i>2.2</i>	<i>485.2</i>	<i>2.0</i>	<i>914.6</i>	<i>2.9</i>	<i>669.1</i>	<i>1.7</i>
<i>Barbados</i>	<i>1,658.9</i>	<i>6.5</i>	<i>1,009.2</i>	<i>4.2</i>	<i>1,225.6</i>	<i>3.8</i>	<i>1,228.4</i>	<i>3.1</i>
Puerto Rico and U.S. Virgin Islands	916.2	3.6	849.3	3.5	396.6	1.2	585.9	1.5
Central and South America ¹	1,898.3	7.5	1,853.8	7.7	2,165.5	6.8	1,765.7	4.4
European Free Trade Association	42.0	0.2	54.9	0.2	61.1	0.2	28.8	0.1
Other	3,571.2	14.0	3,341.3	14.9	3,906.5	12.3	3,026.9	7.6
TOTAL²	25,390.9	100.0	23,808.6	100.0	31,882.1	100.0	39,893.2	100.0

SOURCE: Central Statistical Office.

¹Excludes Guyana, French Guiana, Suriname and Belize.

²Excluding ships' stores/bunkers.

TABLE A.41
Direction of Trade - Imports, 2001 - 2004

Country	2001		2002		2003 ^r		2004	
	\$Mn	%	\$Mn	%	\$Mn	%	\$Mn	%
United States	8,158.1	36.7	7,679.8	33.6	7,388.6	30.2	10,375.4	33.9
United Kingdom	989.9	4.5	817.1	3.6	882.7	3.6	1,631.6	5.3
Japan	833.0	3.8	1,001.5	4.4	1,006.5	4.1	1,174.3	3.8
Other European								
Community (excluding U.K.)	2,571.6	11.6	2,675.3	11.7	3,024.4	12.3	4,681.3	15.3
Canada	568.6	2.6	647.0	2.8	731.9	3.0	675.5	2.2
CARICOM	750.8	3.4	574.0	2.5	588.9	2.4	633.6	2.1
of which:								
<i>Jamaica</i>	<i>124.8</i>	<i>0.6</i>	<i>108.6</i>	<i>0.5</i>	<i>105.0</i>	<i>0.4</i>	<i>88.8</i>	<i>0.3</i>
<i>Guyana</i>	<i>101.3</i>	<i>0.5</i>	<i>98.4</i>	<i>0.4</i>	<i>140.4</i>	<i>0.6</i>	<i>163.0</i>	<i>0.5</i>
<i>Barbados</i>	<i>144.8</i>	<i>0.7</i>	<i>191.0</i>	<i>0.8</i>	<i>139.0</i>	<i>0.6</i>	<i>141.9</i>	<i>0.5</i>
Central and South America ¹	5,398.0	24.3	4,737.8	20.7	5,294.5	21.6	5,294.4	17.3
of which:								
<i>Brazil</i>	<i>1,241.4</i>	<i>5.6</i>	<i>1,305.8</i>	<i>5.7</i>	<i>2,207.8</i>	<i>9.0</i>	<i>3,204.5</i>	<i>10.5</i>
<i>Venezuela</i>	<i>2,716.0</i>	<i>12.2</i>	<i>2,470.5</i>	<i>10.8</i>	<i>1,656.5</i>	<i>6.8</i>	<i>962.1</i>	<i>3.4</i>
European Free Trade Association	170.0	0.8	252.4	1.1	247.7	1.0	229.9	0.8
Indonesia	22.7	0.1	29.7	0.1	0.0	0.0	0.0	0.0
Other	2,737.1	12.3	4,458.3	19.5	5,336.2	21.8	5,904.3	19.3
TOTAL²	22,199.8	100.0	22,872.9	100.0	24,501.4	100.0	30,600.3	100.0

SOURCE: Central Statistical Office.

¹Excludes Guyana, French Guiana, Suriname and Belize.

²Unadjusted for balance of payments purposes.

TABLE A.42
Weighted Average TT Dollar Exchange Rates
for Selected Currencies,¹
2000 - 2004

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)
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	4.1599	4.3188	9.3961	9.7412	0.0581	0.0587	5.8441	6.0074
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	4.5550	9.9809	10.4028	0.0537	0.0544	6.8736	7.1661
2004	6.2440	6.2990	4.7107	4.9058	11.1953	11.6742	0.0575	0.0583	7.5991	7.9244
2004										
January	6.2342	6.2997	4.6947	4.9163	11.1068	11.6117	0.0586	0.0593	7.7029	8.0356
February	6.2336	6.2998	4.6031	4.8075	11.4113	11.9249	0.0586	0.0592	7.7228	8.0878
March	6.2468	6.2998	4.5919	4.7930	11.2068	11.6536	0.0574	0.0581	7.4859	7.8154
I	6.2386	6.2997	4.6306	4.8397	11.2327	11.7192	0.0582	0.0589	7.6305	7.9709
April	6.2457	6.2947	4.5588	4.7418	10.9970	11.4811	0.0579	0.0586	7.3319	7.6561
May	6.2381	6.2995	4.4444	4.6267	10.9223	11.3802	0.0555	0.0560	7.3367	7.6526
June	6.2513	6.2993	4.5013	4.6909	11.2025	11.6454	0.0570	0.0576	7.4110	7.7368
II	6.2451	6.2979	4.5015	4.6865	11.0432	11.5046	0.0568	0.0574	7.3607	7.6827
July	6.2452	6.2976	4.6416	4.8149	11.2439	11.7345	0.0570	0.0576	7.4907	7.8303
August	6.2410	6.2990	4.6597	4.8493	11.1153	11.5977	0.0565	0.0572	7.4622	7.7558
September	6.2523	6.2996	4.7411	4.9380	10.9626	11.4106	0.0541	0.0573	7.4954	7.7686
III	6.2461	6.2987	4.6795	4.8657	11.1116	11.5859	0.0559	0.0574	7.4830	7.7863
October	6.2419	6.2997	4.8968	5.1039	11.0431	11.4960	0.0573	0.0579	7.6330	7.9529
November	6.2429	6.2994	5.1294	5.3329	11.3593	11.8545	0.0596	0.0603	7.9305	8.2471
December	6.2542	6.2998	5.0425	5.2327	11.7458	12.2742	0.0601	0.0609	8.1664	8.5343
IV	6.2465	6.2996	5.0215	5.2216	11.3888	11.8816	0.0597	0.0593	7.9137	8.2493

SOURCE: Central Bank of Trinidad and Tobago.

¹Monthly 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, 2000 - 2004
/ US\$ Mn /

End of Period	Central Bank					Central Government	Net Official Reserves (5+6)
	Foreign Assets	<i>of which</i>		Foreign Liabilities	Net International Reserves (1-4)		
		IMF Reserve Tranche Position	SDR Holdings				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
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
2004	2,992.9	0.0	1.9	16.2	2,976.7	0.1	2,976.8
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	1,955.5
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
2004							
I	2,396.2	0.0	1.7	16.2	2,380.0	0.1	2,380.1
II	2,604.0	0.0	1.7	16.2	2,587.8	0.1	2,587.9
III	2,839.8	0.0	2.1	16.2	2,823.6	0.1	2,823.7
IV	2,992.9	0.0	1.9	16.2	2,976.7	0.1	2,976.8
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)	
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	
2004	1,216.2	743.6	472.6	4,209.2	759.8	3,449.4	
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	3,260.0	755.6	2,511.2	
2004							
I	1,281.4	735.9	545.9	3,677.7	752.1	2,925.6	
II	1,228.5	669.2	559.3	3,832.6	685.4	3,147.2	
III	991.8	672.9	318.9	3,831.7	689.1	3,142.6	
IV	1,216.2	743.6	472.6	4,209.2	759.8	3,449.4	

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.44
Summary Accounts of the Central Bank, 2000 - 2004
/ Dollars Million /

	End of Period				
	2000	2001	2002	2003	2004
Net International Reserves	8,595	11,494	11,870	13,484	18,209
Assets	8,705	11,604	11,971	13,585	18,310
Liabilities	110	110	102	102	102
Net Domestic Assets	-3,428	-5,681	-6,285	-7,602	-12,423
Net claims on public sector	-3,848	-5,874	-6,336	-8,000	-12,718
Central government (net)	-4,046	-6,113	-6,502	-8,156	-12,871
Treasury bills	0	0	11	0	0
Other government securities	0	0	0	0	0
Loans to government	0	0	0	0	0
Use of reserves(-addition)	-4,046	-6,114	-6,513	-8,156	-12,872
Statutory bodies (net)	198	239	167	156	154
Public enterprises advances	0	0	0	0	0
Official Capital and surplus	-1,782	-2,066	-2,172	-2,207	-2,207
Credit to commercial banks (net)	-2,564	-3,086	-2,692	-2,576	-2,403
Credit to nonbank financial institutions(net)	-526	-505	-509	-632	-449
Other foreign assets	896	893	931	916	885
Medium and long-term foreign liabilities	-17	-26	-16	-37	-16
SDR allocation	-383	-358	-376	-399	-427
Other	1,325	1,371	1,304	1,744	1,680
Reserve Money	5,167	5,814	5,585	5,882	5,785
Currency issue	1,698	1,843	2,005	2,295	2,554
Currency in circulation	1,271	1,373	1,502	1,709	1,957
Currency with banks	427	470	503	586	597
Deposits of commercial banks	2,943	3,466	3,072	2,955	2,783
Deposits of nonbank financial institutions	526	505	509	632	449
	Changes as a percent of beginning-of-period reserve money				
Net International Reserves	58.5	56.1	6.5	28.9	80.3
Net Domestic Assets	-50.6	-43.6	-10.4	-23.6	-82.0
<i>Of which: Central government</i>	-53.7	-40.0	-6.7	-29.6	-80.2
Reserve Money	7.9	12.5	-3.9	5.3	-1.6
Memorandum Item:					
Government Blocked Account	980	2,334	2,677	3,100	6,105

SOURCE: Central Bank of Trinidad and Tobago.



APPENDIX **THREE**

CALENDAR OF KEY ECONOMIC EVENTS JANUARY - DECEMBER, 2004

CALENDAR OF KEY ECONOMIC EVENTS JANUARY - DECEMBER, 2004

JANUARY

06 The Michael Lee Chin owned AIC Financial Group bought the local financial institution Total Finance Company Ltd. The acquisition made Total Finance the first operating subsidiary of the AIC financial Group in Trinidad. It was also announced that the holding company had applied to the Central Bank of Trinidad and Tobago for licenses to carry on the other financial operations that are expected to come on stream early in 2004.

The Central Bank of Trinidad and Tobago announced that to commemorate its 40th Anniversary, it would stage a series of educational and cultural events open to the national community. These would include a high level economic conference with international and regional participation, lectures and seminars on topics relating to banking, finance and economic development, and an essay and debating competition for schools.

08 Republic Bank Limited (RBL) purchased 8.7 percent in the East Caribbean Financial Holding Company Ltd. (ECFH), the parent company of the Bank of Saint Lucia Ltd. RBL made the purchase from the Government of St. Lucia, and will be acquiring a further 11.3 percent shareholding of East Caribbean

Financial Holding from its subsidiary, the Barbados National Bank (BNB). East Caribbean Financial Holding has an asset base of EC\$884 million dollars (TT\$1.87 billion).

30 An Act respecting the safety, health and welfare of persons at work was assented to by the President. This Act may be cited as The Occupational Safety and Health Act 2004. (Act No. 1 of 2004)

An Act to supplement and vary the appropriation of the sum, the issue of which was authorized by the Appropriation Act, 2003 was assented to on this date. This Act may be cited as the Finance (Supplementation and Variation of Appropriation) (2003) Act, 2004. (Act No. 4 of 2004)

An Act to amend the Central Tenders Board Ordinance, the Income Tax Act, the Corporation Tax Act, the Petroleum Taxes Act, the Customs Act, the Finance Act, 1987, the Miscellaneous Taxes Act, the Stamp Duty Act, the Value Added Tax Act and for matters incidental thereto, was assented to on this date. This Act may be cited as the Finance Act 2004. (Act No. 5 of 2004).

FEBRUARY

- 03 By Legal Notice, dated 3rd February, 2004, The Freedom of Information (Exemption) (No. 2) Order, 2003 was made by the President under Section 5(1)(C) of the Freedom of Information Act. Under this Order the Central Bank of Trinidad and Tobago was exempted from the Freedom of Information Act. (Legal Notice No. 6 of 2004)
- 12 The First Citizens Bank Limited (FCB) created history and became the first locally owned bank to secure a deal to raise financing on the Eurobond market. First Citizens Bank was due to draw down US\$100 million through a medium term bond issue.
- 17 NEMWIL and Caribbean Home Insurance announced their merger and the formation of a new insurance powerhouse with more than \$1.3 billion in assets. The new entity is called Guardian General and comes to the market with an arsenal of new products and services, among them political risk coverage. Guardian General is the largest indigenous insurer operating in 25 countries, 18 of which are in the Caribbean.
- 27 Republic Bank Ltd announced that it had acquired a majority shareholding in Reliance Stockbrokers Ltd, one of the country's leading brokerage companies. This investment expands the level of financial services offered by the Republic Bank Group, and complements the stock brokerage services being offered by Republic Bank

subsidiaries Barbados National Bank (BNB) and Republic Finance and Merchant Bank (FINCOR).

APRIL

- 01 With effect from this date the First Citizens Trust and Merchant Bank changed its name to First Citizens Trust and Asset Management Limited. All Merchant banking activities previously undertaken by the Trust and Merchant Bank are being performed by the Corporate Banking Unit of First Citizens Bank.
- 15 Scotiabank of Trinidad and Tobago Ltd launched its new subsidiary. The subsidiary, Scotialife will provide life insurance and other finance products to its customers. Initially Scotialife will offer two products, ScotiaSecure and ScotiaSelect. ScotiaSecure is a structured savings plan that features life insurance coverage, while ScotiaSelect is a retirement savings plan that takes the form of a deferred annuity package.
- 22 BHP Billiton announced that it had made another major oil discovery in its block 3a off the East Coast.

MAY

24 The Government of Trinidad and Tobago (GOTT) signed a Memorandum of Understanding (MOU) with Alcoa, the largest aluminium plant in the world, for the construction of a state-of-the-art, US\$1 billion aluminium smelter. The smelter will be located at the Union Estate at La Brea and will have an expected capacity of approximately 25,000 metric tonnes per year. The Memorandum of Understanding stipulated that Alcoa would take on 60 percent ownership of the plant, with the remaining 40 percent being owned by other interested parties. The possibility also exists for the Government of Trinidad and Tobago to take up some of this 40 percent on behalf of the people of Trinidad and Tobago.

25 The Insurance (Amendment) Act, 2004 was assented to on this date. Consequent on the passage of this Act, the responsibility to supervise insurance companies, insurance intermediaries and registered pension plans was transferred from the Office of the Supervisor of Insurance in the Ministry of Finance to the Central Bank with effect from May 25, 2004. (Act No. 15 of 2004)

Sagicor General, a new division of the Sagicor Group was launched on this date. This new company will offer general insurance coverage for real estate (private and commercial), motor and marine.

JUNE

02 Atlas Methanol Company, the world's largest methanol plant, produced its first methanol on site at Point Lisas. Jointly owned by Methanex Corporation (63.1 per cent) and BP (36.9 per cent), Atlas production is expected to total 1.7 million tonnes per year.

11 The 18th Dr. Eric Williams Memorial Lecture hosted by the Central Bank of Trinidad and Tobago was held, at the Trinidad Hilton and Conference Centre. The feature address was delivered by distinguished Caribbean medical scholar and administrator, Sir George Alleyne.

The Central Bank of Trinidad and Tobago in conjunction with the International Monetary Fund hosted an international seminar on the theme "Development Challenges facing the Caribbean". The seminar was held on June 11 and 12, 2004 at the Trinidad Hilton and Conference Centre, and was one of a number of events to commemorate the Central Bank's 40th Anniversary.

17 Trinidad and Tobago (T&T) received improved ratings from Standard and Poor's. This country's ratings were upgraded from a year ago as follows: Long-term local currency rating from A- to A; long-term foreign currency rating from BBB to BBB+; and short-term local currency rating

28 The Minister of Planning and Development signed a \$12.95 million financing agreement on behalf of the Government of Trinidad and Tobago (GOTT) for the second phase of the Rural Electrification Programme. It was announced that the total cost to implement Phase 2 of the programme is \$13.37 million and that the deficit funding would be met by the provision of voluntary labour by the beneficiaries.

29 The Government of Trinidad and Tobago (GOTT) signed a Memorandum of Understanding (MOU) with a foreign company, Freeport McMoran to establish a regasification terminal in the United States. The facility located offshore Louisiana is in close proximity to several major natural gas distribution pipelines.

JULY

23 On this date Government of Trinidad and Tobago (GOTT) bonds were issued via the auction system by the Central Bank of Trinidad and Tobago for the first time. This was intended to raise \$300 million for the GOTT through the issue of 15 – year bonds with a fixed interest rate of 6.15 per cent per annum, to refinance the Government’s high – cost debt. It was announced that the bonds would be issued in lots of \$5,000 and multiples of this amount. A limit of 30 per cent of the issue size was set to prevent one person from obtaining the entire issue.

24 The world’s largest methanol plant, Atlas Methanol Company at Point Lisas, commenced operations.

29 Republic Bank Limited (RBL) announced that it had sold its shareholding of 88,061,917 common shares of First Caribbean International Bank (FCIB) on the Barbados Stock Exchange. The shares of FCIB were originally acquired by Republic Bank Limited as part of its strategic alliance with CIBC (West Indies) Holdings Limited, First Caribbean International Bank’s predecessor company. The merger of Barclays’ Caribbean Operations with CIBC (West Indies) Holdings Limited to form First Caribbean International Bank resulted in Republic Bank Limited ownership position being diluted to 5.7 percent. At this ownership level, Republic Bank Limited (RBL) announced the investment was no longer of strategic interest.

AUGUST

02 AIC Merchant Bank Limited, is licensed to carry on business of a financial nature with effect from 23 July, 2004.

03 Nitrogen (2000) Unlimited which is capable of producing 640,000 metric tonnes a year commenced operations. This plant, one of the few world-wide that uses the Kellogg Advance Ammonia Process,

was constructed in 23 months, five months ahead of schedule. The ownership structure is as follows: Clico Energy 18.22 per cent, Ferrostaal 33.42 per cent, EOG Resources 22.8 per cent, Hoch Industries 20 per cent and KBR 5.56 per cent.

- 10 First Citizens Bank launched its First Energy Mutual Fund, a US\$ denominated fund which will take advantage of local and regional investments in the energy sector. The fund is the first energy sector mutual fund to be established in Trinidad and Tobago.
- 18 The International Steel Group (ISG) acquired the assets of the former Cliffs and Associates hot briquetted iron plant at Point Lisas Industrial Estate. It was expected that by September 2004 the plant would begin exporting about 850,000 metric tonnes of steel. International Steel Group is one of the largest steel manufacturing companies in the United States.

SEPTEMBER

- 03 Standard and Poor's (S&P) announced it had raised its long-term foreign currency counterparty, senior unsecured, and CD credit ratings on First Citizens Bank (FCB) from BBB-/A-3 to BBB/A-2. The outlook is stable. Standard and Poor's announced that the upgrade reflects First Citizens Bank's continued improvements in its business and financial profiles.

- 14 The Government of Trinidad and Tobago raised TT\$300 million issue of 15 – year bonds with a coupon rate of 6.10 percent per annum. The bonds were auctioned by the Central Bank of Trinidad and Tobago via the single price auction system, which closed on September 20, 2004. This bond issue is the second of two (2) bond issues for fiscal 2004, and both are intended to refinance existing high cost debt.

- 15 The world's largest methanol plant, Atlas Methanol, was officially commissioned by the Minister of Energy at the Point Lisas Industrial Estate. The plant is jointly owned by Methanex Corporation and BP through bpTT. Atlas has the capacity to produce 5,000 tonnes of methanol daily or 1.7 million tonnes annually.

The Central Bank of Trinidad and Tobago announced a further reduction in the reserve requirement applicable to commercial banks from 14 percent to 11 percent of prescribed liabilities.

- 23 An Act to supplement the appropriation of the sum of the issue, which was authorized by the Appropriation Act, 2004, was assented to on this date. This Act may be cited as the Finance (Supplementary Appropriation) (No. 3) Act, 2004. (Act No. 20 of 2004)

OCTOBER

- 14 The Central Bank of Trinidad and Tobago announced the establishment of a new automated framework which would allow large value payments to be settled immediately. With effect from this date, payments over TTD\$500,000 which are time critical, can be cleared and settled in real time. The new Real Time Gross Settlement system, called **safe-tt**, settles transactions on an individual basis, as it happens. The system has been designed to reduce the levels of risk in making payments through instantaneous exchange between banks. Previously, there was a varying time-lag between the payment and settlement of funds.
- 19 The Caribbean Information and Credit Rating Services Limited (CariCRIS), a regional credit rating service company, was officially launched on this date. The rating agency is an independent company which gathers financial and other information on corporations, governments and other entities. It aims to provide the debt markets with the facility to compare the creditworthiness of Caribbean borrowers with the creditworthiness of other borrowers in the same region. CariCRIS was initially funded by a US\$3 million private placement of equity in January, 2004, which was oversubscribed. Shareholding was distributed among several central banks, multilateral institutions, commercial banks, insurance companies and mutual funds.
- The Central Bank of Trinidad and Tobago and the Executive of ATTIC have agreed to work toward extending the current Banking Services Ombudsman into a Financial Services Ombudsman (FSO) that would deal with both banking and insurance services. A working committee has been formed to work out the details of this Ombudsman scheme with a view to possible implementation during the first quarter of 2005.
- The Central Bank of Trinidad and Tobago announced the establishment of a Professional Advisory Committee (PAC) chaired by the Office of Inspector of Financial Institutions (OIFI), and comprising representatives from the following professions: Accounting, Banking, Law, Actuarial Science, Pension Fund Management and Securities. The PAC was formed as part of a collaborative effort to reforming financial sector practices and legislation to bring them more in line with international norms, but consistent with our own domestic circumstances. The Professional Advisory Committee will meet quarterly or as the occasion requires, to discuss policy matters related to the financial sector.
- 28 An Act to provide for the Service of Trinidad and Tobago for the financial year ending on the 30th day of September, 2005, was assented to on this date. This Act may be cited as the Appropriation Act, 2005. (Act No. 21 of 2004)

NOVEMBER

- 10 The Trinidad and Tobago Government launched a billion-dollar revolving loan fund designed to encourage regional market competitiveness and more balanced trade among Caribbean nations. The fund is the main component of the Caricom Trade Support Programme (CTS).
- 16 CL Financial Limited acquired 53 percent shareholding in Republic Bank Limited (RBL). The acquisition followed the trading of more than 15 million Republic Bank shares of the local stock exchange on October 29. The shares which are worth \$1.3 billion comprise ten percent of Republic Bank Limited. CL Financial had a substantial interest in Republic Bank Limited before the October 29 trading. The managing director of Republic Bank Limited expressed confidence that the Bank would continue its operations and there would be no interference with the day-to-day operations of the Bank.
- 29 The Central Bank of Trinidad and Tobago hosted a one-day forum on Commodity Funds, at the Central Bank Conference facilities. The topic was particularly relevant given the announcement in the 2004/2005 National Budget that the Government of Trinidad and Tobago proposes to formalize the establishment of the Stabilisation Fund to which a portion of revenues from the energy sector will be deposited.

DECEMBER

- 02 The Central Bank of Trinidad and Tobago left the 'repo' rate unchanged at 5.00 per cent. This rate was last modified in September 2003.
- 09 The Central Bank of Trinidad and Tobago introduced a new electronic system for the settlement of government securities transactions. The Government Securities and Settlement (GSS) system is another component of the national payments system and is comprised of an on-line securities depository and an integrated auction system. The auction system allows the primary dealers to bid for new government stock online. The allocation of securities takes place automatically when the auction closes. The auction system is linked to a central depository for government securities. The depository is linked to the recently introduced electronic Real Time Gross Settlement System (Safe-tt). On settlement day the system records ownership of the securities in the depository and debits the funds from the participants' account. The new system is intended to reduce transaction risk and improve settlement times and record keeping. This system will be used for Treasury Bills and Treasury Notes in the first instance with the allotment of Government Bonds becoming operational in March 2005.
- 16 The Minister of Energy announced that a significant gas discovery had been made by bpTT, 50 miles off the East coast of Trinidad and Tobago in its Chakalaka (Cocrico) well. The well which is 15,633 feet

deep, was drilled by a new Global Santa Fe Constellation One rig and is estimated to contain in excess of two trillion cubic feet of gas plus condensate. It was announced that bpTT would continue its exploration activity and would be engaged in drilling three more wells to the middle of 2006.

- 22 Trinidad and Tobago signed an agreement with a US-based company approving the construction of four petrochemical plants. These facilities will be built by Kansas-based Coffeyville Resources LLC in the Union Estate industrial zone in La Brea, south Trinidad. The project would be overseen by Coffeyville Nitrogen Resources. Two of the plants will produce 1.5 million tonnes of ammonia annually, while the other two will produce two million tonnes of urea ammonium nitrate.



2004 ANNUAL ECONOMIC SURVEY