CENTRAL BANK OF TRINIDAD & TOBAGO

2005 ANNUAL ECONOMIC SURVEY

ANNUAL ECONOMIC SURVEY 2005

Review of the National Economy

CENTRAL BANK OF TRINIDAD & TOBAGO

TABLE OF CONTENTS

Review of the National Economy

TABLE OF CONTENTS CONTINUED

Boxes

Tables

CHARTS

TABLE OF CONTENTS CONTINUED

Appendices

CHAPTER ONE

OVERVIEW OF ECONOMIC DEVELOPMENTS

OVERVIEW OF ECONOMIC DEVELOPMENTS

OVERVIEW

In 2005, the pace of global growth moderated but remained brisk at 4.8 percent compared with the 2004 rate of 5.3 percent, the strongest performance in three decades. The global expansion was fuelled by continued strong economic growth in the US and in emerging Asia – most notably China (9.9 percent) and India (8.4 percent). However, it became more broad-based as a result of growing recovery in Japan and incipient pick-up in the euro area. The global expansion took place in a low inflation environment notwithstanding the sharp rise in international oil prices.

- Economies in Latin America and the Caribbean, which for several years have been taking steps to integrate into the world economy also benefited from the buoyancy of global economic conditions. Growth in Latin America was led by strong performances in Argentina and Brazil, both of which a few years ago faced varying crises, and by the continued expansion in Mexico. The Caribbean economies also experienced stronger growth while continuing to hold inflation in check, although severe challenges persisted in the form of high oil prices, heavy external debt burdens and disappearing trade preferences

- The Trinidad and Tobago economy continued to register strong growth on the basis of the ongoing expansion of the energy sector and record high commodity prices. However, against a background of strong domestic demand, there was a rise in inflation beyond the targeted 4-5 percent range.

- Real GDP increased by 7 percent in 2005 on the strength of a 10.9 percent expansion in value-added in the energy sector. There was an increase in crude oil production reversing the downward trend of the past several years. However, the major boost to the sector came from increased output of the petrochemical industry, reflecting the first full year of production of two new methanol plants and the start-up of another.

- The non-energy sector is estimated to have increased by 4 percent with the manufacturing and construction sectors being the main drivers, the latter benefiting from the government's major infrastructural development and housing thrust, as well as strong private sector construction activity.

- The rapid growth in domestic demand and the emergence of domestic supply bottlenecks have prompted a significant rise in merchandise imports and given rise to an increase in inflationary pressures. On an end-of-year basis, inflation measured 7.2 percent in 2005 as the increase in food prices reached 22.6 percent. Core inflation which excludes the impact of volatile food prices increased modestly from 2.0 percent to 2.7 percent.

- The continued buoyancy in the non-energy sector has contributed to the creation of 11.6 thousand jobs.

Accordingly, the average unemployment rate declined to 8 percent and fell to a historical low of 6.7 percent in the fourth quarter. The increase in employment was largely in the construction and services sectors.

- While comprehensive wage data are not available, preliminary information suggests that capacity constraints put upward pressure on wages in some sectors: skilled and unskilled wages in construction: wages for unskilled labour more generally. There is also evidence of sizeable increases in wages in professional, technical and managerial grades.

- While an expansionary fiscal stance boosted non-energy sector growth it also contributed to the increase in inflationary pressures. In fiscal 2005, the significant growth in energy sector revenues (74.8 percent) masked an underlying weakening in the central government finances, as reflected in the expansion in the non-energy sector deficit from 7.9 percent of GDP to 9.7 percent of GDP. Non-energy sector revenue showed remarkable buoyancy (thanks to an upgrade in tax administration), but government expenditure increased from 25 to 27 percent of GDP. All in all, central government registered an overall surplus of 5.1 percent of GDP, the bulk of which (TT$2,593.1) million was transferred to the Revenue Stabilization Fund.

The impact of the rise in central government expenditure was compounded by an increase in spending by government agencies, financed by domestic debt. Nevertheless, public debt (direct and government-guaranteed) declined to 40.7 percent of GDP, as at September 2005 from 48 percent of GDP a year earlier.

- The budget for fiscal 2006 will continue to boost demand in the economy. While it includes two important initiatives – energy tax reform and the start to the reform of the non-energy tax regime – it provides for a major expansion of public sector investment. Accordingly, the non-energy fiscal deficit is projected to rise from 9.7 percent of GDP to 17.5 percent of GDP.

- During 2005, in the face of buoyant domestic demand and rising interest rates in the US, the Central Bank adopted an increasingly restrictive monetary stance in an effort to contain inflation and protect the balance of payments. The Bank raised the Repo rate on four occasions by twenty-five (25) basis points each to 6 percent and sought to sterilize liquidity by intensifying open market operations, requiring commercial banks to deposit a total of $1 billion at the Central Bank in a one-year interest bearing account and through increased foreign exchange sales.

As a result of these measures, banks' prime lending rates increased by 100 basis points to 9.75 percent. During the year, there were also significant increases in interest rates along the entire maturity spectrum. However, with steady increases in US interest rates, the spread between T & T and US short-term rates remained around 100 basis points, the lowest in several years.

- Rapid economic growth, excess liquidity and a sharp rise in the private sector demand for foreign assets increased demand for foreign exchange. The Central Bank responded by increasing foreign exchange sales, while allowing greater exchange rate flexibility.

● Rising treasury bill yields and real estate prices, a possible market correction and prudential requirements have put a dampening effect on the stock market. Thus, after increasing by a cumulative 97 percent over the previous two years, the composite index declined by 0.7 percent in 2005. In contrast, bank deposits showed strong growth during 2005 while investments in mutual funds increased moderately.

● Reflecting higher export volumes and record prices for oil and petrochemicals, the external current account strengthened to the equivalent of 18.5 percent of GDP in 2005. This facilitated an increase in official reserves of some US$1,475.8 million to a level of US$4.0 billion, net of the Revenue Stabilisation Fund.

TABLE 1

SELECTED ECONOMIC INDICATORS, 2001 - 2005

ITEM	2001	2002	2003	2004	2005 [p]
National Income and prices			(ANNUAL PERCENTAGE CHANGES)		
Real GDP (2000=100)	4.2	7.9	13.4	6.5	7.0
Energy	**5.6**	**13.5**	**31.3**	**7.9**	**10.9**
Non-energy	**2.8**	**4.8**	**5.0**	**5.9**	**4.0**
Agriculture	8.7	8.7	-18.2	-21.1	-0.5
Manufacturing	9.8	3.8	4.2	9.5	8.6
Construction	10.3	-5.1	22.4	14.5	5.3
Financial Services	0.8	11.5	7.3	9.7	0.5
Inflation Rate (%)[1]					
(period average)	5.5	4.2	3.8	3.7	6.9
(end of period)	3.2	4.3	3.0	5.6	7.2
Unemployment Rate (%)	10.8	10.4	10.5	8.4	8.0
			(IN PERCENT OF GDP)		
Overall Central Government					
Surplus(+)/Deficit(-)[2]	1.6	-0.6	1.4	2.1	5.1
External Current Account					
Surplus(+)/Deficit(-)	5.0	0.8	8.9 r	13.4 r	18.5
Overall External Account					
Surplus(+)/Deficit(-)	5.3	0.5	3.2	6.0	13.2
Public Sector Debt	54.1	58.3	52.7	48.0	40.7
Memorandum Items:					
External Public Debt (US$M)	1,665.9 r	1,549.1 r	1,553.0 r	1,350.6 r	1,280.8
Debt Service Ratio (%)[3]	3.7	4.4	3.5 r	4.6 r	2.5
W.T.I. (US$/barrel)	26.09	26.03	31.70	41.47	56.53
Gross Official Reserves, net of RSF (US$M)	1,712.7	1,760.1	2,007.5	2,539.1	4,014.9

SOURCE: Central Bank of Trinidad and Tobago and Central Statistical Office.
1 The Retail Prices Index was rebased to January 2003=100.
2 This refers to the fiscal year which is the twelve-month period between October 1 and September 30.
3 This is defined as the ratio of external public sector debt service to exports of goods and non-factor services.
r - revised; p – provisional.

TABLE 2

ECONOMIC CONTRIBUTION OF THE ENERGY SECTOR, 2001-2005
(PERCENT)

ITEM	2001	2002	2003	2004	2005[P]
Share of Total Employment	3.0	3.4	3.2	3.6	3.4
Share of GDP					
Energy Sector	28.3	26.2	33.9	37.1	42.9
Exploration and Production	15.8	14.1	19.4	21.0	25.2
Refining (including LNG)	4.4	4.5	6.1	7.2	7.1
Petrochemicals	3.9	3.1	3.9	4.7	6.2
Other[1]	4.2	4.5	4.4	4.2	4.4
Share of Government Revenues					
Energy Sector	32.8	23.5	36.8	37.0	46.1
Oil and Gas Exploration and	20.0	11.9	24.3	26.3	35.6
Production	12.8	11.6	12.5	10.7	10.5
Other Taxes[2]					
Share of Merchandise Export Receipts					
Energy Sector	78.2	75.9	83.3	85.8	85.9
Extracted[3]	10.5	14.9	15.5	15.7	10.7
Refined[4]	48.7	44.5	50.5	53.5	53.5
Processed[5]	18.9	16.5	17.2	16.6	21.7
Memorandum Items:					
Crude Oil and Condensate Production (millions of barrels)	41.5	47.8	49.1	45.0	52.7
Natural Gas Production (millions of barrels of oil equivalent)	104.0	118.6	168.5	190.3	209.1

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

1 Includes Service Contractors, Distribution and Asphalt Production.
2 Other taxes include Withholding tax, royalties oil impost, unemployment levy, excise duties and receipts from signature bonuses for the award of product sharing contracts.
3 Exports refer to only to crude oil.
4 This includes refined petroleum, liquefied natural gas and natural gas liquids.
5 This refers to all other energy related exports e.g. petrochemicals.
p provisional.

CHAPTER TWO

NATIONAL ACCOUNTS

NATIONAL ACCOUNTS

GROSS DOMESTIC PRODUCT

The Trinidad and Tobago economy recorded its twelfth successive year of positive economic growth in 2005 expanding at a rate of 7 percent compared with 6.5 percent in 2004. Although the greater impetus came from the energy sector, activity in the non-energy sector of the economy was also quite strong.

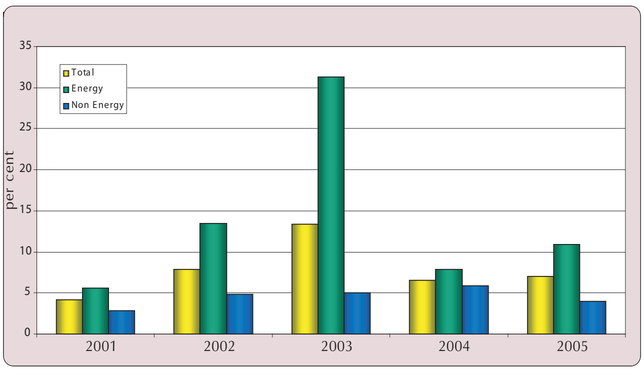
In 2005 the growth of the energy sector benefited from a number of recent investments which combined to boost output by a substantial 10.9 percent. The commencement of operations at the BHP Billiton oil field in early 2005 and at the Atlantic LNG Train IV in the latter part of the year increased production of crude oil and LNG, respectively. At the same time, the sharp 27.4 per cent rise in output from the Petrochemical sub-sector largely reflected the first full year of production at the Atlas Methanol and Nitrogen 2000 plants (which commenced operations in the latter half of 2004) and the M5000 plant which began operating in the fourth quarter of 2005.

In the non-energy sector, the heightened level of construction activity was the most important factor underlying a 4 percent expansion in real output. The Construction sector itself grew by 8.1 percent as both the government and the private sector stepped up the pace of building activity, a significant part of which was related to the government's ambitious housing programme. The Manufacturing sector also performed strongly, and owed its impressive growth rate of 8.6 percent largely to the strength of the Food, Beverage and Tobacco sub-sector and the Chemical and Non-Metallic sub-sector. In the case of the latter the increased demand for cement and aggregate products was a major driver of output growth. Other sectors that performed well were Transport, Storage and Communication (6.4 percent), Electricity and Water (5.3 percent) and Distribution (3.9 percent).

However, the Agriculture sector continued to perform poorly, contracting by 0.5 percent as a result of adverse weather conditions, while lands formerly under sugar cane cultivation remained to be returned to agricultural production. Moreover, sugar production fell below the targeted level of 50,000 metric tonnes because of unplanned cane fires and excessive rainfall, which delayed the start of the milling period.

CHART 1

Growth In Real GDP



GDP estimates for Trinidad and Tobago are obtained from the Central Statistical Office (CSO).

TABLE 3

GROWTH IN GDP AT CONSTANT (2000) PRICES BY SECTOR, 2001 - 2005
/PERCENT/

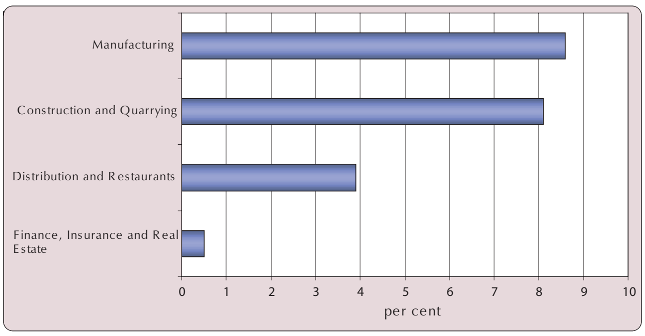
SECTOR	2001	2002	2003	2004 [r]	2005
Petroleum	**5.6**	**13.5**	**31.3**	**7.9**	**10.9**
Of which					
Petrochemicals	6.7	12.5	4.5	11.3	27.4
Exploration and Production	6.8	14.9	30.5	8.3	9.2
Refining (incl. Atlantic LNG)	-1.6	24.9	71.1	5.8	10.0
Non-Petroleum	**2.8**	**4.8**	**5.0**	**5.9**	**4.0**
Agriculture	8.7	8.7	-18.2	-21.1	-0.5
Manufacturing[1]	9.8	3.8	4.2	9.5	8.6
Electricity and Water	4.1	8.7	2.7	4.4	5.3
Construction and Quarrying	10.3	-5.1	22.4	14.5	8.1
Transport, Storage & Communication	7.7	9.4	3.9	1.5	6.4
Distribution and Restaurants[2]	-2.8	1.3	2.0	3.2	3.9
Finance, Insurance & Real Estate	0.8	11.5	7.3	9.7	0.5
Government	-1.5	3.7	-1.0	0.6	0.9
Education and Cultural Services	-0.1	7.1	0.4	1.8	3.1
Personal Services	4.0	2.6	8.2	6.3	-1.4
FISIM[3]	**9.6**	**0.7**	**-9.6**	**-17.0**	**0.9**
GDP at Constant Prices (2000)	**4.2**	**7.9**	**13.4**	**6.5**	**7.0**

SOURCE: Central Statistical Office.

1 Excludes oil refining and petrochemical industries.
2 Excludes distribution of petroleum products.
3 Financial Intermediation Services Indirectly Measured.
p – provisional.

CHART 2

Real Changes In GDP Sub-Sectors - 2005



CHAPTER THREE

DOMESTIC PRODUCTION

DOMESTIC PRODUCTION

PETROLEUM AND PETROCHEMICALS

The domestic energy sector recorded a sharp increase in activity in 2005, with the commissioning of two new plants, a first full year's production from two others and a rebound in oil production.

Petroleum

The local oil industry experienced a resurgence in 2005. Not only did production levels reach highs not experienced since 1990, but the entrance of several new companies in the upstream sector augured well for future exploration activity.[1] However, exploration activity yielded little success during the year. Meanwhile, operations at the oil refinery returned to normal levels following disruptions caused by a series of events in the previous year.

Exploration and Production

Although exploration activity was expected to increase substantially in 2005, actual work measured by depth drilled declined by 24 percent to 117.3 thousand metres compared to the previous year. This was explained in part by administrative delays which hindered the start of exploration activity. However, there was an increase in the average number of rig days per month to 192, 1.3 percent higher than in the previous year.

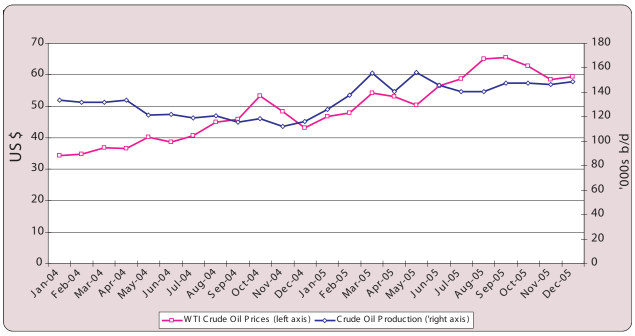
Production of crude oil (including condensates) averaged 144.4 thousand barrels per day and resulted in total annual production of 52.7 million barrels, 17.5 percent more than in 2004. The increase was attributable to the start-up of production by BHP Billiton from the Greater Angostura field in January. Production from this field, though lower than anticipated earlier in the year, recovered to average 41 thousand bopd for 2005. The oil industry experienced some minor supply disruptions during the year, the most significant of which occurred in July when BPTT temporarily evacuated 14 platforms and 2 rigs in anticipation of the passage of Tropical Storm Emily.

Refining

In 2005, PETROTRIN's refinery recovered from the disruptions of the previous year to record an average utilization rate of 94 percent. On average the refinery processed 164.7 thousand barrels per day to achieve a total throughput of 60.1 million barrels for the year, 26.1 percent above the 2004 level. Crude oil imports also rebounded to 34.2 million barrels, 50.2 percent higher than in the previous year. Although production was not affected, as a precautionary measure PETROTRIN shut down its crude distillation unit at the Pointe-à-Pierre refinery in response to the threatened passage of Tropical Storm Emily. This resulted in a production loss of 30 thousand barrels per day, but the shutdown was short-lived as the storm veered away from Trinidad and Tobago.

CHART 3

OIL PRODUCTION AND PRICES



[1] The new entrants include Petro Canada, Talisman, Canada and Kerr McGee, U.S.A.

BOX 1

DEVELOPMENTS IN THE ENERGY SECTOR

Petroleum

Upstream

• In March 2005, BPTT announced the company's intention to divest 100 percent of its operating interest in three of its longest producing oilfields – Teak, Samaan and Poui (TSP). In July, it was announced that oil major RepsolYPF had purchased a 70 percent stake in the TSP oilfields and the undeveloped Onyx gas field at a cost of US$229 million. The Government of Trinidad and Tobago exercised its reserved right to purchase a stake through state enterprises, PETROTRIN and the National Gas Company, with each acquiring 15 percent interest in TSP at a cost of US$36.6 million each. BPTT retained deep exploration rights across the acreage and proposed to provide gas compression services to the new owners. The TSP fields have produced in excess of 830 million barrels since inception and currently produce 20.4 thousand barrels of oil per day (5 percent of BPTT's total production of oil and gas).

Proven reserves are estimated at approximately 40 million barrels, with probable/possible reserves of 150 million barrels and a natural decline rate of 30 percent per annum.

• In April 2005, the Ministry of Energy and Energy Industries formally awarded four new oil and gas production sharing contracts. These were as follows:

COMPANY	BLOCK
PetroCanada/Petrotrin	1(a) and 1(b)
Kerr McGee Offshore Petroleum Limited/ Primera Block 3(b) Limited	3(b)
Canadian Superior Energy Inc.	5(c)

• Changes to the oil tax regime were announced in the 2005/06 Budget. Emphasis was placed on adjustments to certain capital allowances and amendments to the Supplemental Petroleum Tax (SPT) rates.

• Seven blocks (four land and nearshore and three offshore) consisting of both oil and natural gas acreage were made available for bidding at the end of January, 2006. The four onshore blocks include:

1. The Guayaguayare block, previously known as the S11 block.
2. The South West Peninsula block, which will include some nearshore acreage. This block is currently licensed to Trinidad Exploration and Development.
3. The Herrera block.
4. The Central Range block.

BOX 1 (CONTINUED)
DEVELOPMENTS IN THE ENERGY SECTOR

The offshore blocks include:

1. Block 2ab, which was not awarded in the 2003/04 bid round because of unattractive offers.
2. The North Coast Marine Area (NCMA2) block. This block is unitized with Petrotrin's block 9. The successful bidder will likely have to enter a partnership with the state company.
3. The NCMA 3 block.

Downstream

• PETROTRIN embarked on "The Gasoline Optimization Project" which would include the construction of a new Isomerisation Unit, an upgrade of the Fluidized Catalytic Cracking Unit, the installation of a larger and modernized Alkylation Unit and the replacement of the 40-year old platforms. The project, which began in July 2005, should be completed over a five-year period. The upgrade is expected to cost US$450- US$500 million which will be raised by the Japanese firm, Mizuho Corporate Bank. It is expected that US$0.85 will be added to the net refinery margin upon completion of the project.

• PETROTRIN and World GTL Limited announced plans to construct a US$100 million Gas-to-Liquids plant from the enhanced components of a mothballed methanol facility at Pointe-à-Pierre. The plant, with a capacity of 2,250 barrels per day, will use 18.4 mmcf/d of natural gas as a feedstock, producing high quality diesel which will be utilized as a blend stock for existing diesel produced by PETROTRIN. PETROTRIN will have an equity stake of 33 percent and World GTL will finance the remainder through debt raised on the international capital market. The facility is scheduled for completion in 2007.

Trade

• Thirteen Caribbean countries signed the Petro Caribe Energy Agreement with Venezuela for the provision of crude oil and refined products on preferential financing terms. The Agreement outlines that as much as 30 percent of the cost could be paid over a 17-year period, with a 2-year grace period, when oil prices exceed US$40/bbl. The proportion eligible for long-term financing could rise to as much as 40 percent, should prices remain above US$50/bbl for Venezuelan oil. Petro Caribe will also assist in lowering the upfront cost of crude oil by reducing traders' fees. Trinidad & Tobago and Barbados did not sign the Agreement because they required additional time in which to examine the Accord. The Agreement has implications for Trinidad and Tobgo's petroleum product exports to the region. Barbados expressed concern about further debt accumulation and the fact that petroleum products were already accessed at discounted rates from Trinidad and Tobago. Trinidad and Tobago and Barbados affirmed their initial positions in September when 12 CARICOM nations officially signed the Petro Caribe agreement in Jamaica.

Natural Gas

• Subsequent to the commencement of drilling activities on January 14, 2005 Chevro Texaco and British Gas Trinidad and Tobago Limited (BGTT) confirmed the discovery of approximately 1 to 1.5 trillion cubic feet of natural gas in block 6(d). At a cost of US$10-12 million, the Manatee 1 was ChevronTexaco's first operated well in Trinidad and Tobago and lies to the north-west of the company's Loran Field discoveries in Venezuela. The discovery was the first of three cross-border initiatives and falls under the ambit of the Memorandum of Understanding signed between Trinidad and Tobago and Venezuela for the cross-border unitization of hydro-carbon resources.

• In March 2005, BPTT completed the first platform to be fabricated in Trinidad and Tobago at the Labidco Industrial Estate in La Brea. The local content of the design and construction phases of the Cannonball platform were 40 percent and 70 percent, respectively. The platform was intended to meet the gas delivery requirements for Atlantic LNG Train IV.

• The National Gas Company (NGC) announced a reduction of 12.5 percent in the cost of natural gas for manufacturers in the light industrial/commercial sector. NGC also announced its intention to evaluate the likelihood of establishing a fund to promote the further development of natural gas utilization in the light manufacturing sector, which currently accounts for about 1 percent of natural gas utilization.

• In April 2005, Trinidad and Tobago assumed the chairmanship of the Gas Exporting Countries Forum (GECF) and hosted the 5th plenary meeting. The GECF comprises 15 member countries, the majority of whom export natural gas. Although Venezuela is the only member which currently does not export gas, the country has intentions to do so in the near future. One of the main issues discussed was the stabilization of gas prices through the development of a gas demand and supply model.

• The government was expected to have access to 50 mmcf/d of natural gas, as the country's largest gas producer, BPTT, would now be required to pay higher royalty rates in kind rather than cash. The new

BOX 1 (CONTINUED)
DEVELOPMENTS IN THE ENERGY SECTOR

royalty rate is 10 percent of the market value compared with TT$0.015/mcf which was previously applied. This was the preferred option as it insulated gas customers at Point Lisas from facing additional costs and ensured that the state's oil and gas companies would have a reliable supply of gas for planned projects.

- In 2005, NGC's 56-inch, 75.6 km Cross Island Pipeline (CIP) from Beachfield, Guayaguayare to Point Fortin was completed at a cost of $2.1 billion. With a capacity of 2.4 bcf/d (without compression), the pipeline will be used to supply Atlantic LNG Train IV.

Liquefied Natural Gas (LNG)

- Atlantic LNG signed a US$400 million, 17-year contractual service agreement with GE Energy for the maintenance of Atlantic's 27 gas turbines and 47 centrifugal compressors. The approach to maintenance is expected to significantly reduce turnaround time. The contract will result in the construction of a service shop in Point Fortin and the use of local skills.

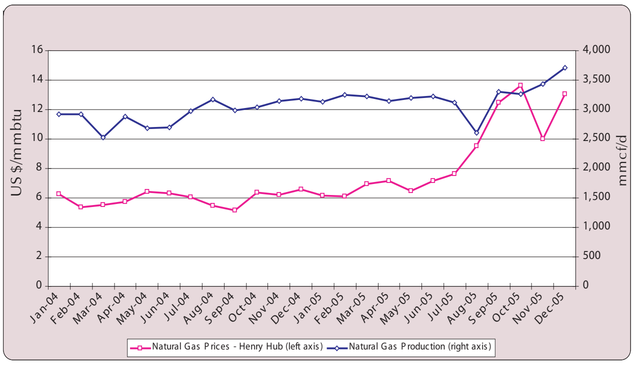
- The Government of Trinidad and Tobago sought to extract more value from LNG by developing strategies which would result in greater participation in activities along the entire LNG value chain. Preparatory steps included widening the authority of the Natural Gas Export Task Force, the reorganization of the Ministry of Energy to include a LNG division and the review of the natural gas pricing policy for future gas-based projects. New spheres of authority for the Task Force will be the ability to negotiate differing marketing arrangements for excess cargoes from Atlantic LNG, rather than continuing to use existing arrangements and the adoption of partnerships in US gas marketing.

NATURAL GAS

Trinidad and Tobago continued to deepen its gas-based industrialization process in 2005 with the completion of two major plants, and new prospects emerged for the establishment of additional downstream facilities. During the year, gas production rose following the start-up of the M5000 methanol plant in July and Atlantic LNG's Train IV in December. Natural gas production averaged 3,219 million cubic feet per day (mmcf/d), an increase of 9.9 percent from the previous year, while gas utilization rose by 6.4 percent to 3,033 mmcf/d. The LNG industry accounted for 49.2 percent of total usage, followed by the ammonia industry (16.5 percent), the methanol industry (12.4 percent) and power generation (7.6 percent). The remainder was absorbed by the iron and steel industry and other small consumers.

CHART 4

Natural Gas Production and Prices



Liquefied Natural Gas (LNG)

The key development in the natural gas sector in 2005 was the completion and commissioning of Atlantic LNG's Train IV. The facility was completed within time and within budget despite industrial problems which threatened to derail the construction schedule. The new plant faced a temporary disruption in gas supplies when expectations of bad weather prompted the precautionary evacuation of gas platforms, but production and exports of LNG nevertheless managed a marginal increase to 9.4 million metric tonnes for the year. The United States market claimed the largest share of LNG exports (89.6 percent), with a further 4.6 percent going to Puerto Rico, 3.6 percent to Spain and 1.6 percent to the Dominican Republic. The market for Trinidad and Tobago's LNG exports expanded during the year to include Belgium which received its first shipment of LNG from this country.

Natural Gas Liquids (NGLs)

In 2005 Phoenix Park Gas Processors Limited marked the completion of the third phase of its expansion project with the addition of another 24,000 b/d of fractionation capacity at an estimated cost of US$42 million. This brought total capacity to 70,000 b/d. In 2005, production of natural gas liquids totalled 9,889.4 thousand barrels, 7.5 percent lower than in 2004. The fall was attributable to a change in the chemical composition of the NGLs received from the supplier. However exports, at 10,413.2 thousand barrels, rose by 2.3 percent from the previous year. Buoyant commodity markets resulted in higher export prices. Natural gasoline prices averaged US$48.40/bbl, an increase of 26.9 percent from 2004 while propane and butane prices were aproximately 20 percent higher at US$39.70/bbl and US$45.20/bbl, respectively.

PETROCHEMICALS

Methanol

In 2005, production and exports of methanol increased significantly, reflecting the coming-on-stream of two of the largest methanol plants in the world. These additions pushed domestic production capacity up to 6.4 million tonnes per year. The Atlas Methanol plant with a capacity of 5,000 tonnes per day was commissioned in August 2004 and experienced its first full year of production in 2005. The country's seventh methanol plant, the M5000 with an effective capacity of 5,400 metric tonnes per day, was commissioned in October 2005. Consequently, in 2005 output rose by 37.3 percent to 4,694.8 thousand tonnes, while exports jumped 38.1 percent to 4,618.0 thousand tonnes.

Nitrogenous Fertilizers

Ammonia production also rose under the impact of new production capacity in 2005, the first full year of production of the Nitrogen 2000 plant. During the year the industry was plagued by shutdowns at six ammonia plants but production still managed to grow by 10 percent to 5,187.4 thousand tonnes. Commensurately, exports expanded by 8.3 percent to 4,703.3 thousand tonnes. In the case of urea, production (748.5 thousand tonnes) and exports (741.6 thousand tonnes) also expanded strongly, by 20.5 percent and 29.0 percent respectively.

IRON AND STEEL

Output of the domestic iron and steel industry fell in 2005, in line with the weakening trend seen in the international iron and steel market. Output of directly reduced iron (DRI) and wire rods fell by 12 percent and 23.4 percent to 2,055.3 thousand tonnes and 472.1 thousand tonnes, respectively while production of billets fell by 9.9 percent to 712 thousand tonnes. The decline in production was reflected in export levels of DRI and wire rods which fell by 6.7 percent and 19.1 percent, respectively.

Production of hot-briquette iron (HBI) totalled 130.7 thousand tonnes for the first ten months of 2005 following the commissioning of the plant in late 2004. However, teething problems at the new facility caused production to be unsteady during the year. In the period January to October the facility exported a total of 117.4 thousand tonnes of product.

BOX 2

DEVELOPMENTS IN THE IRON AND STEEL INDUSTRY IN 2005

Agreements were reached between the National Energy Corporation (NEC), on behalf of the Government of Trinidad and Tobago and a number of foreign firms for the construction of two aluminium smelters and an integrated iron and steel plant. A joint venture company, Alutrint, owned by the NEC (60 percent) and Sural, a Venezuela-based company (40 percent) was established. It was proposed that Alutrint in collaboration with the China Machinery and Equipment Import Corporation (CMEC), would build one of the smelters with a capacity of 125,000t/y. The other smelter with a 325,000 (t/y) capacity will be built by the US aluminium producer, Alcoa. The smelters would source bauxite from Guyana, Suriname and Jamaica. The iron and steel complex will be built by S.R. Steel of India. Construction of these plants is carded to begin in 2006.

TABLE 4

EXISTING GAS-BASED PLANTS

COMPANY	START-UP YEAR	ESTIMATED COST (US $M)	PRODUCT
Hydro Agri Trinidad (now Yara)	1959	n.a.	Ammonia
Trinidad Nitrogen (Tringen) I	1977	125.0	Ammonia
Caribbean Ispat Ltd. (now Mittal Steel)	1980	468.3	Direct reduced iron, steel billets & wire rods
PCS Nitrogen I (formerly Arcadian)	1981	333.3	Ammonia
PCS Nitrogen II	1984	172.5	Granular urea
Trinidad and Tobago Methanol Company (TTMC)	1984	182.8	Methanol
Tringen II	1988	350.0	Ammonia
Phoenix Park Gas Processors Ltd. (NGLs)	1991	98.8	Propane, butane, and natural gasoline
Caribbean Methanol Company (CMC)	1993	200.0	Methanol
TTMC II	1996	235.0	Methanol
PCS Nitrogen III	1996	75.0	Ammonia
Petrotrin	1997	12.0	MTBE
PCS Nitrogen IV	1998	252.0	Ammonia
Farmland/Miss Chem (now PLNL)	1998	300.0	Ammonia
Methanol IV	1998	265.0	Methanol
Cleveland Cliffs DRI (ISG)	1999	115.0	Direct reduced iron, steel billets & wire rods
Ispat DRI	1999	200.0	Direct reduced iron
Atlantic LNG 1	1999	930.0	LNG
Titan Methanol (now Methanex)	1999	261	Methanol
ALNG11	2002	550	LNG
CNC	2002	300	ammonia
ALNG 111	2003	550	LNG
Atlas	2003	300	methanol
N2000	2004	315	ammonia
International Steel Group	2004	-	Hot Briquetted Iron (HBI)
M5000	2005	450	methanol
ALNG IV	2005	1,200	LNG

Source: Central Bank of Trinidad and Tobago.

AGRICULTURE

Sugar

The domestic sugar industry continued to be beset with problems in 2005 as the only company in the sector, the Sugar Manufacturing Company Limited SMCL) faced several challenges. These included mechanical problems at the plant, delays in making payments to farmers, and cane of an inferior quality. Additionally, heavy rains early in the year resulted in the delay of the start of the 2005 crop for close to a month. In light of the problems faced, the 2005 production target was revised downwards from 50,000 to 45,000 tonnes. Despite the late start, the SMCL was able to produce 10,000 tonnes of sugar within the first ten weeks of 2005. However, total production at the end of the 2005 crop season amounted to only 33.1 thousand tonnes, representing a 23 percent fall from 2004. Consequently, the SMCL was unable to meet its contracted export quota to the European Union.

The 2006 crop season was also off to a late start on account of heavy rains in January which caused the start of the crop to be postponed on several occasions.

BOX 3

DEVELOPMENTS IN THE SUGAR INDUSTRY

In 2003 the Government restructured CARONI (1975) Limited, the country's sole sugar producer. This involved the voluntary separation of all employees from the company. In order to cushion the impact of this move, Caroni (1975) Limited made financial, career, health and personal development counselling available to the employees. A total of 4,056 former employees applied for and were given access to vocational, technical and agricultural training provided by the Cipriani College of Labour and Cooperative Studies, the College of Science, Technology and Applied Arts, the Trinidad and Tobago Aquaculture Institute and Conservation Centre, the National Energy Skills Centre and the University of the West Indies. As at the end of 2005, 1,972 workers had completed training, 343 remained in training, 1,081 were awaiting training and 660 were yet to avail themselves of the opportunity. A job placement programme was also established by Caroni (1975) Limited to assist former employees in finding sustainable jobs outside of the sugar industry.

CHAPTER FOUR

THE LABOUR MARKET

THE LABOUR MARKET

Labour market conditions continued to tighten in line with the strong growth of the economy. There were signs during the year that in some key sectors such as construction and distribution shortages of skilled, and to some extent unskilled workers were beginning to emerge.

Unemployment declined to an average of 8 percent of the labour force from 8.4 percent in 2004 not withstanding the fact that an additional 10.2 thousand workers joined the labour force during the year. The buoyant economy generated 11.6 thousand additional jobs as a result of which the number of employed persons rose to 574 thousand out of a total workforce of 623.7 thousand.

The construction sector was by far the largest source of job creation in 2005 as the government's vigorous housing programme, construction of other government facilities and flourishing activity in the private real estate market combined to provide jobs for an additional 11.1 thousand persons. The vibrant Services sector also generated an additional 3.2 thousand jobs but these strong contributions to employment growth were not matched in other sectors of the economy.

Against the backdrop of reported technological improvements in Manufacturing employment in that sector contracted by a total of 3.3 thousand while the Finance, Insurance and Real Estate sector exhibited a loss of 1.4 thousand jobs. In the Agriculture and Petroleum sectors employment levels remained relatively flat at 25 thousand and 19.3 thousand, respectively.

The strong outlook for the economy in 2006 is likely to imply a further escalation of labour demand. Although labour markets could tighten further, growing labour mobility within the Caribbean region could play a role in easing potential shortages.

CHART 5

Trends In Labour Force and Unemployment

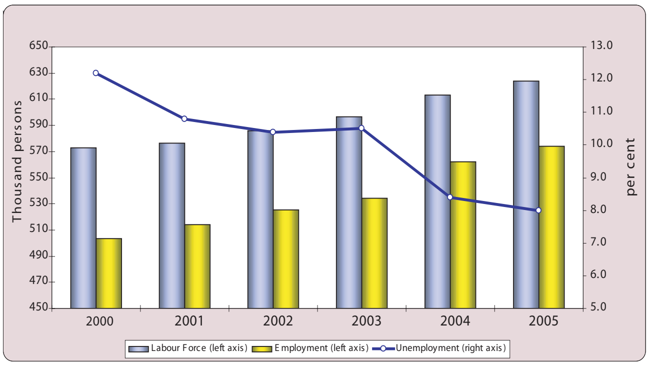


TABLE 5

LABOUR FORCE STATISTICS, 2002-2005
/THOUSANDS/

COMPANY	2002	2003	2004	2005
Population (Mid Year) Estimates	1,275.7	1,282.4	1,290.6	1,294.5
Non-Institutional Population - 15 years and over	961.8	968.3	973.6	979.0
Labour Force	586.2	596.6	613.5	623.7
Persons with jobs	525.1	534.2	562.4	574.0
Persons without jobs	61.2	62.4	51.2	49.7
Participation Rate (%)1	60.9	61.6	63.0	63.7
Unemployment Rate (%)	10.4	10.5	8.4	8.0

Source: Central Statistical Office.
1 Labour Force as a percentage of the non-institutional population, 15 years and over.

TABLE 6

THE SECTORAL DISTRIBUTION OF EMPLOYMENT, 2002-2005
/THOUSANDS/

	EMPLOYMENT							
	2002		2003		2004		2005	
	(000)	%	(000)	%	(000)	%	(000)	%
Agriculture	36.1	6.9	31.4	5.9	26.0	4.6	25.0	4.4
Petroleum & Gas (including Mining & Quarrying)	18.0	3.4	16.9	3.2	20.1	3.6	19.3	3.4
Manufacturing	55.8	10.6	55.0	10.3	58.8	10.5	56.6	9.9
Construction (including Electricity & Water)	75.6	14.4	80.0	15.0	91.1	16.2	101.8	17.7
Transport, Storage & Communications	41.8	8.0	41.6	7.8	41.6	7.4	41.8	7.3
Other Services	296.4	56.4	307.3	57.5	322.9	57.4	327.1	57.0
Of which Wholesale & Retail	94.5	18.0	99.0	18.5	101.2	18.0	103.6	18.1
Community, Social & Personal Services	158.1	30.1	163.4	30.6	175.3	31.2	178.5	31.1
Finance, Insurance & Real Estate	43.7	8.3	45.0	8.4	46.4	8.3	45.0	7.8
Not Classified	1.2	0.2	2.0	0.4	1.9	0.3	2.5	0.4
Total Employment	**525.1**	**100.0**	**534.2**	**100.0**	**562.4**	**100.0**	**574.0**	**100.0**

Source: Central Statistical Office.

INDUSTRIAL RELATIONS

The industrial relations climate in 2005 was relatively calm although the number of disputes being referred to the Ministry of Labour for conciliation/mediation has increased annually since 1999. There were few disruptions in terms of strikes and lockouts during 2005, and any industrial action that was taken was short-lived as opposed to the protracted disruptions that occurred in the previous year. The major issue in 2005 surrounded attempts by some trade unions to expedite the passage of the Occupational Health and Safety Act (OSHA), in the face of perceived excessive delay on the part of the Ministry of Labour. The contention of the Minister of Labour was that several sections of the draft Act needed to be amended before it could be implemented.

Other significant industrlal relations episodes in 2006 included:

• In January, lecturers at the University of the West Indies engaged in protest action seeking parity with their Barbados counterparts. After initially accepting an offer of 15 percent for the period 2002 to 2005, the West Indies Group of University Teachers (WIGUT) called for further protest action after learning that the offer did not apply to all categories of workers which the union represented.[2]

• Tensions arose between the Public Service Association (PSA) and the Regional Health Authorities (RHAs) concerning the transfer of public service workers to the RHAs which do not recognise this union.

• In the latter half of 2005, workers of Republic Bank Limited engaged in industrial action, protesting delays in finalizing the collective bargaining agreement for the period June 2005-May 2008, with profit sharing being one of the contentious issues. A settlement of 16 percent was eventually reached between the union and the management of Republic Bank Limited.

The industrial relations climate is likely to become more intense in 2006 when negotiations between the Public Services Association and the nation's largest employer, the Government, will continue for a new collective agreement. While the government's strong fiscal position could encourage demands for large nominal increases reductions in personal taxes announced in the 2005/06 budget could help to mitigate such demands.

WAGES

Anecdotal evidence suggests that wage pressures may be emerging as the economy moves ever closer to full employment. Based on wage agreements registered at the Industrial Court, wage settlements for three–year periods extending from 2004 onwards have, for the most part, been contained below 15 percent. Some of the larger settlements occurred in the Manufacturing and Finance, Insurance & Real Estate sectors. Although wage increases under collective bargaining agreements have generally been in line with productivity growth, persons possessing skills that are in short supply have been able to secure superior compensation packages.

According to the Index of Average Weekly Earnings for the Manufacturing sector, there was an increase of 1.1 percent in nominal wages during the first nine months of 2005 compared with the corresponding period a year earlier. When adjusted for the impact of inflation, wages fell by 1.1 percent over the period. The more significant increases occurred in the following industries: Sugar (26.5 percent), Petrochemicals (14.5 percent),

[2] WIGUT represents academic, professional and senior administrative staff.

Drink and Tobacco (15.8 percent) and Assembly-Type and Related Products (9.7 percent). Conversely, there were declines in earnings in Printing, Publishing & Paper Converters (4.5 percent), Wood & Related Products (3.1 percent) and Refining of Oil & Gas (2.7 percent).

TABLE 7

SUMMARY OF INDUSTRIAL AGREEMENTS REGISTERED IN 2004 FOR THE PERIOD 1994 – 2006

PERIOD OF AGREEMENT	NUMBER OF AGREEMENTS	MEDIAN YEARLY WAGE INCREASES (%)	RANGE OF YEARLY INCREASES (%)
1994-1996	1	3.0	1.0-3.0
1995-1997	1	2.0	2.0-3.0
1997-1999	2	3.0	3.0
1998-2000	2	3.1	0.0-4.0
1999-2001	11	2.0	1.0-6.0
2000-2002	13	3.5	2.3-6.3
2001-2003	4	3.5	2.8-7.4
2002-2004	20	3.5	0.0-10.0
2003-2005	20	4.0	2.3-7.4
2004-2006	2	3.5	3.0-5.4

SOURCE: Industrial Court of Trinidad & Tobago

TABLE 8

AGREEMENTS REGISTERED IN 2004 BY SECTOR

SECTOR	DURATION OF AGREEMENTS	NO. OF AGREEMENTS	RANGE OF YEARLY INCREASES (%)
Energy	1999-2001	2	2.3-4.0
	2000-2002	1	2.3-2.5
	2002-2004	1	2.4-4.2
	2003-2005	4	2.3-4.2
Manufacturing	2000-2002	1	3.3-5.0
	2001-2003	2	3.3-4.0
	2002-2004	5	3.3-5.2
	2003-2005	4	3.8-5.9
Wholesale & Retail Trade, Restaurants and Hotels	2000-2002	1	2.5-3.0
	2002-2004	4	2.5-3.4
Construction	2002-2004	1	2.7-3.0
	2003-2005	2	2.7-4.0
Transport, Storage & Communications	2000-2002	3	2.7-6.0
	2002-2004	2	3.0-4.8
	2004-2006	1	3.0
Government	1999-2001	3	2.0-6.0
	2002-2004	3	2.0-10.0
Finance, Insurance & Business Services	1995-1997	1	2.0-3.0
	1998-2000	1	2.0-3.3
	2000-2002	7	2.8-6.3
	2001-2003	2	2.8-7.4
	2002-2004	3	2.8-7.4
	2003-2005	7	3.8-7.4
	2004-2006	1	3.0-5.4
Educational	1998-2000	1	0.0-4.0
	1999-2001	5	3.1-6.4
Personal Services	1994-1996	1	1.0-3.0
	1997-1999	2	3.0
	2002-2004	1	0.0-4.4
	2003-2005	3	3.7-4.4

SOURCE: Industrial Court of Trinidad & Tobago

PRODUCTIVITY

With the exception of the Sugar industry, there were marked improvements in productivity in 2005 as measured by the Index of Output Per Man Hours Worked. During the first nine months of 2005, productivity in the Manufacturing sector increased by 7.3 percent, but the largest gains were seen in the energy sector, particularly in Refining of Oil and Gas (18.3 percent), Petrochemicals (16.4 percent) and Exploration of Oil and Gas (12.6 percent).

In the non-energy sector, productivity improved in the Food Processing and Drink & Tobacco industries by 31.4 percent and 31.1 percent, respectively. The latter increase reflected mainly the substitution of capital for labour by the major brewery. The Textiles, Garment & Footwear industry recorded efficiency gains of 55 percent, while the Chemical & Non-Metallic Products industry showed an improvement of 10.8 percent. By contrast, productivity declined in the following industries: Sugar (-23.8 percent), Wood Products (-10.4 percent) and Printing, Publishing and Paper Converters (5 percent). In the sugar industry the large fall in productivity was as a result of operational difficulties which severely hampered production at the mill.

TABLE 9

THE MANUFACTURING SECTOR
CHANGES IN KEY ECONOMIC SECTORS
/PERCENT/

	EXPLORATION & PRODUCTION OF OIL & NATURAL GAS JAN - SEPT		SUGAR MANUFACTURING JAN - SEPT		MANUFACTURING (EXCLUDING ENERGY & SUGAR JAN - SEPT		ALL INDUSTRIES JAN - SEPT	
	2004	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**
Production	2.8	(10.3)	251.6	(3.4)	10.5	19.9	5.2	10.4
Hours Worked	22.6	(19.7)	1.7	25.1	1.3	5.1	1.9	2.9
Nominal Earnings	29.8	0.4	36.4	26.5	11.8	2.3	16.4	1.1
Real Earnings	28.8	0.3	35.2	24.8	11.4	2.1	15.9	1.0

Source: Central Statistical Office.

CHAPTER FIVE

PRICES

PRICES

CONSUMER PRICES

Inflation accelerated in 2005 as large energy-financed fiscal injections supported a strengthening of domestic demand, while supply-side factors continued to drive increases in the cost of food and high global oil prices contributed to raising the cost of imports.

Headline inflation averaged 6.9 percent in 2005 compared with 3.7 percent in the previous twelve months and measured 7.2 percent year-on-year to December. During the year the absorptive capacity of the economy appeared to come under stress as the accelerated pace of execution of government projects and easy private sector access to credit led to reported shortages of some construction materials and skilled labour. In line with the strong growth of the economy imports surged in 2005 and this coincided with a sharp rise in import prices. The unit value of imports increased by 9.9 percent in the twelve months to June. Other factors such as rising shipping rates and congestion charges at the port also affected the landed cost of imports in 2005.

Food prices were again at the heart of the inflationary process in 2005 as weather-related disruptions affected agricultural production, especially of fruits and vegetables. The Food and Non-Alcoholic Beverages sub-index rose by 22.9 percent during the year and subsumed increases of 42.3 percent and 77.1 percent respectively in the prices of fruits and vegetables.

Although food prices explained most of the 2005 increase in the price level the underlying rate of inflation also accelerated during the year, with core inflation (excluding food) averaging 2.7 percent compared with the previous year's rate of 1.6 percent. Prices increased significantly across a broad range of expenditure categories, including Education (5.8 percent), Health (4.1 percent), Hotels, Cafés and Restaurants (6 percent), Recreation and Culture (7.7 percent) and Rent (5.7 percent). Driving these increases were the rising costs of day-care, pharmaceutical products and medical services in the Education and Health categories, while the cost of dining out rose in line with food price trends. In the Rent category the increases faced by consumers reflected the buoyant conditions that characterized the real estate market throughout the year. The overall increase in inflation was mitigated by price declines in Communication (7.9 percent), where the cost of telephone services fell during the year, and in Clothing and Footwear (1.7 percent).

Several factors point to continued strong upward pressure on domestic prices going forward. These include expected increases in electricity tariffs, continued volatility in food prices and sustained high levels of demand that will continue to strain the supply capacity of the economy, particularly in areas such as construction. As a result strong anti-inflationary policies will be needed to mitigate inflationary pressures in the coming months.

PRODUCER PRICES

In sharp contrast to the trend in consumer prices, the increase in wholesale price inflation slowed to 2.3 percent in 2005 from 3 percent in the previous year, according to the Index of Producers Prices. The largest increases occurred in the Drink and Tobacco industry where prices rose by 5.5 percent, reflecting mainly a rise of 10.4 percent in the price of tobacco. Although wholesale prices in the Chemical and Non-Metallic Products industry increased by 2.4 percent, there were marked increases in the prices of several construction materials including glass and plastic products (7.9 percent); concrete (3.6 percent) and bricks, blocks and tiles (3.4 percent). Prices increased by 2.1 percent in the Assembly-Type and Related Industries group, reflecting increases for assembled appliances (3.8 percent) and metal building materials (6.1 percent). The wholesale price of Wood products also rose by 2.2 percent. Other industries recorded marginal increases in prices. For example, the Food Processing and Textiles, Garments and Footwear industries saw increases of 1.2 percent and 0.35 percent, respectively.

CHART 6

Retail Prices Index

YEAR-ON-YEAR CHANGES

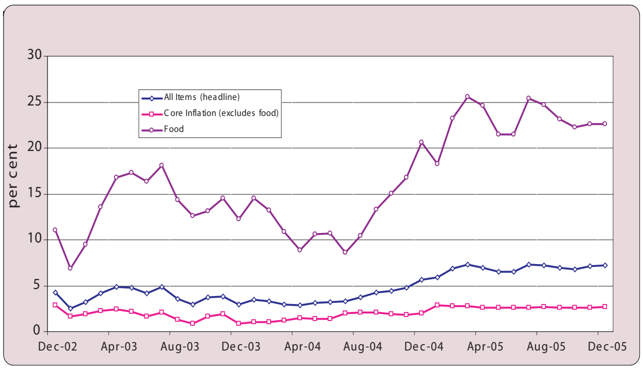
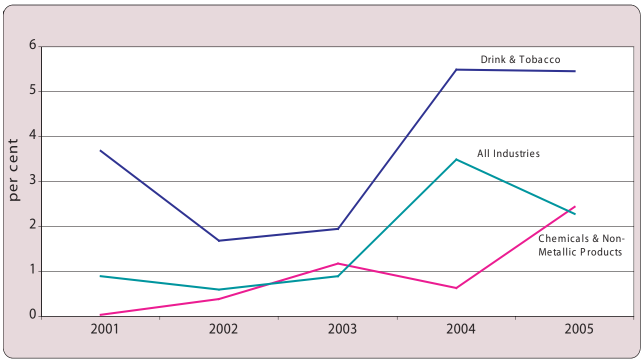


CHART 7

Producer Prices



CHAPTER SIX

FISCAL OPERATIONS

FISCAL OPERATIONS

CENTRAL GOVERNMENT FISCAL OPERATIONS

Fiscal performance strengthened considerably in 2005 as government revenues benefited from a combination of record high energy prices and expanded production in the energy sector.

Although expenditure grew by a substantial 27.6 percent the much stronger increase in revenues allowed the government to post a surplus of $4,604.7 million or 5.1 percent of GDP. This was more than three times the surplus of $1,510 million (2.1 percent of GDP) recorded in the previous fiscal year.* More than half of the 2005 surplus, a total of $2,593.1 million, was saved in the government's Revenue Stabilisation Fund which at the end of the fiscal year held an accumulated balance of $5,201.3 million. The surplus also allowed the government to increase its cash balances at the Central Bank to $12,433.7 million after principal debt repayments of $3242.7 million.

Recurrent revenues grew by 40.6 percent to $29,000.4 million or 32 percent of GDP in 2005. With oil prices averaging US$53.60 per barrel (WTI) compared with US$37.30 per barrel in FY 2004, the bulk of the increase – about 68 percent - came from energy sector revenues. Non-energy revenues were also quite buoyant, rising from 16.9 percent to 17.3 percent of GDP in 2005 as a result of stronger collection efforts and higher state enterprise dividends. Nevertheless, the even stronger growth in energy-based revenues from 9.9 percent to 14.8 percent of GDP underscored their growing relative importance in the financing of government expenditure. In 2005 this was reflected in a significant widening of the non-energy fiscal deficit to 9.7 percent of GDP from 7.7 percent a year earlier.

Against this backdrop of robust revenue growth, government expenditure rose by $5,284.4 million to $24,404 million or from 25 percent to 27 percent of GDP. The increase included a supplementary appropriation of approximately $3 billion announced in the second half of the year. While expenditure grew across all categories the major share of the increase went to transfers and subsidies to cover, among other things, the expansion of unemployment relief, subventions to the University of Trinidad and Tobago and other educational institutions, and the rising cost of the domestic fuel subsidy. The remainder of the increase was reflected in growth of wages and salaries (9.3 percent), payments for goods and services (32.1 percent), interest payments (4.3 percent) and capital expenditure (68.6 percent). The expansion in capital expenditure reflected improvements in the execution of the Public Sector Investment Programme much of which was directed to the development of social infrastructure in 2005.

* The fiscal year is the twelve month period from October 1 to September 30.

TABLE 10

SUMMARY OF CENTRAL GOVERNMENT FINANCES, 2002/03-2005/06
($MILLION)

	OCT. 02 - SEPT. 03	OCT. 03 - SEPT. 04	OCT. 04 - SEPT. 05	OCT. 05 - SEPT. 06[1]
Current Revenue	16,754.3	20,625.6	29,000.4	33,789.8
Current Expenditure	15,007.5	17,498.5	21,670.9	28,141.9
Current Surplus (+)/Deficit (-)	1,746.8	3,127.1	7,329.5	5,647.9
Capital Receipts	7.1	4.1	8.3	24.1
Capital Expenditure and Net Lending	795.5	1,621.1	2,733.1	3,485.1
Overall Surplus (+)/Deficit (-)	958.4	1,510.1	4,604.7	2,186.9
Financing	-958.4	-1,510.1	-4,604.7	-2,186.9
External (Net)	-253.4	-278.7	-1,257.3	-2,307.5
Domestic (Net)	-705.0	-1,231.4	-3,347.4	120.6
SURPLUS (+)/DEFICIT(-) AS A PERCENT OF GDP (CURRENT MARKET PRICES)				
Current Surplus (+)/Deficit (-)	2.6	4.4	8.1	5.3
Overall Surplus (+)/Deficit (-)	1.4	2.1	5.1	2.1

Source: Appendix Table A.16.
[1] Based on estimates in the 2005/2006 Budget.

In September 2005 the government presented the Budget for the 2005-2006 fiscal year. A highlight of the Budget was the announcement of a revised tax regime for oil and gas, and concessionary changes in the corporate and personal income tax regime. The Budget projected an overall surplus of $2,186.4 million, with an estimated transfer of $1,862.2 million to the Revenue Stabilisation Fund. Total revenue was projected to increase to $33,813.9 million, based mainly on expected high oil prices, increased energy sector output and higher yields from the revised energy tax regime. These factors were expected to more than offset any short-term revenue losses arising from income tax concessions. Central government's expenditure was budgeted to increase to $31,627 million or 29.8 percent of GDP for the 2005-2006 fiscal year.

CHART 8

Non-Energy and Overall Fiscal Balance/GDP

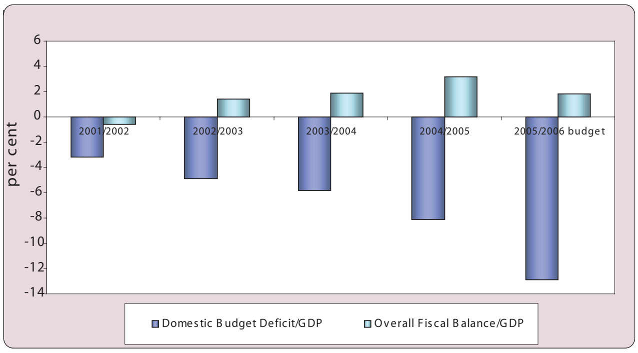


TABLE 11

SUMMARY OF CENTRAL GOVERNMENT FINANCES, 2002/03-2004/05 (PERCENT)

	OCT. 02 - SEPT. 03	OCT. 03 - SEPT. 04	OCT. 04 - SEPT. 05
		PERCENT OF RECURRENT REVENUE	
A. Recurrent Revenue			
Oil Revenue	36.9	37.0	46.1
Non-Oil Revenue	63.1	63.7	53.9
Income Taxes	32.0	31.3	28.0
Property Taxes	0.5	0.4	0.2
Taxes on Goods and Services	17.5	19.9	14.9
International Trade Taxes	5.9	6.0	4.9
Non-Tax Revenue	7.2	6.1	5.8
Total Recurrent Revenue	100.0	100.0	100.0
		PERCENT OF RECURRENT EXPENDITURE	
B. Recurrent Expenditure			
Wages and Salaries	30.2	27.7	24.5
Goods and Services	13.4	13.6	14.5
Interest	16.6	13.5	11.4
Transfers and Subsidies	39.8	45.2	49.7
Total Recurrent Expenditure	100.0	100.0	100.0

Source: Appendix Tables A.17 and A.18.
Figures may not add to 100.0 due to rounding.

BOX 4

THE NEW OIL AND GAS TAXATION REGIME FOR TRINIDAD AND TOBAGO

Revisions to the oil and gas taxation regimes were announced in the 2005/2006 Budget, the details of which are contained in Finance Act 21 of 2005. The main impetus for the revision of the energy taxation regime was the realization that the existing royalty rates on oil and particularly gas were extremely low by international standards.

Petroleum

The primary sources of oil revenue for the Central Government are collections from the Supplemental Petroleum Tax (SPT), Petroleum Profits Tax (PPT), Unemployment Levy, Green Fund Levy and Withholding Tax. The major changes to the regime were made to the SPT and PPT taxes which represent approximately 90 percent of oil revenues. Under the previous regime, the tax base for the SPT was determined after deducting capital allowances which included expenses related to oil and gas exploration and development. These allowances have been removed under the revised regime with the exception of the royalty allowance in the calculation of SPT. The rates of SPT were also amended from a sliding scale of 0-42 percent to 0-35 percent for income from land crude and 0-42 percent for income from marine resources. Additionally, the SPT payments will now be based on a weighted average price of crude calculated quarterly instead of annually. Previously, SPT was assessed annually but paid on a quarterly basis. To compensate for the removal of allowances, the thresholds for both marine and land taxes were raised. Companies operating under a licence or contract in marine areas will pay SPT when the price of the crude exceeds US$15/bbl compared with US$13/bbl previously. Those operating on land will pay when the price of crude exceeds US$16.50/bbl compared with US$14 in the old taxation regime for licences received prior to January 1 1988 and US$18 /bbl for licences issued after January 1 1988. The PPT is levied on the worldwide profits/gains of any resident company. For non-resident companies, the tax is levied on profits attributable to the branch situated in Trinidad and Tobago. Under the old regime there were several tax reliefs available by way of capital allowances and other special allowances. There were four major changes to the PPT:

1. The removal of the first-year allowance for both tangible and intangible expenditure and the postponement of annual allowances to year two or until the start of commercial production, whichever is sooner;
2. A shift to quarterly tax payments calculated on a current year basis;
3. Claims for capital allowances and allowances for decommissioning or abandonment costs can be made only in the year in which they are incurred.
4. Management charges are limited to 2 percent of expenditure. If any part of these taxes is not paid by the end of the quarter, a 20 percent interest rate would be applied from the date on which the quarterly installments were due.

BOX 4 (CONTINUED)

THE NEW OIL AND GAS TAXATION REGIME FOR TRINIDAD AND TOBAGO

Natural Gas

While information on the amendments to the natural gas taxation regime is limited, it was announced that the mechanism for calculating gas taxes had changed. Previously, natural gas taxation was based on transfer prices which were considerably lower than the actual prices at which the gas was sold. Natural gas sales on the domestic market are based on contractual arrangements involving net-back pricing and most of the gas production (about 70 percent) was subject to a marginal royalty of $0.015 per mcf if used domestically, and $0.02 per mcf if exported. The new taxation regime will be based on the concept of fair market value and is estimated to yield an additional $2 billion in revenue.

CENTRAL GOVERNMENT DOMESTIC DEBT

Central government's domestic debt stock rose to $12,088.4 million as at the end of December 2005, a net increase of $306.8 million from the end of the previous year. Gross borrowings amounted to $800 million and reflected a continuation of government's policy to restructure high-cost debt which became callable during the year. Refinancing operations involved the floating of three medium-term bond issues under the new auction system. The 10-year issues were for amounts of $400 million, $202.78 million and $197.22 million, with one carrying a fixed interest rate of 6.00 percent while the two others each carried a rate of 6.10 percent. The call option programme was extended in 2005 to include the debt of state enterprises and statutory authorities, and some $472 million was refinanced during the year.

Principal repayments fell from $506 million to $493.1 million in 2005 and comprised callable bonds ($492.7 million) and public sector non-interest bearing bond repayments ($0.4 million). Interest payments on a US$150 million domestic bond issued in 1998 and due in 2008, totalled $95.6 million. Other central government repayments increased by $113.4 million from 2004 to reach $340 million in 2005. However, interest payments fell from $829 million in 2004 to $667 million in 2005. Overall, total debt service payments decreased by $49 million between 2004 and 2005.

The government's contingent liabilities stood at $11,171 million at the end of September 2005. Of this amount $4,933 million represented state enterprise debt while $6,238.4 million were liabilities of the statutory authorities. During the year new borrowing was incurred by Telecommunications Services of Trinidad and Tobago (TSTT), the Water and Sewerage Authority (WASA), and the Airports Authority of Trinidad and Tobago (AATT) through bond issues of $1,000 million, $432.2 million and $306 million, respectively. Debt secured by Letters of Comfort, also categorized as government guaranteed debt, stood at $4,340 million as at September 2005. During the year new Letters of Comfort were approved for the AATT ($193 million), WASA ($502 million) and Public Transport Service Corporation ($107.6 million).

TABLE 12

ENERGY-BASED GOVERNMENT REVENUES, 2002/03-2004/05

	2002/03	2003/04	2004/05
		PERCENT OF GOVERNMENT REVENUE	
Energy Sector	**36.9**	**37.0**	**46.1**
Corporation Tax	24.3	26.3	35.6
Royalties	6.0	5.3	4.2
Unemployment levy	1.7	1.4	2.8
Withholding tax	1.0	1.0	1.1
Excise duty	3.4	2.8	2.2
Other [1]	0.4	0.2	0.1
		PERCENT OF GDP	
Energy Sector	**9.3**	**10.6**	**14.8**
Corporation Tax	6.2	7.6	11.4
Royalties	1.5	1.5	1.4
Unemployment levy	0.4	0.4	0.9
Withholding tax	0.3	0.3	0.4
Excise duty	0.9	0.8	0.7
Other [1]	0.1	0.	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 external debt of the public sector maintained its declining trend in 2005, falling by a further $70.8 million to $1280.8 million or 8.9 percent of GDP. Except for 2000, the last year in which new government borrowing was contracted, the debt has fallen continuously since 1994 when it stood at 45 percent of GDP. In terms of structure, the debt remained largely in US dollars and consisted mostly of medium and long-term maturities. About 60 percent of outstanding obligations was held by private creditors as opposed to multilateral lenders.

During the year the government continued to borrow under previously established loan arrangements with the Inter-American Development Bank (IDB) and the World Bank, with the latter providing $0.9 million for the government's HIV/AIDS prevention programme. The IDB extended a total of $21.5 million under several ongoing programmes including secondary school modernization ($9.8 million), health sector reform ($9.5 million), and the national settlements programme ($1.6 million). IDB lending also supported reform of the agriculture ($0.4 million) and trade ($0.3 million) sectors in 2005.

External debt service declined sharply in 2005. During the year, the central government repaid a total of $185.8 million, divided almost evenly between principal ($92.3 million) and interest payments ($93.2 million). Principal repayments to the European Investment Bank ($6.1 million) included the final installment on an outstanding loan, but the major share of repayments (67 percent) went to the IDB while repayments to the World Bank the Caribbean Development Bank claimed $15.6 million and $4.6 million, respectively. In 2006 the government is expected to repay a total of $231.8 million of outstanding debt, including final settlement of a $150 million Eurobond and six bilateral and multilateral loans contracted between 1974 and 1992. On current trends, the existing debt stock would be fully repaid by the year 2030.

CHART 9

PUBLIC SECTOR DEBT/GDP

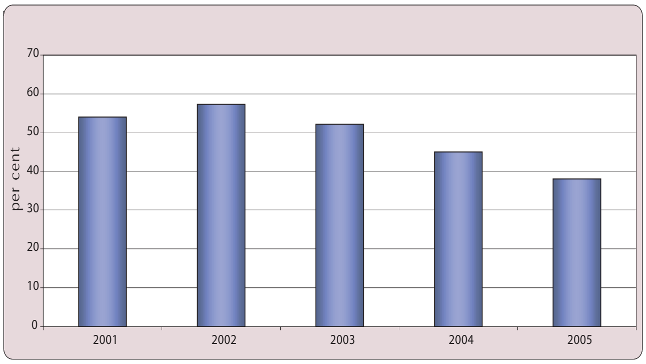


TABLE 13

CENTRAL GOVERNMENT FISCAL OPERATIONS, 2002/03-2004/05 IN PERCENT OF GDP

	2002/03	2003/04	2004/05
Total Revenue	24.9	26.8	32.1
Of which			
Energy Sector	9.2	9.9	14.8
Non-Energy Sector	15.7	16.9	17.3
Total Expenditure	23.5	24.9	27.0
Current Expenditure	22.3	22.8	24.0
Capital Expenditure	1.2	2.1	3.0
Overall Surplus/Deficit	1.4	2.0	5.1
Non-energy Deficit	-6.6	-7.7	-9.7

Source: Ministry of Finance.

TABLE 14

CENTRAL GOVERNMENT EXPENDITURE A FUNCTIONAL CLASSIFICATION 2001/01-2004/05 ($MILLION)

	2000/01	2001/02	2002/03	2003/04	2004/05[re]
Economic Services	529.2	820.2	1,488.8	2,132.8	2,662.6
Energy	28.9	173.6	254.4	763.3	1,017.4
Agriculture, Land and Marine Resources	317.5	221.5	364.9	377.7	390.2
Transport	182.8	425.1	869.5	991.8	1,255.0
Social Services	3,724.8	4,659.6	3,946.2	4,807.0	6,077.3
Education	1,584.8	1,842.0	2,363.8	2,861.3	3,448.4
Health	865.1	1,013.8	1,259.8	1,435.3	1,996.3
Housing	101.4	102.7	73.8	116.7	138.0
Small & Micro-Enterprise Development	27.4	26.7	31.6	46.7	143.6
Social Services	1,146.1	1,674.4	217.2	347.0	351.0
Public Services	1,313.7	1,432.6	1,652.0	1,874.5	2,187.2
National Security	1,313.7	1,432.6	1,652.0	1,874.5	2,187.2
Other[1]	7,354.2	7,054.9	9,168.4	10,379.3	14,158.2
Total Recurrent Expenditure	12,921.9	13,967.3	16,255.4	19,193.6	25,085.3

Source: Ministry of Finance.
[1] Includes Office of the President, Auditor General, Judiciary, Industrial Court, Parliament, Service Commissions, Statutory Authorities, Elections and Boundaries Commission, Tax Appeal Board, Public Service Appeal Board and all other Ministries.

CHAPTER SEVEN

MONETARY AND FINANCIAL DEVELOPMENTS

MONETARY AND FINANCIAL DEVELOPMENTS

MONEY, CREDIT AND INTEREST RATES

In 2005 monetary policy faced severe challenges in the form of accelerating inflation, an excessively liquid financial system and foreign exchange market pressures fuelled by strong import demand and a narrowing of short-term interest rate differentials vis à vis the United States.

Against this background the Central Bank undertook a series of actions with the aim of tightening monetary policy and at the same time making it more effective. In the nine months to November the Bank raised its policy Repo rate from 5.0 percent to 6.0 percent in four equal steps of 25 basis points. To reinforce the effect of these measures the Bank also implemented a two-step reduction in the rate paid on special deposits held by commercial banks at the Central Bank. The rate was reduced from 3.50 percent to 2.50 percent on September 1 and was further reduced to zero on December 20, 2005. Finally, in the face of persistently high liquidity the Bank introduced a measure requiring commercial banks to hold TT$1 billion in an interest bearing account at the Central Bank for a minimum period of one year. This measure became effective December 28 2005.

The increases in the Repo rate induced matching increases in the prime lending rates of commercial banks, the average of which moved from 8.75 percent to 9.75 percent during the year. The response of other short-term interest rates was more muted in the prevailing liquid conditions. Nevertheless, by December the average discount rate on 3-month treasury bills, which began in January 4.70 percent, had risen to 4.81 percent after peaking at 4.95 percent in November. Inter-bank lending rates fluctuated but generally trended upwards to post a fourth quarter average of 4.40 percent from 4.19 percent in the first quarter. But while these movements and an increase of 3 basis points in the weighted average deposit rate appeared to confirm a tightening of liquidity, lending was not unduly constrained as reflected in a decline in the weighted average loan rate by 19 basis points during the year.

The Central Bank relied heavily on open market operations to manage financial system liquidity in 2005 and absorbed a total of $1,385.4 million through these means. Sales of foreign exchange to authorized dealers withdrew a further $4,378 million from the financial system. Nevertheless, this did little to dampen the growth of credit to the private sector which expanded by an accelerated 21 percent compared with 13.1 percent in 2004. Within this broad picture commercial bank loans to the private sector increased by 28.8 percent while lending by non-bank financial intermediaries (NFIs) contracted by 3.1 percent, reflecting the transfer of mortgages previously held by some NFIs to commercial banks to which they were affiliated. Growth in lending to consumers (24.2 percent) far outstripped the increase in business lending (15.9 percent), while real estate loans rose by 16 percent during the year.

During 2005, the monetary aggregates exhibited strong growth as a result of the buoyant activity in the economy. Narrow money (M1-A), defined as currency in active circulation and demand deposits, grew by 24.2 percent. The broader money supply (M2), consisting of M1-A plus saving and time deposits, also showed strong growth of 23.7 percent, with savings and time deposits growing by 15 percent and 45.7 percent, respectively. The sharp growth in time deposits was due largely to an intra-group transfer of deposits from a non-banking institution to a commercial bank. Quasi-money, which comprises of both savings and time deposits, grew by 23.4 percent. Meanwhile, growth in foreign currency deposits slowed to 10.9 percent from 33.1 percent in 2004.

Foreign exchange demand rose appreciably in 2005 in line with increasing private sector demand for foreign assets and strong import growth fuelled in part by the construction boom. But while commercial bank sales of foreign exchange were 20 percent higher, their purchases grew by just over 5 percent. This left a substantial gap to be filled by the Central Bank which sold US$695 to the market compared with US$400 million the previous year. In October 2005, following consultations with the commercial banks, the Central Bank instituted a number of measures aimed at addressing imbalances in the market. In order to improve the predictability of supply the Bank agreed to provide US$50 million monthly and to sell additional foreign exchange as demanded by market conditions, at a rate that would also take account of these conditions. At the end of the year the weighted average selling rate of the US dollar was TT6.30295 reflecting a marginal depreciation compared with the January selling rate of TT$6.29973.

CHART 10
Selected Interest Rates

TABLE 15
SUMMARY OF MONETARY CONDITIONS
2003-2005 (ANNUAL AVERAGE)
($MILLION)

				PERCENTAGE CHANGE (%)	
	2003	2004	2005	2005/04	2004/03
Currency in active circulation	1,573	1,779	2,077	16.8	13.1
M-0	4,895	4,473	5,117	14.4	-7.8
M-1A	7,016	7,636	9,482	24.2	8.8
M-2	17,924	19,032	23,542	23.7	6.2
M-2*	23,131	25,971	31,238	20.3	12.3
M-3	22,008	22,588	26,193	16.0	2.6
M-3*	28,878	32,206	37,333	15.9	11.5
Domestic Credit (Net)	21,437	24,180	26,117	8.0	12.8
Private Sector	17,012	20,247	23,371	15.4	19.0
Public Sector	4,425	3,933	2,742	-30.2	-11.1

Source: Central Bank of Trinidad and Tobago.

TABLE 16

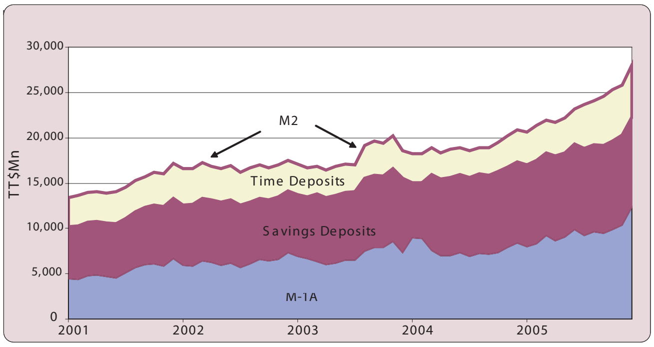
FACTORS INFLUENCING CHANGES IN THE MONEY SUPPLY, 2001- 2005
($MILLION)

	2001	2002	2003	2004	2005
Net Domestic Budget Deficit	736	63	2,010	1,168	-2,883
Increase in Credit to the Private Sector[1]	545	1,338	1,516	3,837	4,484
Bal. of Payments Deficit of Private Sector[2]	-1,441	1,916	4,735	5,647	-1,339
Changes in Net Unclassified Assets	513	825	2,292	1,750	1,573
Central Bank	1,567	569	19	3150	2,290
Commercial Bank	-1054	256	2,273	-1400	-717
Change in Money Supply (M-2)	3,235	310	1,083	1,108	4,513
Change in Money Supply (M-1A)	1,808	636	-23	620	1,846
Change in Quasi-Money [3]	1,426	-326	1,106	488	2,667
Memo Items:					
Money Supply (M-2)					
Annual Growth (%)	23.2	1.8	5.8	6.2	23.7
Total Composition (%)	100.0	100.0	100.0	100.0	100.0
Money	38.9	41.9	39.3	40.2	40.3
Quasi-Money	61.1	58.1	60.7	59.8	59.7

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.

CHART 11

MONETARY AGGREGATES



INSTITUTIONAL DEVELOPMENTS

The financial sector continued to expand and develop in 2005 under the impetus of strong savings growth and a number of innovations on the institutional front. The growth of savings was mirrored in a 23.7 percent increase in the domestic money supply (M-2) and, on the assets side, in a robust 21 percent increase in commercial bank assets.

There were several important institutional developments in the financial sector in 2005. These included the launch of the Office of the Financial Services Ombudsman, the establishment of a Regulatory Policy Council, the commencement of electronic trading on the domestic stock exchange and the launch of the Trinidad and Tobago Inter-bank Payments System Limited. In addition, new guidelines governing Fit and Proper Persons, the Prudent Person Approach to Investment and Lending and Security of Customer Information came into effect during the year for all institutions licensed under the Financial Institutions Act and registered under the Insurance Act.

The Office of the Financial Services Ombudsman (OFSO) replaced the previous Office of the Banking Services Ombudsman in April 2005 in a move that paralleled the broadening of the Central Bank's supervisory responsibilities to include the insurance sector and pension funds. With this development the jurisdiction of OFSO was extended to allow the Ombudsman to hear and act on complaints relating to insurance companies in addition to commercial banks.

The Regulatory Policy Council was introduced in July under the chairmanship of the Governor of the Central Bank as a vehicle for inter-agency regulatory coordination and to facilitate information sharing among member regulatory bodies including:

:• The Trinidad and Tobago Securities Exchange Commission;
- The Trinidad and Tobago Stock Exchange; and
- The Deposit Insurance Corporation

The Permanent Secretary, Ministry of Finance, represents the Minister of Finance on the Council which also includes the heads of the foregoing institutions.

The introduction of electronic stock trading and automated cheque clearings represented key structural improvements geared to enhancing the efficiency of transactions in the financial system. The Automated Trading System was expected, among other things, to shorten settlement periods and facilitate more efficient pricing on the stock market, while the Automated Clearing House, which began limited operations in October 2005, would facilitate faster settlement of retail payments (under $500,000) and lower settlement costs.

TABLE 17

FINANCIAL SYSTEM -TOTAL ASSETS, 2001-2005
($MILLION)

	2001	2002	2003	2004	2005p
1. Central Bank	15,728r	16,244r	18,205r	22,884r	35,573
External Assets	12,740r	13,117r	14,957r	19,580r	31,034
Domestic Assets	2,988	3,127	3,248	3,304	4,539
2. Commercial Banks	38,137	40,104	43,226	48,426r	58,666
3. Finance Companies and Merchant Banks	6,251	6,855	8,303 r	12,422r	13,989
4. Trust & Mortgage Finance Companies	8,907	9,292	11,228	10,351	10,098
5. Thrift Institutions	63	66	68	67	65
6. Development Finance Institutions	1,327	1,406	1,880	2,140	2,205
7. Unit Trust Corporation	5,579	8,456	11,340	14,280	16,828
8. Deposit Insurance Corporation	515	575	652	743	842
9. Home Mortgage Bank	886	1,141	1,631	1,749	1,944
10. Life Insurance Companies	12,589	14,913	17,968	24,211p	26,944p
11. National Insurance Board	7,687	8,310	9,679	11,829r	13,112

Source: Central Bank of Trinidad and Tobago.

p - Provisional

CHAPTER EIGHT

THE DOMESTIC CAPITAL MARKET

THE DOMESTIC CAPITAL MARKET

Following an exceptionally strong performance in 2004 the domestic stock market showed signs of weakening towards the middle of 2005 as prices began to revert to more realistic levels. In the bond market rising inflationary expectations helped to drive up yields from an average of 6.15 percent in 2004 to 8.00 percent in 2005, but the market remained active with a total of TT$7,836 million being mobilized through 37 primary issues. Mutual funds continued to perform relatively strongly such that by the end of the year funds under management ($31.3 billion) stood just slightly below deposits in the banking system (32.9 billion).

BONDS

The primary bond market saw a marginal increase in activity in 2005 with the number of bond issues rising to 37 from 35 in the previous year. The volume of funds raised also increased marginally from TT$7.5 billion to TT$7.8 billion.

During the year there were 11 foreign currency placements on the domestic market, 9 of which were in US dollars while two were in Barbadian dollars. Borrowers in US dollars included three regional entities which accounted for US$240.5 million out of total US dollar borrowing of $457.6 million. The Government of Aruba, which raised US$93 million through a 10-year issue, was the only sovereign borrower to come to the market in 2005. The rate on this issue was 6.40 percent, while the rates paid by other borrowers of US dollars ranged from LIBOR plus 2.00 percent to a fixed rate of 7.50 percent.

Private sector borrowers mobilised TT$1.4 billion and US$208 million through six TT-dollar and five US-dollar issues in 2005. These issues carried rates between 6.25 percent and 7.75 percent with tenors ranging between 5-10 years. In addition, the Home Mortgage Bank issued in excess of TT$300 million in long-term debt through six placements on the domestic market.

The Government of Trinidad and Tobago issued two TT$400 million bonds on the primary market in March and May of 2005, with posted yields of 6.05 percent and 6.35 percent, respectively. The second bond was not fully subscribed at the initial issue date when only TT$202.8 million was allotted. The remaining TT$197.2 was allotted at the second offering which was made in July.

Statutory corporations raised TT$1.1 billion through five bond auctions and two private placements in 2005. Two issues of TT$306 million and TT$136 million by the National Housing Authority (NHA) carried maturities of 20 years and 25 years respectively, and corresponding rates of 7.00 percent and 7.75 percent. The Water and Sewerage Authority (WASA) floated three 15-year issues of TT$125 million, TT$192.2 million and TT$ 115 million, each at a rate of 6.35 percent. The two placements by the National Insurance Property Development Company (NIPDEC) carried fixed coupons of 5.45 percent and 7.00 percent over a 12-year horizon. The average maturity on the private sector debt was 8.2 years compared with 12.3 years for the public sector (Table 18).

EQUITIES

The stock market recorded a mixed performance in 2005. In the first five months of the year the market continued the strong upward trend which had led to a rise of 54.8 percent in 2004. Consequently, the Composite Stock Price Index (CPI 1983=100) and the All Trinidad and Tobago Index (ATI 1999=100) registered 5-month increases of 13.1 percent and 20.6 percent, respectively. However, the market subsequently began to decline and maintained this trend throughout the rest of the year, such that the initial gains were fully eroded by the end of 2005. The CPI closed the year on 1,067.38 index points, 0.7 percent below its starting level. All sub-indices with the exception of Manufacturing I, Manufacturing II and Trading also closed lower. Of the three, the Trading sub-indices recorded the largest gain of 38.2 percent with the Manufacturing I and II sub-indices increasing by 6.2 percent and 21.1 percent, respectively.

The strength of the market in the first five months of 2005 was also reflected in an increase of 13.2 percent in market capitalisation. However, mirroring the downturn in stock prices, the initial upward trend was not sustained and market capitalisation fell by 0.1 percent by year's end. The volume of shares traded also decreased by 33.1 percent from 312.5 million, in the previous year.

The turnaround in the domestic stock market occurred in the context of a change in financial conditions which saw interest rates gradually edging upwards during the year, in the process dampening the demand for equities relative to money market investments. The decline also reflected an underlying shift in relative supply and demand conditions arising from the need by some institutional investors, specifically pension funds, to reduce their equity holdings in line with statutory prudential limits. The extended run-up in stock prices in the previous three years had sharply increased the value of equity holdings on the books of these institutions, necessitating a sell-off which depressed prices.

The top performers in terms of capital gains in 2005 were Caribbean Communications Network (CCN) and the national airline, BWIA which earned investors 84.8 percent and 61.7 percent, respectively. Much of the gains by CCN could be linked to the closure of its major rival, the National Broadcasting Network. BWIA, beset by persistent losses rallied late in the year on the strength of speculation regarding government restructuring of the airline. However, the shares were suspended from trading in November because of these very plans. Leading the descent in terms of capital losses was Readymix Limited which declined by 45.3 percent, resulting consistently disappointing results during the year. This was followed by Unilever Caribbean Limited whose shares fell by 40.4 percent.

Acquisitions remained a prominent feature of the market in 2005, with Guardian Holdings Limited acquiring 20 percent of the issued share capital of Grupo Mundial Tenedora S.A. whose major subsidiary, Aseguradora Mundial, is the market leader in insurance in Panama

The regional equities markets experienced mixed fortunes and provided investors with low or negative returns on their investments. In Barbados the market rose by 5.8 percent during the year while the Jamaican stock price index fell by 7.2 percent in 2005.

Internationally, both the Asian and European markets outperformed their counterparts in the U.S. according to the returns of their respective indices. In Asia, the 40.2 percent gain posted by the Nikkei 225 was the largest since 1986 and appeared to herald a revival of the Japanese economy from its 15-year economic slump. In Hong Kong the market rose by 4.5 percent. Market performance was also robust in Europe with the German DAX and the London FTSE 100 advancing by 27.1 percent and 16.7 percent, respectively. In the US market, the major indices performed moderately with the S&P 500 and the NASDAQ rising by 3 percent and 1.4 percent respectively. Conversely, the Dow Jones Industrial Average closed the year 0.6 per cent below its opening position.

MUTUAL FUNDS

The mutual funds industry experienced a marked slowdown in growth in 2005 with aggregate funds under management increasing by 16 percent to TT$31.3 billion. By comparison mutual funds grew by 38.2 percent and 37.8 percent in 2004 and 2003, respectively, and by an average of 44.2 percent over the last five years.

The decline in stock market values in 2005 influenced both the performance of income and growth funds as well as investor demand for them. Funds under management in this segment of the market increased by a modest 8.9 percent in 2005 compared with 56.3 percent in 2004, while the demand for money market funds remained relatively brisk notwithstanding a sharp deceleration in growth from 34 percent to 17.9 percent. Consequently, money market funds increased their dominance of the market with funds under management rising to just over $25 billion or 80 percent of the industry total. The value of US-dollar denominated funds grew by 16.6 percent from TT$6.3 billion in 2004.

Returns on money market instruments ranged between 4.83 percent and 7.16 percent with TT-dollar denominated funds providing marginally higher returns compared to their US-dollar denominated counterparts. Performance was generally weaker in the Income and Growth segment with some funds reporting negative total returns for the year.

In 2005, the AIC Financial Group launched a family of four mutual funds comprising a Caribbean Equity Fund, an Income and Growth Fund and two money market funds denominated in TT and US dollars respectively.

CHART 12

Trinidad and Tobago Stock Price Indices

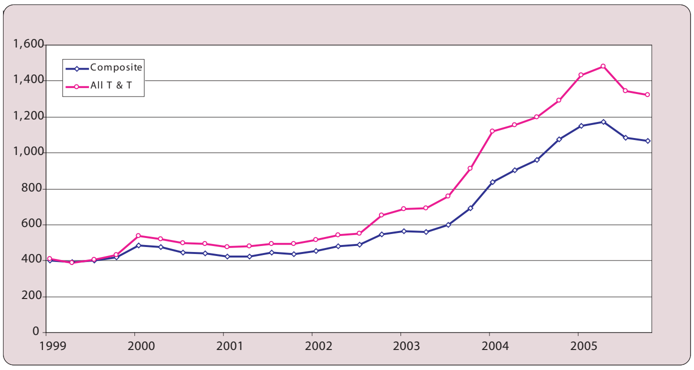


CHART 13

Primary Bond Market Activity 2005

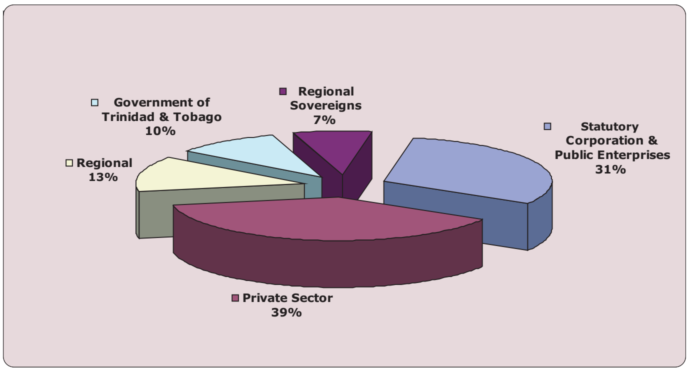


TABLE 18

PRIMARY BOND MARKET ACTIVITY
JANUARY- DECEMBER 2005

PERIOD ISSUED	BORROWER	(FACE VALUE) $MN	PERIOD TO MATURITY	INTEREST RATE	PLACEMENT TYPE
February	Servicio di Telecomunicacion di Aruba	US$22.50	10 yrs.	Fixed rate 7.00% p.a.	Private
March	Government of Trinidad & Tobago	400.00	10 yrs.	Fixed rate 6.00% p.a.	Auction
	RBTT Finance Ltd. (Trinidad & Tobago)	US$100.00	10 yrs.	Fixed rate 6.60% p.a.	Private
April	Home Mortgage Bank Limited	18.34	10 yrs.	Tax Free Fixed rate 4.90% p.a	Private
	Home Mortgage Bank Limited	46.60	10 yrs.	Taxable Fixed rate 6.25% p.a	Private
	Home Mortgage Bank Limited	9.50	8 yrs.	Taxable Floating rate 6.00% p.a	Private
May	La Brea Industrial Company Ltd.	62.00	10 yrs.	Fixed rate 6.05% p.a.	Private
	Government of Trinidad & Tobago	202.78	10 yrs.	Fixed rate 6.10% p.a.	Auction
	BWIA West Indies Airways	222.90	12yrs.	Fixed rate 6.30% p.a	Private
	Trinidad and Tobago Stock Exchange	9.70	10 yrs.	Fixed rate 7.50% p.a	Private
June	Clico Investment Bank Ltd. Tranche 3	US$25.00	10 yrs.	Fixed rate 7.50% p.a.	Private
	Clico Investment Bank Ltd. Tranche 2	625.00	10yrs.	Fixed rate 7.675% p.a.	Private
	TSTT	1000.00	10 yrs.	Fixed rate 6.225% p.a.	Private
	WASA (Tranche 1)	125.00	15yrs.	Fixed rate 6.35% p.a	Auction
	Home Mortgage Bank Limited	104.00	5 yrs.	Tax Free Fixed rate 6.50% p.a	Private
July	Government of Trinidad & Tobago	197.22	10 yrs.	Fixed rate 6.10% p.a.	Auction
	Trading and Distribution Limited	150.00	10 yrs.	Fixed rate 6.25% p.a.	Private
	Air Jamaica Limited	US$125.00	10 yrs.	6 Month LIBOR plus 4.90%	Private
August	National Housing Authority (Tranche 1)	306.00	20yrs.	Fixed rate 7.00% p.a.	Auction
	WASA (Tranche 2)	192.22	15yrs.	Fixed rate 6.35% p.a	Auction
	Scotiabank Trinidad & Tobago Limited	200.00	6 yrs.	Fixed rate 6.30% p.a	Private
September	Trinidad Cement Ltd.	315.00	9 yrs.	Fixed rate 6.71% p.a	Private
	PLIPDECO	US$9.05	5 yrs.	Fixed rate 6.20% p.a	Private
	Government of Aruba	US$93.00	10 yrs.	Fixed rate 6.40% p.a	Private
October	WASA (Tranche 3)	115.00	15 yrs.	Fixed rate 6.35% p.a	Auction
	Clico Investment Bank (Tranche 1)	US$50.00	10 yrs.	Fixed rate 7.50% p.a	Private
	NIPDEC (Tranche 1)	50.00	3 yrs.	Fixed rate 5.45% p.a	Private
	NIPDEC (Tranche 2)	150.00	12 yrs.	Fixed rate 6.25% (1-3 yrs)	Private
				Fixed rate 6.50% (3-6 yrs)	
				Fixed rate 6.75% (6-9 yrs)	
				Fixed rate 7.00% (9-12 yrs)	

Source: Central Bank of Trinidad and Tobago

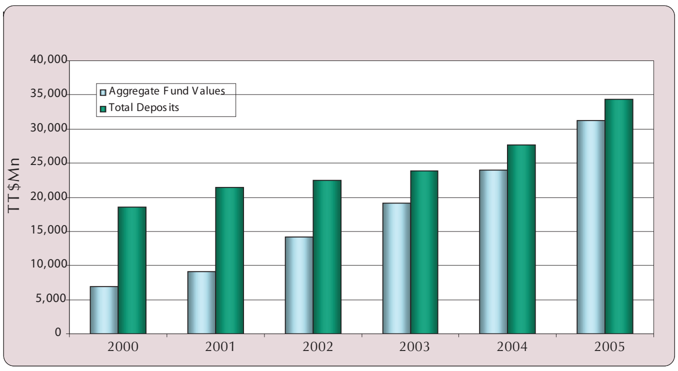
TABLE 18 (CONTINUED)

PRIMARY BOND MARKET ACTIVITY
JANUARY- DECEMBER 2005

PERIOD ISSUED	BORROWER	(FACE VALUE) $MN	PERIOD TO MATURITY	INTEREST RATE	PLACEMENT TYPE
October	Cave Shepherd & Co. Joint Venture	BD$20.40	10 yrs.	Fixed rate 7.15% p.a	Private
	Cave Shepherd & Co. Joint Venture	BD$15.00	12yrs.	Fixed rate 7.25% p.a	Private
November	Home Mortgage Bank	46.82	8 yrs.	Tax Free Fixed rate 6.75% p.a	Private
	Home Mortgage Bank	80.00	8 yrs.	Tax Free Fixed rate 6.75% p.a	Private
December	National Housing Authority	136.00	25 yrs.	Fixed rate of 7.75%	Auction
	Guardian Holdings Limited	US$27.00	5 yrs.	3 Month LIBOR + 2.00%, 1st 3 months, LIBOR + 2.75% after.	Private
	Electrical Industries Limited	US$6.00	5 yrs.	Fixed rate of 6.50%	Private
	Gulf City Limited	50.00	10 yrs.	Fixed rate of 7.25%	Private
	Gulf City Limited	70.00	15 yrs.	Fixed rate of 7.75%	Private

CHART 14

Mutual Funds - Aggregate Fund Values and Commercial Banks' Deposits



CHAPTER NINE

INTERNATIONAL TRADE AND PAYMENTS

INTERNATIONAL TRADE AND PAYMENTS

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

BALANCE OF PAYMENTS

Trinidad and Tobago's balance of payments surplus more than doubled to $1,893 million (13.2 percent of GDP) in 2005, on the strength of high oil prices and the robust performance of the energy sector. This brought the year-end level of gross official reserves, net of balances in the Revenue Stabilization Fund (RSF) to $4.0 billion, equivalent to 7.9 months of prospective imports of goods and non-factor services. The surplus on the external current account increased significantly reflecting net earnings on the merchandise account of over $2.5 billion. In contrast, the capital account recorded a deficit as outflows linked to regional bond issues reached an estimated $0.2 billion and investments abroad by domestic firms increased.

Current Account

Following a surplus of 13.4 percent of GDP in 2004, the external current account posted an estimated surplus of $2,672.3 million or 18.5 percent of GDP in 2005. Total exports increased by 38 percent, mainly on account of higher prices for energy exports as well as increased volumes. Mineral fuels and lubricants earned $5,729 million compared with $3,860 in 2004, as international crude oil prices rose by 34.1 percent. Other products exhibiting strong export growth were chemicals and manufactured goods. In the case of the former exports grew by $400.4 million to $1,922 million as ammonia, urea and methanol enjoyed higher prices on world markets, while exports of manufactured goods increased from $575.2 million in 2004 to $591.6 million.

Merchandise imports amounted to $6,186 million in 2005, exceeding the 2004 level by 26.4 percent. Reflecting the rapid pace of ongoing infrastructural development the country's imports of capital goods rose by $204.1 million to $2,000 million, while imports of mineral fuels and lubricants claimed $1,981.9 million in 2005.

Capital Account

In contrast to the positive performance on current account, the capital account recorded a deficit of $306.4 million (2.1 percent of GDP) with investments in regional bond issues accounting for $240.5 million in outflows. On a net basis there was a reduction in foreign direct investment inflows in 2005. With the winding down of major investment projects such as the Atlantic LNG Train IV facility and the Methanol 5000 project, direct investment inflows fell by $61 million to $940 million while outflows increased to $341 million. During the year commercial banks' strengthened their net foreign position by $57.6 million, but this was below the increase of $524.3 million achieved in 2004.

On official capital transactions the country registered a deficit of $69.9 million, compared with $202.7 million in 2004. The only inflows recorded were $22 million in central government borrowing from the multilateral institutions while principal repayments on existing external debt decreased from $226 million in 2004 to $92 million. With interest payments amounting to $93.5 million, total debt service was $185.7 million, which translated into a debt service ratio of 2.5 percent compared with 4.7 percent in 2004.

Trinidad and Tobago's gross foreign assets amounted to $6,217.1 million at the end of December, a year-to-year increase of $2,007.9 million. Net foreign reserves at year's end stood at $5,244.4 million, $1,795 million above the December 2004 figure. This reflected an increase of $1,892.8 million in the Central Banks' net international reserves and a decrease of $97.8 million in the net foreign position of commercial banks.

CHART 15

Gross Official Reserves and Import Cover

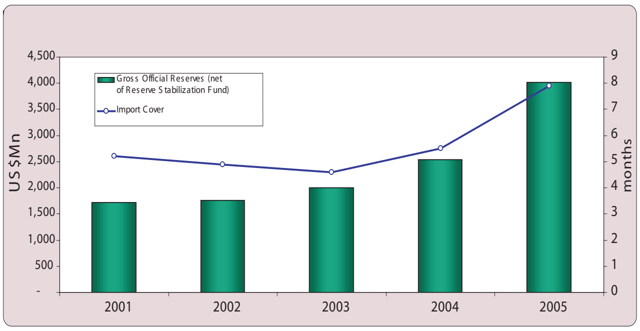


TABLE 19

SUMMARY BALANCE OF PAYMENTS, 2001 – 2005
/US$ MILLION/

BORROWER	2001	2002	2003	2004	2005e
Current Account	**445.8**	**76.4**	**984.7**	**1,647.1**	**2,672.3**
Merchandise	718.1	237.7	1,293.2	1,508.7	2,647.7
Services	233.6	264.0	313.8	479.5	526.5
Income	-539.3	-479.8	-680.9	-397.3	-554.4
Transfers	33.4	54.5	58.6	56.2	52.5
Capital Account	**428.1**	**328.7**	**-505.7**	**-789.0**	**-306.4**
Official	-34.7	-50.8	-63.5	-202.7	-69.9
State Enterprises	-14.7	-10.2	-10.2	-10.7	-10.7
Private Sector	477.5	389.7	-432.0	-575.6	-225.8
Errors and Omissions	**-403.3**	**-356.2**	**-144.8**	**-123.1**	**-472.9**
Overall Surplus / Deficit	**470.6**	**48.9**	**334.2**	**735.0**	**1,893.0**
Change in Reserves					
Increase (-) / decrease (+)	**-470.6**	**-48.9**	**-334.2**	**-735.0**	**-1,893.0**
Exports: Non-energy	**918.0**	**1,046.0**	**962.0**	**1,260.0**	**1,242.0**
Energy	**3,386.0**	**2,874.0**	**4,244.0**	**5,143.0**	**7,592.0**
Gross Official Reserves	**1,876.0**	**1,923.6**	**2,257.8**	**2,993.0**	**4,885.7**
Import Cover (months)	**5.6**	**5.5**	**5.4**	**6.9**	**8.6**

Source: Central Bank of Trinidad and Tobago
e - estimate

EFFECTIVE EXCHANGE RATES

BOX 5

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.

Trade-weighted Real Effective Exchange Rate (TWREER)

In 2005 the trade-weighted real effective exchange rate appreciated by 2 percent, completely offsetting the depreciation of similar magnitude in 2004. The reversal was largely attributable to Trinidad and Tobago's relatively higher rate of inflation in 2005 compared to inflation in trading partner countries.

Inflation Effect

According to the trade-weighted effective inflation rate (TWEIR) index Trinidad and Tobago's inflation rate was on average 2.2 percent higher than the weighted average inflation rates of the country's major trading partners in 2005. Domestic inflation, which measured 3.8 percent and 3.7 percent in 2003 and 2004, respectively, accelerated to 6.9 percent. There was a general upward trend in the inflation rates of the country's major trading partners in 2005 partly as a result of the soaring energy prices.

Exchange Rate Effect

The nominal effective exchange rate index indicated that there was some marginal depreciation of the TT dollar in 2005, but not enough to offset the effects of inflation on the real effective exchange rate. Although holding relatively steady against the US dollar which in turn performed strongly against the Euro, Pound Sterling and the Yen, the TT dollar depreciated indirectly against the Canadian dollar and the Brazilian real in 2005.

CHART 16

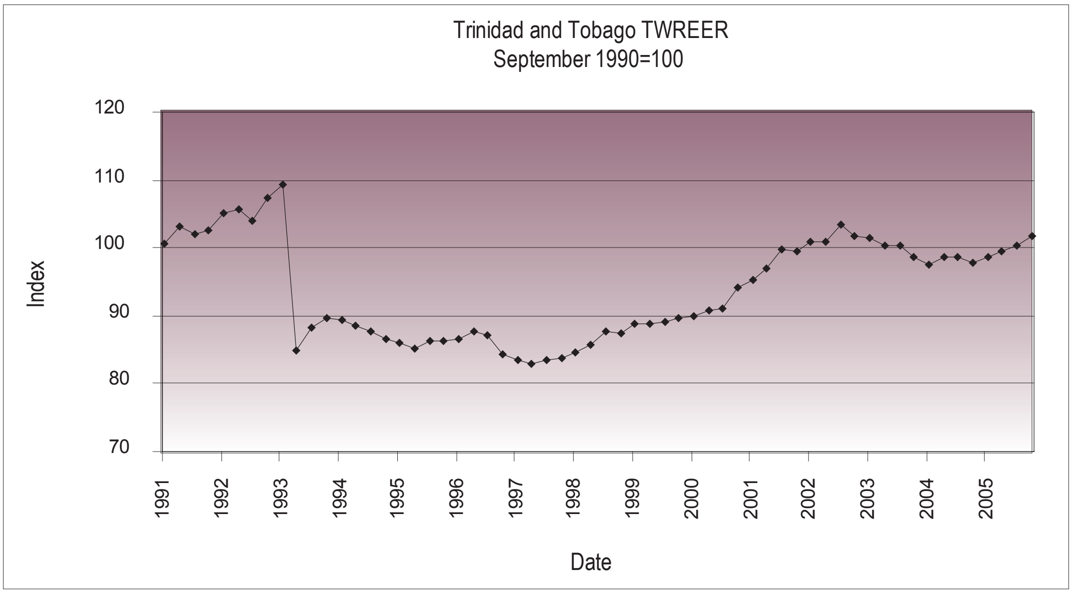


TABLE 20

EFFECTIVE EXCHANGE RATES
2001 - 2005

	TRADE-WEIGHTED		EXPORT-WEIGHTED		EFFECTIVE INFLATION RATE	
	TWREER	TWNEER	XWREER	XWNEER	TRADE-WEIGHTED	EXPORT-WEIGHTED
			INDEX (1990=100)			
2001	97.75	152.07	93.64	112.40	64.28	83.31
2002	101.50	156.40	96.97	115.83	64.90	83.73
2003 r	100.13	155.06	96.85	117.11	64.58	82.70
2004 r	98.10	152.30	95.24	116.94	64.41	81.45
2005	100.03	151.98	97.23	117.61	65.82	82.67
			PERCENTAGE CHANGES			
2001	6.86	4.63	5.74	3.71	2.13	1.96
2002	3.83	2.84	3.55	3.05	0.97	0.50
2003r	-1.35	-0.86	-0.12	1.11	-0.50	-1.22
2004r	-2.03	-1.78	-1.67	-0.14	-0.25	-1.52
2005	1.97	-0.21	2.09	0.57	2.18	1.50

Source: Central Bank of Trinidad and Tobago.

BOX 6

MEASURES OF COMPETITIVENESS FOR TRINIDAD AND TOBAGO

A. Defining Competitiveness

Competitiveness is a multifaceted concept which encompasses both price and non-price elements. One of the more popular definitions of competitiveness in widespread usage is that developed by the OECD. This definition regards competitiveness as "the degree to which a country could, under free and fair market conditions, produce goods and services which meet the test of international markets while simultaneously maintaining and expanding the real income of its people over the longer term" (OECD 1997) . Given the very complex and elusive nature of this phenomenon, it is difficult to rely on any single measure to analyze a country's competitiveness. Most countries, therefore attempt to gauge competitiveness by using a combination of price and non-price measures.

B. Central Bank's Measures of Competitiveness for Trinidad and Tobago

The Central Bank utilizes three quantitative indicators to measure competitiveness in Trinidad and Tobago.

(a) Real Effective Exchange Rate Index

The first and most widely utilized measure is the real effective exchange rates (REER) index, which the Bank bas been producing since the early 1980s. This measure is computed by deflating the nominal effective exchange rate (NEER) index by an index of relative prices (the effective inflation rate, (EIR). The NEER reflects the value of the home country's currency relative to the weighted average value of the currencies of the country's major trading partners, with reference to a specific base period. The EIR measures domestic inflation rates relative to those of the major trading partners. Using simple mathematical notation, this index can be represented as follows:

$$\text{REER}_t = \frac{NEER_t}{EIR_t}, \textit{where t represents the current time period.}$$

The construction of the REER index allows for changes to be decomposed into two effects, namely, an exchange rate effect which is measured by the NEER and an inflation effect which is measured by the EIR. An increase in the index indicates a loss of competitiveness while a decrease indicates a gain. The Bank has refined this measure over the years and now compiles two real effective exchange rate indices – **the trade weighted real effective exchange rate (TWREER) index and the export-weighted real effective exchange rate (XWREER) index.** The TWREER uses a weighting system that is based on total trade flows (i.e. both exports and imports between Trinidad and Tobago and its major trading partners) while the XWREER is

Reprinted in the National Competitiveness Council (1998), Annual Competitiveness Report.
Website: www.forfas.ie/ncc/reports/ncc.ann1.

based solely on export weights. While the general trends are the same for both indices, the TWREER index is the more common indicator reported by the Bank.

(b) Terms of Trade Index

The second major indicator of competitiveness is the terms of trade (TOT) index. This index is computed as the ratio of export prices to import prices. It iis calculated by dividing average export prices by average import prices and can be represented algebraically as follows:

$$\mathrm{TOT}_t = \frac{P_t^x}{P_t^m} \text{, where } t \text{ represents the current time period.}$$

Where P_t^x and P_t^m represent the average unit value of exports and imports, respectively at time t while TOT refers to the terms of trade. An increase in the index, ceteris paribus, suggests an improvement in the term-of-trade (an increase in international competitiveness), meaning that fewer exports are needed to pay for a given volume of imports. The converse is true for a decrease in the ratio.

(c) Unit Labour Cost Index

The third indicator is based on the unit labour cost (ULC) measure, which gives an indication of cost pressures in a given sector or economy. More specifically, this index can be defined as the ratio of labour compensation to labour productivity (output per man hour). In calculating ULCs, labour compensation was gauged by using an index of real average weekly earnings while productivity was measured by an index of domestic production divided by an index of hours worked. In the case of Trinidad and Tobago, these input indices are computed quarterly by the Central Statistical Office.

The relative unit labour cost (RULC) index is calculated as a ratio of the unit labour cost index of Trinidad and Tobago to a geometric weighted average of the unit labour cost indices of Trinidad and Tobago jth trading partners, all in terms of a common currency (US dollar) at time t. The weights used are the total trade weights from the REER measure. The formulation is represented algebraically as follows:

$$\mathrm{RULC}_t = \frac{ULC_{TTt}}{\prod^{n} {ULC_{jt}}^{w_j}}$$

Where ULC_{jt} is the unit labour cost index of the jth trading partner; ULCTT is the unit labour cost index for Trinidad and Tobago; w_j represents weights for the jth partner countries

BOX 6 (CONTINUED)
MEASURES OF COMPETITIVENESS FOR TRINIDAD AND TOBAGO

and RULCTT is the relative unit cost labour index for Trinidad and Tobago. The RULCTT index carries a base period equal to the average of the four quarters of 1995. An increase in th index indicates a loss of competitiveness relative to trading partners while a decrease represents a gain in competitiveness.

C. The World Economic Forum Measures of Competitiveness

Whereas the Central Bank's indicators capture more or less the price and cost elements of competitiveness, the Bank is also mindful about the qualitative aspects of competitiveness. The World Economic Forum (WEF) utilizes a number of non-price indicators to compile two composite measures of competitiveness: the growth competitiveness index (GCI) and the business competitiveness index (BCI). These non-price measures are published in the WEF's Global Competitiveness Report and are utiliseed to rank countries.

The GCI measures the capacity of the national economy to achieve sustained economic growth over the medium term and is based on indicators of technological capacity, the quality of public institutions and the quality of the macroeconomic environment. The BCI index, which is based on Porter's "Diamond framework of competitiveness", concentrates on the microeconomic aspects of competitiveness and utilizes as key indicators, company sophistication and the quality of the business environment.

D. Main Results from the Competitiveness Measures

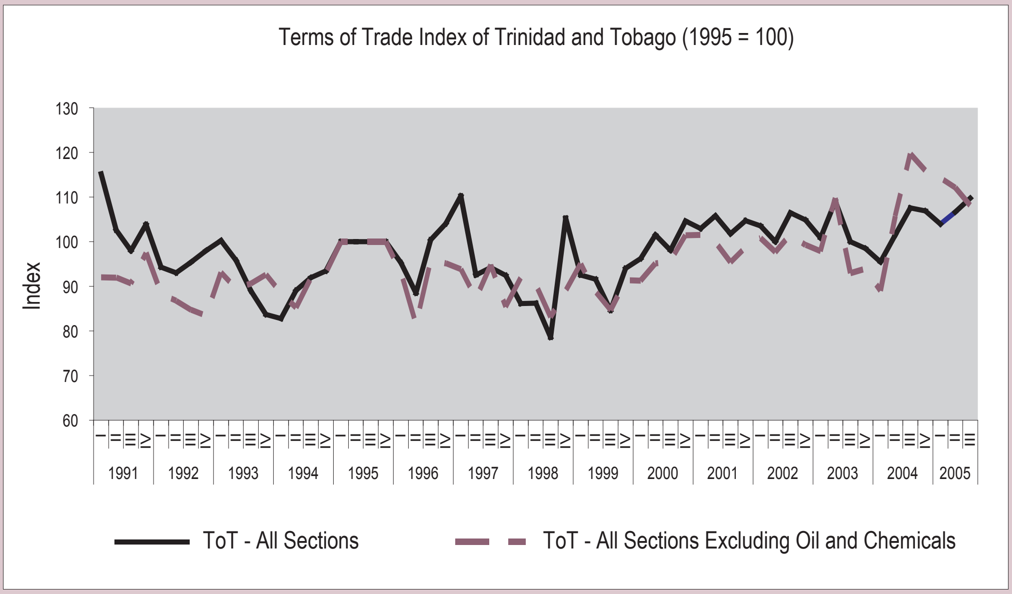
(i) Movements in the Terms-of-Trade Index, 1991 to 3rd Qtr, 2005

The terms of trade index for Trinidad and Tobago has displayed much greater volatility over the period 1991 to 2005 reflecting the fluctuation in the prices of the country's major exports in international markets (Table A). Since 2003, there has been a sharp improvement in the terms of trade following favourable energy prices in international markets (Chart A).

(ii) Movements in the RULC Index, 1991 to 3rd Quarter 2005

The real ULC index exhibited favourable movements in terms of Trinidad and Tobago's cost competitiveness as it trended downward over the reference period. The productivity component of the index, which increased more than five-fold from 1991, exerted significant influence on the overall trend and this was, to a large extent, due to the phenomenal increase in domestic production.

CHART A



(iii) Results from the WEF Global Competitiveness Report

The Global Competitiveness Report for 2005, which ranks 117 countries based on the GCI and BCI measures, indicates some slippage in Trinidad and Tobago's level of competitiveness. In 2005, Trinidad and Tobago's ranking in the GCI index slipped to 60th in 2005, from 51st and 49th in 2004 and 2003, respectively. While there was an improvement in the performance on the macroeconomic indicators in 2005 relative to 2004, the loss of competitiveness as measured by the GCI index emanated primarily from a fall in both the indices for technology and the quality of public institutions. With regard to the BCI index, Trinidad and Tobago slipped in the rankings to 65th place in 2005 from 59th in 2004. The fall was due to declines in the indices measuring company sophistication and the quality of the business environment (Table B).

BOX 6 (CONTINUED)
MEASURES OF COMPETITIVENESS FOR TRINIDAD AND TOBAGO

TABLE A

IMPORT PRICE, EXPORT PRICE AND TERMS OF TRADE INDICES (1995=100)
ALL SECTIONS

YEAR	QUARTER	IMPORT PRICE INDEX	EXPORT PRICE INDEX	TERMS OF TRADE INDEX
2000	I	116.07	111.64	96.19
	II	107.63	109.25	101.50
	III	110.42	108.24	98.03
	IV	104.87	109.70	104.61
2001	I	104.23	107.32	102.96
	II	104.58	110.66	105.82
	III	108.57	110.52	101.80
	IV	105.12	110.09	104.73
2002	I	106.31	110.03	103.50
	II	107.22	107.20	99.98
	III	103.55	110.22	106.44
	IV	106.98	112.24	104.91
2003	I	108.19	109.13	100.87
	II	105.20	114.74	109.07
	III	113.06	113.06	100.01
	IV	115.24	113.50	98.49
2004	I	123.20	117.60	95.45
	II	112.96	114.70	101.54
	III	116.60	125.40	107.55
	IV	121.10	129.40	106.85
2005	I	122.40	127.23	103.95
	II	124.16	132.42	106.65
	III	130.40	143.15	109.77

Source: Central Statistical Office.

BOX 6 (CONTINUED)
MEASURES OF COMPETITIVENESS FOR TRINIDAD AND TOBAGO

CHART B: REAL UNIT LABOUR COST (RULC) INDEX)

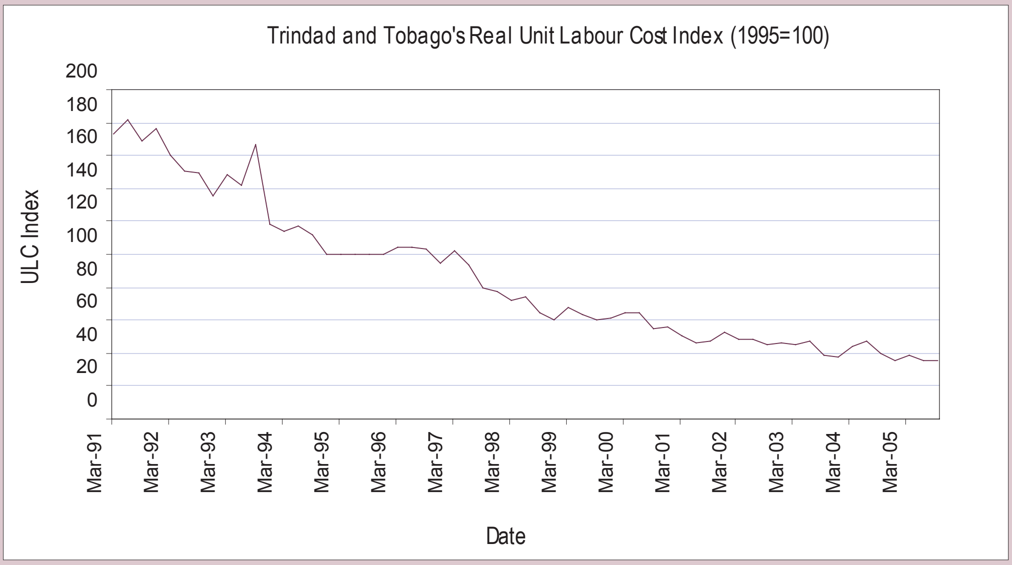


TABLE B

RANKING OF TRINIDAD AND TOBAGO USING WORLD ECONOMIC FORUM'S GCI AND BCI COMPETITIVENESS INDICES

	GCI	Technology Index	Public Institutions	Macroeconomic Environment	BCI	Company Sophistication	Business Environment
2001	38/75	52	35	25	31/75	27	38
2002	42/80	43	43	41	44/80	44	44
2003	49/102	47	56	47	53/102	54	53
2004	51/104	54	64	44	59/103	55	62
2005	60/117	62	83	40	65/116	62	63

Source: Global Competitiveness Report, Several Issues.

APPENDIX ONE

INTERNATIONAL ECONOMIC DEVELOPMENTS

INTERNATIONAL ECONOMIC DEVELOPMENTS

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

LATIN AMERICA AND CARIBBEAN

In 2005, the Latin American and Caribbean region is estimated to have grown by 4.3 percent, the third consecutive year of expansion following growth of 5.9 percent in 2004. The positive performance was influenced by strong domestic demand and favourable conditions in the world economy. In general, the rise in global commodity prices, fuelled especially by the appetite of high-growth economies such as China and India, impacted positively on the export revenues of some countries within the region. However, countries largely dependent upon commodity exports experienced some challenges following a sequence of adverse weather conditions, as well as declining tourism and agricultural production.

The Mexican economy expanded by an estimated 3 percent in 2005, below initial projections of 3.5 percent but well above the rate 1.4 percent in the previous year. Key factors influencing the lower-than-projected performance was the impact of a particularly disruptive hurricane season on the country's key economic sectors including tourism, agriculture, and oil exports, and sluggish US demand, which adversely affected the Mexican auto industry. Total exports rose by 19 percent year-on-year to December 2005, with manufacturing exports rising by 17.4 percent over the same period. Meanwhile, the year-on-year rise in total imports measured 13.8 percent. Mexico's consumer price index (CPI) fell to a single-year low of 3.33 percent in 2005. Although a laudable achievement -given the country's history of high inflation- the rate was above the 3.00 percent target of the central bank, and represented a significant rise from the 2.91 percent year-on-year in November 2005.

Following a rebound in its economic performance in 2004, the Venezuelan economy grew by 9.4 percent in 2005 compared with growth of 17.9 percent a year earlier. Much of the stimulus came from a 38 percent rise in government spending including increased subsidies to the indigent. In 2005, Venezuela's oil industry experienced sluggish growth of 1.2 percent compared with non-oil GDP growth of 10.3 percent. The construction sector grew by 20.1 percent, while manufacturing expanded by 8.7 percent. Developments in the external sector were positive in 2005, with Venezuela recording an expanded surplus on its current account, which rose to $24.4 billion, up from the $13.8 billion registered in 2004. Exports rose by 43 percent (of which oil exports increased 51 percent), while imports increased by 45 percent over imports in 2004. Despite the robust expansion of the Venezuelan economy in 2005, inflation continued to abate, falling to a rate of 14.4 percent from 19.2 percent in 2004. The Venezuelan authorities have credited the disinflation largely to a combination of price and currency controls, monetary policy, increased production, as well as mechanisms for distributing basic goods at low cost. Consistent with these macroeconomic developments, Venezuela's long-term sovereign credit rating was raised on February 03 2006, by Standard & Poor's Ratings Services (S&P) to "BB-" with a stable outlook from "B+". The improved rating was prompted by Venezuela's improved debt dynamics, including its higher foreign exchange reserves and declining external debt levels.

In 2005, the Brazilian economy recorded a mixed performance in terms of its key macroeconomic fundamentals. Preliminary estimates by the UN Economic Commission for Latin America and the Caribbean (ECLAC) indicated that the Brazilian economy expanded by 2.5 percent in 2005, which was about the growth recorded in the previous year. Meanwhile, the external sector continued to expand rapidly. For the third successive year, Brazil recorded a current account surplus of $14.2 billion, which was 21 percent higher than the $11.7 billion surplus in 2004. This was largely a result of a huge trade surplus of $44.8 billion (up from $33.4 billion in 2004) which accounted for approximately 1.8 percent of GDP, down slightly from 1.9 percent of GDP in 2004. Foreign direct investment (FDI) which totalled $15.2 billion in 2005 also impacted positively on Brazil's external account, albeit lower than FDI totalling US$18.2 billion in 2004. Brazil's growth was accompanied by an inflation rate of 5.7 percent, marginally above the 5.1 percent target set by the Central Bank of Brazil in 2005.

The Barbadian economy grew by an estimated 4.1 percent in 2005, slightly below growth of 4.8 percent in 2004. Growth was fuelled primarily by the non-traded sectors, particularly construction and the wholesale and retail trades. Construction activity led the performance of the non-traded sector, which expanded by 17.6 percent following increased investment in Barbados's tourism industry, preparations for the Cricket World Cup 2007 and other private and public real estate ventures. Meanwhile, the wholesale and retail industry recorded growth of about 5 percent, while business and other services grew by 4.6 percent. Following two years of exceptional growth (which averaged 8.1 percent) tourism value-added fell by an estimated 4.2 percent in 2005.

An increase in exports was insufficient to offset the growth in imports which resulted in a widening external current account deficit of BD$778.9 million (12.6 percent of GDP). This represented a deterioration of BD$105.5 million from the 2004 deficit. However, the external current account deficit was fully offset by higher capital and financial inflows (mainly for private-sector related projects and the proceeds from an international bond issue), leading to a BD$47.4 million increase in net international reserves. The upward trend in imports is reflective of strengthening consumer demand, which was previously fuelled by low real interest rates. This prompted the Central Bank of Barbados to raise the minimum deposit rate four times from 2.25 percent in April 2005 to 4.75 percent in early November. In the twelve months to September 2005, the inflation rate was approximately 7.1 percent, compared with 1.9 percent at the end of September 2004.

In February 2006, Standard and Poor's Ratings Services (S&P) left Barbados's long-term foreign currency ratings unchanged at "BBB+". The rating is based on S&P's projected performance for the Barbadian economy in 2006.

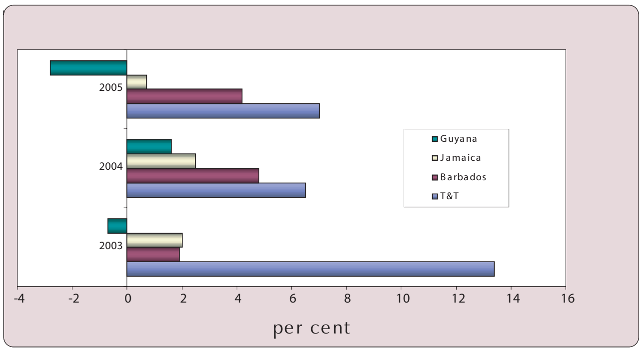
The Jamaican economy registered an estimated expansion of 2 percent year-on-year to December 2005, despite adverse weather conditions which constrained overall economic performance in the primary export sector. These conditions led to a 10 percent year-on-year contraction in domestic agriculture and a similar fall in agricultural exports with the sugar cane industry declining by 6.4 percent.

The passage of hurricanes Dennis and Emily during the third quarter of 2005, is estimated to have cost Jamaica almost Ja$6 billion and severely affected economic activity. This, together with the increases in international oil prices contributed to higher than anticipated levels of inflation. Year-on-year in October headline inflation in Jamaica measured 15.9 percent, 3.6 percentage points above that of October 2004. The major factors influencing inflation included domestic agriculture supply constraints and the pass-through effect of higher oil prices.

Jamaica's external current account deficit narrowed by $4.9 million to $70.4 million in September 2005 from a year earlier. The improvement reflected expansions of $28.5 million and $7.7 million in the surplus on the services and current transfers accounts, respectively. These changes were partly offset by increases totalling $22.3 million and $9 million in the deficits on the merchandise trade and income accounts, respectively. Within the financial account, net private investment inflows were sufficient to finance net official investment outflows, as well as the deficits on the current and capital accounts. Against this backdrop, there was a build up of $1.5 million in the net international reserves of the Bank of Jamaica in September 2005.

CHART 17

Growth Rates - Selected Caribbean Economies



In January 2005, Standard & Poor's Ratings Services (S&P) maintained its 'B' long- and short-term sovereign credit ratings for Jamaica and affirmed that the outlook for the country remains "stable."

COMMODITIES

Petroleum

In 2005, the international petroleum market remained buoyant as prices continued along an upward trend reflecting refinery capacity constraints, investor speculation, demand growth and supply disruptions. Crude oil prices (West Texas Intermediate, WTI) averaged $56.53/bbl during 2005, an increase of 36.3 percent from the previous year. WTI prices reached a high of $70.85/bbl on August 30, 2005 prompting concerns of a build-up in inflationary pressures and a possible derailment of world economic growth.

Tighter product specifications for gasoline and diesel combined with refinery outages in the United States helped to ensure that WTI prices remained high throughout 2005. Crude oil prices averaged $49.65/bbl during the first quarter as colder than normal temperatures hit the northern hemisphere during the months of February and March, which increased the demand for heating oil. As a result, US refiners recorded their highest first quarter utilization rates (91.7 percent) in 7 years. Despite the increase in refinery utilization rates and the highest level of inventories recorded since 1999, prices continued to rise, averaging $53.24/bbl in the second quarter on account of persistent refinery outages. Hurricane-related disruptions pushed prices to $63.06/bbl in the third quarter. However, as inventories rose and some semblance of normal production levels resumed in the US, prices moderated to average $60.17 in the fourth quarter.

Oil Demand

World oil demand rose an estimated 1.1 million barrels of oil per day (bopd) to 83.3 million bopd during 2005. This outturn was lower than initial growth estimates of 1.8 million bopd as hurricane related disruptions, mild winter weather in the US coupled with slower demand growth in China, served to restrain oil demand growth.[3] Moderate demand in the Organization for Economic Cooperation and Development (OECD) countries allowed world crude inventories there to build to close to 56 days of forward demand cover.

Oil Supply

World oil supply totalled 84.1 million bopd, consisting of 50.1 million bopd from non-OPEC suppliers and a call on OPEC crude of 29.2 million bopd. Supply side factors, both real and inferred, accounted for the majority of the observed price movements in 2005. Some of these factors included: inventory levels, refinery outages, geopolitics and adverse weather patterns. Although concerns surrounding OPEC spare production capacity, the security of supplies in the Middle East and Nigeria and declining North Sea production remained in 2005, they were not as prominent as in the previous year. Instead, both the incidence and the impact of natural disasters affected significantly crude oil and petroleum product prices. Offshore (rigs, platforms and pipelines) and onshore (processing plants) oil infrastructure in the US Gulf Coast suffered considerable damage from successive hurricanes, Katrina and Rita. At the beginning of January 2006, some 27.4 percent of normal daily oil production in the Gulf of Mexico and approximately 19.5 percent of natural gas production remained shut-in because of this. Their significance lay in the permanent loss of oil infrastructure as 108 low-producing oil and gas platforms which were destroyed were unlikely to be rebuilt and repairs to the remaining oil infrastructure will not be complete until the second quarter of 2006.

In response to supply disruptions, the International Energy Agency agreed to release 60 million barrels (2 million bopd) of petroleum and petroleum products to the US for 30 days. As part of the agreement, the US offered 30 million barrels of oil from its Strategic Petroleum Reserve (SPR) for sale, but only 11 million barrels were sold. Saudi Arabia also lowered its prices for heavy and medium crude to the US and Europe in response to Katrina.

In the Middle East, Iraq's production continued to suffer from inadequate infrastructure maintenance and security problems, while in neighbouring Iran, the administration's flirtation with a nuclear energy programme added a risk premium to the market. In Saudi Arabia, the death of King Fahd, the country's ruler ushered in a new era. However, the country's oil policy is likely to remain unchanged.

OPEC

During 2005, it became evident that OPEC lost the ability to influence prices, as most members were producing at or near full capacity. Pronouncements by the group were therefore met with minimal reactions by the market. Throughout the year, OPEC continued to maintain that the market was adequately supplied and that market psychology and the shortage of refinery capacity in the US were responsible for the high prices to consumers. In January, OPEC decided to leave its production quota unchanged at 27 million bopd, but

[3]The slowing of Chinese demand was attributable to:- (i) an increase in the use of coal-fired power generation plants, and (ii) the reluctance of refiners to import significant amounts of crude as refinery margins plummeted in light of government price ceilings on petroleum products sold on the domestic market.

this was subsequently raised by 1 million bopd in June. On December 12 in Kuwait, OPEC agreed to leave its ceiling of 28 million bopd unchanged and to strictly observe quota levels. After no country accessed the extra 2 million bopd offered to the market at the last OPEC meeting, a decision was taken not to renew the offer upon its expiration on December 31, 2005. At the end of 2005, OPEC contended that supply exceeded demand and a cut in production levels would be possible in the second quarter of 2006. This would inhibit oil prices falling for any sustained period as domestic political considerations and spending requirements in various OPEC countries required certain revenue flows.

Natural Gas

The international natural gas market has been tight for the last two years as it moved from a buyer's to more of a seller's market. However in 2005, the market experienced one of the most capricious years in its history. The main reason for the accelerated rise in natural gas prices was the conditions which prevailed in the petroleum market coupled with strong economic growth in the US. High crude oil prices motivated industrial consumers and households to switch fuels in an attempt to minimize energy costs. As a result, there was increased demand for natural gas for power generation and heating. After averaging between $3/mmbtu and $6/mmbtu over the past five years, natural gas prices reached historic highs, surpassing $15/mmbtu in December. Natural gas prices averaged $8.87/mmbtu at the Henry Hub during 2005, an increase of 48.8 percent from the previous year.

During the first quarter of 2005, natural gas prices averaged US$6.41/mmbtu. Warmer than average temperatures in the North-eastern US early in the quarter resulted in lower than expected withdrawals from storage facilities. At the end of March, storage levels amounted to 1.2 trillion cubic feet, 200 billion cubic feet more than at the same juncture a year earlier. However, as the weather grew colder and oil prices firmed further during the quarter, natural gas demand and prices trended upwards.

Natural gas prices averaged $6.94/mmbtu at the Henry Hub during the period April to June 2005. The first storm of the hurricane season, (Tropical Storm Arlene) together with subsequent weather systems led to both gas and oil shut-ins in the Gulf of Mexico. Although, the shut-ins were minimal they contributed to the strengthening of the natural gas market. Weekly fluctuations in natural gas inventory levels in the United States also contributed to firmer gas prices. As in the crude oil market, speculation was building that natural gas prices were being driven by non-commercial participants and commercial hedgers. During the third quarter of 2005, natural gas prices averaged $9.88/mmbtu. Prices rose consistently in the US since June 2005 because of an increased demand from power generators who were facing elevated demand for air conditioning. Hurricanes Katrina and Rita in August and September respectively, served only to increase the pace of these price increases. Natural gas prices averaged $12.22 in the fourth quarter because of these production outages in the Gulf, peaking at $14.50/mmtbu in October. The main trading hub – the Henry Hub in Louisiana - was still only partially operational in October. A hurricane damage report indicated that 1.95 bcf/d of natural gas remained shut-in at the end of 2005. Inventory levels at approximately 2.6 trillion cubic feet, while lower than 2004 levels, were slightly above five-year averages.

Liquefied Natural Gas

The trade in LNG in the Atlantic Basin during 2005 was brisk as the US sought to address gas demand and supply imbalances. Despite the increase in domestic drilling activity in the US, the country's natural gas imports continued to grow. The US imported 521.1 billion cubic feet during the first ten months of 2005, a decrease of 12 percent from levels prevailing a year earlier. This was on account of the damage to the onshore infrastructure in the wake of Hurricane Katrina. Trinidad and Tobago maintained its position as the main supplier of LNG to the US, accounting for 72 percent of total imports into that country. However, there was some diversification of supplies to the US market, with shipments coming from Nigeria, Oman, Qatar and Malaysia. This was in keeping with rising gas export capacity mainly from North Africa.

A number of proposals were also received to build import terminals in the US. However, environmentalists ensured that the majority of the applications were turned down, which led to approvals for offshore terminals being sought instead. On an international level, a number of new LNG terminals were commissioned to meet power generation requirements.

The LNG market remained tight heading into the northern hemisphere winter season. US regasification facilities have been operating at almost 50 percent below total capacity. Given the natural gas supply curtailments because of the hurricanes in the Gulf, the US will need additional gas supplies. Although gas storage levels were lower than a year earlier, inventories were still within their five-year averages. The US is now competing for LNG supplies in an already tight international spot market with countries such as Spain, France and the United Kingdom. Declining LNG production in Indonesia and unplanned outages in other Pacific region producers reduces the probability that shipments will be attracted to the US market unless a significant premium is paid.

In respect of broader developments in the international LNG industry, Qatar is becoming the major source of LNG for companies seeking to penetrate the North American market. In February, the Royal Dutch/Shell Group signed an agreement for the development of a large-scale LNG project called Qatargas 4. At a cost of $6 billion, the project includes gas producing facilities, a 7.5 million metric tonnes per annum (mtpa) LNG train and shipping facilities. ExxonMobil and ConocoPhillips are also building LNG trains in Qatar. Qatar should become the second largest producer of LNG behind Indonesia, supplying approximately 25 million mtpa.

Methanol

In 2005, the methanol market showed some improvement as rising natural gas prices exerted some upward pressure on methanol prices. Methanol was sold at an average price of $284.08 per tonne (fob Rotterdam), an increase of 7.4 percent from $264.50 per tonne in 2004. Despite this, there was an overall downward trend in methanol prices throughout the year.

Methanol supply and demand appeared to be relatively balanced during 2005. The decline in the production and use of the methanol derivative MTBE in the United States continued, as the threat to the future of this derivative intensified with the enactment of the new Energy Reform Bill in the US.[4] However, methanol demand for non-MTBE use in the US remained strong as in the previous year. In European markets, the trend for MTBE producers to switch to the production of ETBE, an ethanol based gasoline additive, in light of the tax incentive offered by the government resulted in falling demand for methanol. However, demand

[4] The new bill withdraws protection for blenders and producers of MTBE against liability under class action suits. It also withdraws the Federal Mandate for oxygenates in gasoline from the end of May 2006.

for methanol for other uses, such as acetic acid and formaldehyde, was relatively steady throughout the year. Asian markets slowed for most of the year, apart from an upturn in the fourth quarter as there was a revived interest from buyers in China and other regions.

On the supply side, a number of mechanical problems as well as routine turnarounds by several major producers limited production. Also, the exceptionally high natural gas prices in the US were a constraint for some US plants as it became less economical to maintain production levels. On the other hand, the addition of product from Atlas Methanol, which was commissioned in August 2004 in Trinidad and Tobago, helped to boost supply. Furthermore, the M5000 plant, the largest methanol plant in the world, was commissioned in Trinidad and Tobago in October 2005. This, together with several new producing facilities planned in countries in the Middle East and Australia, should put some downward pressure on prices going forward.

Nitrogenous Fertilizers

The international fertilizer market was tight throughout 2005 as supply had to be stretched somewhat to facilitate growing import demand. The United States, already the world's largest importer of ammonia, further increased demand for ammonia in the second half of the year as soaring natural gas prices forced a number of plants out of production. An estimated 2.5 million tonnes per year of ammonia capacity in the US was closed at the end of 2005 due to high gas prices, which resulted in a jump in US imports from some 7 million tonnes in 2004 to over 8 million tonnes in 2005. This, coupled with significant hikes in ammonia freight rates, led to large increases in international ammonia prices over the period.[5] A similar trend was observed in Northwest Europe, which led to the closure of a number of European ammonia plants. This was especially pronounced in the UK, where gas prices were the highest in the world in the fourth quarter of 2005.

Ammonia supply was very tight in 2005 as the US absorbed much of the spot material. In addition, supply was curtailed somewhat as technical and mechanical problems as well as routine maintenance temporarily put some plants out of commission in some areas including Algeria, Saudi Arabia and Southeast Asia. However during the year, new capacity came on stream in Oman and there was also a full year's production from Nitrogen 2000 in Trinidad and Tobago.

Ammonia prices were buoyant for most of the year, apart from a decline in January after a poor application season in the US. Following a seasonal decline in July-August, prices took a sharp upturn to reach a 30-year record high in the fourth quarter. Ammonia was sold at an average price of $280.73 per tonne (fob Caribbean), representing an increase of 11.2 percent over 2004. A lack of demand caused the urea market to be mostly lacklustre in 2005, apart from the month of April, where prices increased rapidly on the backdrop of a high demand. Despite these conditions, urea prices averaged $231.58 per tonne (fob Caribbean) 21.54 percent higher than in 2004.

IRON AND STEEL

Although the Chinese government continued to implement policies aimed at restricting production growth, output of iron and steel grew by 24.6 percent in 2005 which pushed up world production by 5.8 percent to an unprecedented 1.13 billion tonnes. China's iron and steel production accounted for 30.9 percent of

[5] The increases in freight rates arose as ship-owners were asking progressively higher rates to move vessels out of the lucrative LPG market and into ammonia. The need for traders to fix additional vessels for spot material to supplement their own shipping capability also had a part to play in the upsurge of ammonia freight rates.

this total. Most other regions registered declining output levels with few showing slight growth. However, the overall increase in production and relatively low demand pulled prices down during the year. Billets were sold at an average price of $333.82 per tonne, and wire rods at $398.03 per tonne, 9.7 percent and 13.1 percent lower than in 2004, respectively.

Over the period, demand for iron and steel products was falling across most markets. Prices were maintained during the first six months of the year due to buoyant raw material prices but falling demand coupled with a build up of stock in the second half of the year caused a fall off in prices. In China, demand has been strong but slowing. It became clear in 2005 that Chinese production was outstripping demand. In light of this, the Chinese government is intent on closing inefficient and uneconomic capacities and having several large companies control a greater share of output. Thus, Chinese steelmakers are looking to consolidation as a means of expansion as opposed to increasing physical output capability. This was the latest in a number of development policies undertaken by the Chinese government to conserve resources and limit expansion. The North American market was also characterized by weak demand in 2005. Falling demand from the automotive market coupled with inventory build-up were responsible for the falling prices as well as a 5.3 percent fall in the region's output. The European market was also beset by high inventories and low demand, resulting in a number of leading steelmakers cutting back production.

CHART 18

Prices of Selected Commodities

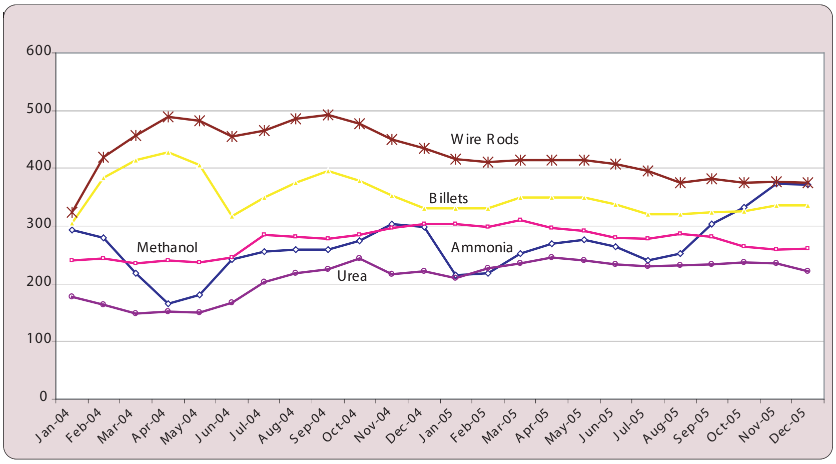


TABLE C

PRICES OF SELECTED COMMODITIES
(US$/TONNE)

FOR THE PERIOD	AMMONIA FOB CARIBBEAN	UREA FOB CARIBBEAN	METHANOL FOB ROTTERDAM	BILLETS FOB LATIN AMERICA	WIRE RODS FOB LATIN AMERICA
1997	161	136	187	222	295
1998	118	105	139	221	264
1999	91	82	109	177	226
2000	146	130	168	190	221
2001	138	114	203	171	221
2002	111	116	164	194	221
2003	201	157	257	245	278
2004	252	230	265	367	453
2005	281	232	284	334	396
2005					
Jan	215	209	304	330	416
Feb	219	226	298	330	410
Mar	252	235	310	350	415
Apr	269	245	296	350	415
May	277	241	291	350	415
Jun	264	234	280	338	407
Jul	240	231	278	320	395
Aug	252	231	286	320	375
Sep	304	234	282	324	375
Oct	332	236	265	325	375
Nov	373	235	259	335	377
Dec	372	222	260	335	375

SOURCE: Green Markets; Fertilizer Week; European Chemical News; Monthly Methanol Newsletter (TECNON); Metal Bulletin.
All prices are monthly averages of published quotations and not necessarily realized prices.

APPENDIX TWO

ECONOMIC STATISTICS

LIST OF TABLES A.1 - A.44

LIST OF TABLES A.1 - A.44

r - revised **n.a. - not available** **p - provisional**

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

TABLE A.1

GROSS DOMESTIC PRODUCT AT CONSTANT (2000) PRICES BY SECTOR OF ORIGIN, 2001 - 2005[1] / PERCENT /

SECTOR	2001R	2002R	2003R	2004R	2005P
Agriculture	8.7	8.7	-18.2	-21.1	-0.5
Petroleum	5.6	13.5	31.3	7.9	10.9
Manufacturing	9.8	3.8	4.2	9.5	8.6
Electricity and Water	4.1	8.7	2.7	4.4	5.3
Construction	10.3	-5.1	22.4	14.5	8.1
Transport, Storage and Communication	7.7	9.4	3.9	1.5	6.4
Distribution	-2.8	1.3	2.0	3.2	3.9
Finance, Insurance and Real Estate	0.8	11.5	7.3	9.7	0.5
Government	-1.5	3.7	-1.0	0.6	0.9
Other Services[2]	2.1	5.2	1.7	4.1	0.8
FISIM[3]	9.6	0.7	-9.6	-17.0	0.9
TOTAL	**4.2**	**7.9**	**13.4**	**6.5**	**7.0**

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, 2001 - 2005 / $MILLION /

SECTOR	2001[R]	2002[R]	2003[R]	2004[R]	2005[P]
Agriculture	707.6	787.2	713.1	784.2	708.0
Petroleum	15,558.8	14,765.0	22,808.8	28,562.8	38,819.0
Manufacturing	4,074.4	4,494.1	4,701.2	5,124.9	5,554.5
Electricity and Water	880.6	802.6	798.5	823.0	871.3
Construction	4,353.3	4,092.1	5,156.0	6,238.8	6,862.7
Transport, Storage and Communication	5,571.5	5,657.9	5,112.6	5,982.9	5,449.4
Distribution	8,724.3	9,286.7	9,901.9	10,623.5	11,442.5
Finance, Insurance and Real Estate	7,505.8	8,890.1	9,182.2	9,731.6	10,289.9
Government	4,714.1	4,332.9	5,560.0	5,717.7	6,473.1
Other Services[1]	2,854.1	2,967.8	3,489.3	3,456.5	4,128.8
Correction for Imputed Service Charge	-2,116.0	-2,187.3	-2,486.3	-3,017.6	-3,189.6
PLUS: Value Added Tax	2,178.7	2,400.9	2,364.3	2,864.0	3,045.0
GROSS DOMESTIC PRODUCT AT MARKET PRICES	**55,007.2**	**56,290.0**	**67,301.6**	**76,892.3**	**90,454.6**

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, 2001 - 2005 / PERCENT /

SECTOR	2001R	2002R	2003R	2004R	2005P
Agriculture	1.5	11.2	-9.4	10.0	-9.7
Petroleum	-3.2	-5.1	54.5	25.2	35.9
Manufacturing	12.4	10.3	4.6	9.0	8.4
Electricity and Water	-0.9	-8.9	-0.5	3.1	5.9
Construction	13.6	-6.0	26.0	21.0	10.0
Transport, Storage and Communication	26.3	1.6	-9.6	17.0	-8.9
Distribution	3.8	6.4	6.6	7.3	7.7
Finance, Insurance and Real Estate	2.7	18.4	3.3	6.0	5.7
Government	21.3	-8.1	28.3	2.8	13.2
Other Services[1]	17.1	4.0	17.6	-0.9	19.5
Correction for Imputed Service Charge	4.5	-3.4	-13.7	-21.4	-5.7
PLUS: Value Added Tax	7.5	10.2	-1.5	21.1	6.3
TOTAL	**7.1**	**2.3**	**19.6**	**14.3**	**17.6**

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, 2001 - 2005
/ PERCENT /

SECTOR	2001R	2002R	2003R	2004R	2005P
Agriculture	1.3	1.4	1.1	1.0	0.8
Petroleum	28.3	26.2	33.9	37.1	42.9
Manufacturing	7.4	8.0	7.0	6.7	6.1
Electricity and Water	1.6	1.4	1.2	1.1	1.0
Construction	7.9	7.3	7.7	8.1	7.6
Transport, Storage and Communication	10.1	10.1	7.6	7.8	6.0
Distribution	15.9	16.5	14.7	13.8	12.6
Finance, Insurance and Real Estate	13.6	15.8	13.6	12.7	11.4
Government	8.6	7.7	8.3	7.4	7.2
Other Services[1]	5.2	5.3	5.2	4.5	4.6
Correction for Imputed Service Charge	-3.8	-3.9	-3.7	-3.9	-3.5
PLUS: Value Added Tax	4.0	4.3	3.5	3.7	3.4
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, 2001- 2005

PRODUCTS	2001	2002	2003	2004	2005
SUGAR					
Cane Production (000 tonnes)					
Estates	497	598	364	83	92
Farmers	532	741	542	528	454
Production of raw sugar (000 tonnes)*	91	98	68	43	33
Production of refined sugar (000 tonnes)	47	45	55	42	36
Sales (000 tonnes)					
Exports	60	61	59	44	33
Local**	75	64	60	54	50
Estate Canes Reaped (hectare/acre)	10,311	10,366	8,234	2,232	8,425
Estate Canes Yield (tonnes/acre)	48	58	44	37	27
Conversion Factor (tonnes cane/ tonnes sugar)	11	13	13	15	15
COCOA (000 kgs)					
Production	649	1,722	912	1,321	na
Exports* * *	719	1,032	855	728	na
Local Sales* * *	44	571	81	65	na
COFFEE (000 kgs) * * *					
Production	406	247	586	109	na
Exports	0	13r	2	2	na
Local Sales	285	290	321	320	na
CITRUS (000 kgs) * * *					
Production	3,897	7,495	284	3,148	1,11.7
Exports	-	-	-	-	-

SOURCE: Central Statistical Office.

* Includes production of wash grey sugar.
** Data for 2001 to 2005 include the sale of imported sugar.
*** Includes data to 3rd Quarter 2005.

TABLE A.6

PRODUCTION OF SELECTED FOOD CROPS, 2001 - 2005
/ 000 KGS /

CROP	2001	2002	2003	2004	2005
Tomato	2,737	2,411	1,811	1,748	1,645
Cabbage	1,412	2,251	2,225	1,575	991
Cucumber	3,503	4,708	1,889	1,889	4,590
Dasheen	923	2,286	3,931	4,814	4,239
Rice	6,256	3,262	1,720	1,720	2,082
Pigeon Peas	785	1,642	1,487	1,487	954
Pumpkin	11,449	5,795	3,718	4,862	2,172
Melongene	947	1,856	2,976	2,976	2,232

SOURCE: Central Statistical Office.

TABLE A.7

LOCAL PRODUCTION AND IMPORTS OF SELECTED AGRICULTURAL PRODUCTS, 2001-2005

PRODUCTS	2001	2002	2003	2004	2005[p]
Total Meat Supply (000 kgs)	9,609	9,401	4,412	12,461	12,445
(excluding poultry)					
Production	2,883	3,810	1,803	3,236	3,109
Imports	6,726	5,591	2,609	9,225	9,336
Beef and Veal (000 kgs)	3,767	3,588	1,516	5,093	4,661
Production	823	848	426	707	619
Imports	2,944	2,740	1,090	4,386	4,042
Pork (000 kgs)	4,870	5,239	2,628	6,191	6,673
Production	2,039	2,935	1,370	2,513	2,472
Imports	2,831	2,304	1,258	3,678	4,201
Mutton (000 kgs)	972	574	268	1,177	1,111
Production	21	27	7	16	18
Imports	951	547	261	1,161	1,093
Broilers (000 birds)[1]	23,852	31,016	14,367	28,336[p]	28,049
Production					
Table Eggs (000 doz)[1]	5,022	5,542	2,390	5,582[p]	6,823
Production					
Milk (000 litres)	10,352	9,605	5,451	7,438	6,384
Production	10,352	9,605	5,451	7,438	6,384
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, 2001-2005

COMMODITY GROUP	2001	2002	2003	2004	2005
Crude Oil					
Exploration (meters)					
Depth Drilled	172,604	144,046	149,991	154,613	117,311
of which: Exploration	45,910	20,593	28,941	23,968	17,868
Production (000 barrels)					
Crude Oil and Condensates	41,469	47,824	49,117	44,985	52,740
of which: Condensates	5,117	4,746	6,100	5,677	na
Daily Average (b/d)	113,523	130,626	134,089	122,933	144,442
Imports (000 barrels)					
Crude Oil Imports	30,524	32,241	33,186	22,772	34,200
of which: u.p.a.	438	337	345	298	346
Refining (000 barrels)					
Refinery Throughput	55,978	54,801	54,512	47,838	60,088
Refinery Output	54,818	54,788	52,876	46,349p	55,219
Capacity Utilization (%)1	87.6	82.0	85.0	79.2	94.1
Exports (000 barrels)					
Crude Oil Exports	18,323	24,895	26,002	20,467	26,829e
Petroleum Products	na	na	39,057	48,095	55,219
Natural Gas (Mn cubic feet/day)					
Production	1,596.0	1,826.0	2,594.0	2,929.0	3,219
Utilization2	1,492.0	1,722.0	2,520.0	2,850.0	3,033
of which: Petrochemicals	661.0	693.8	731.1	817.9	944
Electricity Generation	193.3	219.2	230.1	239.4	246
LNG	450.0	858.2	1,364.0	1,566.5	1,585
Natural Gas Liquids					
(000 barrels)					
Production	7,531.3	8,607.6	10,505.1	10,686.8	9,889.4
Exports	7,666.0	8,766.9	10,236.1	10,183.5	10,413.2
Local Sales	0.0	0.0	0.0	0.0	55.3
Closing Stock	-134.7	159.3	269.0	503.3	222.6
Fertilizers (000 tonnes)					
Production	4,209.0	4,662.0	4,964.7	5,335.6	5,935.9
Exports	3,995.1	4,239.6	4,595.0	4,918.5	5,444.9
Local Sales	13.2	12.0	10.6	7.7	8.0
Stock Change	200.8	408.4	359.8	409.4	483.0
Methanol (000 tonnes)					
Production	2,788.9	2,828.7	2,845.7	3,418.4	4,694.8
Exports	2,807.9	2,787.7	2,868.0	3,344.4	4,618.0
Local Sales	17.3	19.2	17.1	21.6	19.4
Stock Change	-36.3	21.7	-39.4	52.4	57.4

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

1 Refinery capacity is estimated at 175,000 barrels per day from 1995.
2 Utilization refers to gas sales, and does not include natural gas used in own consumption.

TABLE A.9

PRODUCTION OF IRON AND STEEL PRODUCTS AND CEMENT, 2001 - 2005

COMMODITY	2001	2002	2003	2004	2005
Steel Products (000 tonnes)					
(i) Direct Reduced Iron					
Production	**2,187.4**	**2,316.3**	**2,275.0**	**2,336.5**	**2,055.0**
Exports	1,364.2	1,377.1	1,268.3	1,358.8	1,267.9
Local Sales	-	0.0	0.0	0.0	0.0
Own Consumption	725.5	903.2	978.9	888.0	785.1
(ii) Billets					
Production	**668.3**	**816.9**	**896.0**	**789.8**	**712.0**
Exports	14.8	0.0	0.0	0.0	0.0
Local Sales	63.5	87.8	237.8	125.2	237.1
Own Consumption	608.3	714.3	667.1	642.7	497.0
(iii) Wire Rods					
Production	**604.8**	**704.5**	**640.9**	**616.2**	**472.1**
Exports	561.0	655.1	635.3	548.0	443.5
Local Sales	35.9	31.5	35.5	39.3	40.5
Own Consumption	1.3	2.0	1.3	1.5	1.0
Cement (000 tonnes)					
Production	**696.8**	**743.7**	**765.6**	**768.4**	**686.4**
Imports	-	-	0.0	0.0	12.5
Local Sales	429.0	445.8	509.7	525.2	564.8
Exports	263.7	296.1	257.6	244.8	136.5

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.10

INDEX OF DOMESTIC PRODUCTION (1995=100), 2002 - 2005[1]

INDUSTRY	*WEIGHT*	2002	2003[R]	2004[R]	JAN. – SEPT. 2004	JAN. – SEPT. 2005
Food Processing	*58*	217.4	236.4	294.7	285.0	360.1
Drink and Tobacco	*63*	293.6	320.6	350.9	310.7	418.0
Textiles, Garments and Footwear	*6*	743.4	1,219.4	1,427.7	1,461.2	2,418.0
Printing, Publishing and Paper Converters	*27*	210.7	191.2	233.3	236.6	221.2
Wood and Related Products	*7*	430.6	543.5	644.5	611.5	662.6
Chemicals and Non-Metallic Minerals	*43*	255.6	307.4	320.7	310.0	364.6
Assembly-Type and Related Industries	*61*	397.5	425.5	478.0	454.8	489.5
Miscellaneous Manufacturing Industries	*10*	186.2	230.2	214.4	218.4	211.4
Electricity	*40*	125.8	114.4	119.5	117.2	123.5
Water	*6*	134.0	140.3	145.4	144.6	145.5
Sugar	*-1*	72.9	15.5	66.6	73.4	70.9
All Industry Index (excluding petrochem, oil & natural gas, explor. product & refining)	***320***	**270.2**	**299.7**	**337.2**	**321.5**	**385.6**
Explor. & product of oil, natural gas, etc.	*445*	132.1	147.9	149.2	149.1	133.8
Petrochemicals	*182*	154.1	151.0	150.4	150.2	167.7
Oil & natural gas refining	*53*	275.3	310.6	318.2	315.5	377.2
All Industry Index (including petrochem, oil & natural gas, explor. product & refining)	***1,000***	**187.9**	**205.6**	**218.8**	**211.5**	**233.4**

SOURCE: Central Statistical Office.

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

TABLE A.11

ANNUAL CHANGES IN THE INDICES OF PRODUCTION AND HOURS WORKED (ALL EMPLOYEES), 2003 - 2005[1]
/ PERCENT /

INDUSTRY	INDEX OF DOMESTIC PRODUCTION[2]				INDEX OF HOURS WORKED[2]			
	2003	2004[R]	JAN–SEPT. 2004[R]	JAN–SEPT. 2005	2003	2004[R]	JAN–SEPT. 2004[R]	JAN–SEPT. 2005
Food Processing	8.8	24.7	29.4	25.9	4.2	4.4	5.5	-4.1
Drink and Tobacco	9.2	9.4	3.5	38.5	-8.7	3.3	3.1	2.5
Textiles, Garments and Footwear	64.0	17.1	31.2	65.6	11.6	-4.2	-2.6	10.0
Printing, Publishing and Paper Converters	-9.3	22.0	19.2	-6.1	0.1	2.4	3.0	-1.5
Wood and Related Products	26.2	18.6	21.7	13.2	-3.9	4.0	7.6	20.6
Chemicals and Non-Metallic Minerals	20.3	4.3	5.1	17.6	-3.8	8.9	8.3	6.1
Assembly-Type and Related Industries	7.0	12.3	6.0	7.4	-1.8	-8.4	-11.0	9.0
Miscellaneous Manufacturing Industries	23.4	-6.9	-6.1	-2.9	-3.3	-2.4	-4.9	12.7
Electricity	-9.1	4.4	3.5	5.4	2.2	1.7	-1.2	5.3
Water	4.7	3.6	3.2	0.6	-0.2	-0.9	-0.8	5.2
Sugar	-78.7	329.2	162.5	2.6	-50.7	22.6	-15.0	34.5
All Industry Index (excluding petrochem, oil, nautral gas, explor. product & refining etc.)	11.0	12.5	10.7	20.1	-4.6	2.3	1.3	5.1
Explor. & product of oil, natural gas, etc.	11.9	0.9	3.2	-10.2	-1.5	23.2	22.6	-19.7
Petrochemicals	-2.0	-0.4	0.1	12.0	0.1	7.2	7.4	-3.9
Oil & natural gas refining	12.8	2.4	3.9	19.9	6.1	-1.9	0.5	0.7
All Industry Index (including petrochem, oil & natural gas, explor. product & refining etc.	9.5	6.4	5.3	10.5	-2.3	2.2	2.0	2.9

SOURCE: Central Statistical Office.

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

TABLE A.12

ANNUAL CHANGES IN THE INDICES OF AVERAGE WEEKLY EARNINGS AND EMPLOYMENT (ALL EMPLOYEES), 2003 - 2005[1]
/ PERCENT /

INDUSTRY	AVERAGE WEEKLY EARNINGS[2]				EMPLOYMENT[2]			
	2003	2004	JAN–SEPT. 2004[R]	JAN–SEPT. 2005	2003	2004	JAN–SEPT. 2004	JAN–SEPT. 2005
Food Processing	10.9	16.9	25.0	4.7	0.1	2.8	3.2	-2.0
Drink and Tobacco	19.9	25.0	25.1	15.6	-22.8	4.8	4.3	0.4
Textiles, Garments and Footwear	-24.3	-4.8	0.1	4.0	10.3	-1.7	0.4	-10.9
Printing, Publishing and Paper Converters	-3.7	1.2	2.7	-5.5	23.7	4.6	6.2	-0.9
Wood and Related Products	38.7	-5.4	-1.3	-5.2	-13.5	-0.5	0.2	-1.7
Chemical and Non-Metallic Minerals	4.4	14.3	11.0	19.5	3.9	0.0	1.8	6.2
Assembly-Type and Related Industries	22.4	5.3	7.4	4.8	-3.9	4.9	4.9	1.9
Miscellaneous Manufacturing Industries	11.3	11.8	11.4	8.4	-7.2	-0.8	-0.8	-2.2
Electricity	14.4	6.9	7.2	0.3	-2.8	1.5	0.3	5.7
Water	11.8	7.2	9.1	-7.3	-0.2	-1.5	-1.3	2.0
Sugar	-46.8	84.8	-10.5	-1.6	-51.2	61.7	8.5	-1.1
All Industry Index (excluding petrochem, oil, nautral gas, explor. product & refining etc.)	9.1	11.6	11.9	2.1	-3.6	3.4	3.4	-0.2
Explor. & product of oil, natural gas, etc.	38.8	24.6	30.1	2.0	24.4	-6.7	-7.7	18.6
Petrochemicals	12.1	3.0	-6.7	14.3	-2.0	0.8	0.8	-0.7
Oil & natural gas refining	13.5	21.4	25.7	2.2	-1.7	3.1	3.1	2.1
All Industry Index (including petrochem, oil & natural gas, explor. product & refining etc.	13.2	14.7	6.4	-2.3	0.0	2.0	1.8	2.6

SOURCE: Central Statistical Office.

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

TABLE A.13
ANNUAL CHANGES IN THE INDICES OF REAL EARNINGS AND OUTPUT PER MAN HOUR WORKED (ALL EMPLOYEES), 2003 - 2005[1]
/ PERCENT /

INDUSTRY	REAL EARNINGS[2]				INDEX OF OUTPUT PER MAN HOUR WORKED[2]			
	2003	2004	JAN–SEPT 2004[R]	JAN–SEPT 2005[R]	2003	2004	JAN–SEPT 2004	JAN–SEPT. 2005
Food Processing	6.7	12.9	21.1	-2.8	4.4	19.5	22.5	31.1
Drink and Tobacco	15.6	20.5	21.0	8.3	19.6	5.9	0.5	35.3
Textiles, Garments and Footwear	-16.8	-2.4	-3.2	1.4	46.4	24.4	37.3	55.4
Printing, Publishing and Paper Converters	-7.2	-2.4	-0.6	-8.9	-9.4	19.2	15.8	-4.4
Wood and Related Products	33.6	-8.7	-4.4	-9.2	31.3	14.0	13.1	-6.0
Chemical and Non-Metallic Minerals	0.6	6.9	7.5	-4.2	25.0	-4.1	-2.8	10.8
Assembly-Type and Related Industries	2.5	1.6	4.0	-0.1	9.0	22.7	19.1	-1.5
Miscellaneous Manufacturing Industries	7.2	7.7	7.8	-1.9	27.6	-4.6	-0.8	-13.7
Electricity	10.3	3.1	3.8	-7.4	-11.0	2.7	5.1	0.4
Water	7.7	3.5	5.6	-10.1	4.9	4.5	4.0	-4.2
Sugar	-48.5	76.7	-13.2	17.2	-56.8	250.2	167.1	-23.2
All Industry Index (excluding petrochem, oil, nautral gas, explor. product & refining)	5.1	7.3	8.3	-4.3	16.3	10.0	9.3	14.3
Explor. & product of oil, natural gas, etc.	33.9	20.2	26.0	-18.2	13.6	-18.1	-15.6	12.4
Petrochemicals	8.0	-6.6	-9.7	7.3	-2.1	-7.1	-6.6	16.7
Oil & natural gas refining	9.3	17.1	21.7	-7.9	6.3	4.4	4.1	19.5
All Industry Index (including petrochem, oil & natural gas, explor. product & refining)	9.1	10.4	12.1	-5.2	12.0	4.1	3.3	7.5

SOURCE: Central Statistical Office.

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

TABLE A.14(A)

RETAIL PRICES INDEX: INFLATION RATES, 2001-2005[1] (ANNUAL AVERAGE) / JANUARY 2003=100 /

ITEM	WEIGHT	2001	2002	2003	2004	2005
All Items	**1000**	**94.2**	**98.1**	**101.9**	**105.7**	**112.9**
Inflation Rate (%)		5.5	4.2	3.8	3.7	6.9

SOURCE: Central Statistical Office

[1] Retail Prices Index was revised and rebased to January 2003 = 100.

TABLE A.14(B)

RETAIL PRICES INDEX FOR MAJOR EXPENDITURE CATEGORIES, 2002-2005 / JANUARY 2003=100 /

SECTIONS	WEIGHTS	2002	2003	2004	2005	2005 I	2005 II	2005 III	2005 IV
All Items[1]	**1000**	**98.1**	**101.9**	**105.7**	**112.9**	**110.4**	**111.8**	**113.8**	**115.7**
		4.2	***3.8***	***3.7***	***6.9***	***2.0***	***1.3***	***1.8***	***1.7***
(i)Food	180	95.3	108.5	122.4	150.5	140.6	146.2	153.2	161.6
		10.2	***13.8***	***12.8***	***23.0***	***6.7***	***4.0***	***4.8***	***5.5***
(ii)Clothing	53	99.9	98.7	93.4	91.8	91.8	91.9	91.8	91.7
		-2.3	***-1.2***	***-5.4***	***-1.7***	***0.1***	***0.1***	***-0.0***	***-0.1***
(iii)Transport	167	100.3	100.9	105.3	108.3	107.7	108.2	108.1	109.0
		1.6	***0.6***	***4.3***	***2.9***	***0.0***	***0.5***	***-0.1***	***0.8***
(iv)Housing	262	100.4	100.5	103.2	105.8	105.5	105.6	105.8	106.4
		-0.1	***0.1***	***2.7***	***2.5***	***0.4***	***0.2***	***0.2***	***0.6***
(v) Others[2]	338	99.7	100.4	100.9	104.1	102.2	103.1	105.2	105.7
		1.3	***0.7***	***0.5***	***3.1***	***1.4***	***0.9***	***2.0***	***0.5***
Per Cent Contribution To Change In Index									
(i) Food	180	95.0	68.7	70.6	68.5	71.1	56.6	63.2	83.0
(ii) Clothing	53	-4.7	-8.5	-4.0	-0.1	2.4	-2.3	1.3	-1.7
(iii) Transportation	167	4.0	22.8	9.6	3.5	0.0	9.1	-0.8	5.9
(iv) Housing	262	-1.1	7.6	20.6	4.0	5.8	2.8	1.3	6.1
(v) Others[2]	338	6.9	9.4	3.2	24.1	20.8	33.8	35.0	6.7
Memorandum:									
All Items (Sept. 1993=100)		**148.1**	**153.6**	**159.4**	**170.3**	**166.4**	**168.6**	**171.6**	**174.5**

SOURCE: Central Statistical Office

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

[2] Includes Hotels, Cafés and Restaurants (30), Alcohol, Beverages and Tobacco (25), Furnishings, Household Equipment and Routine Maintenance (54), Health (51), Recreation and Culture (85), Education (16), Communication (41) and Miscellaneous goods and services (36). Figures in parentheses in this footnote are section weights.

TABLE A.15

INDEX OF PRODUCERS' PRICES, 2002 - 2005
/ OCT. 1978=100 /

INDUSTRY	WEIGHTS	2002	2003	2004	2005	2005 I	II	III	IV
Food Processing	*191*	425.3	444.0	453.8	459.3	457.6	457.7	460.3	461.4
		1.1	***4.4***	***2.2***	***1.2***	***0.5***	***0.0***	***0.6***	***0.2***
Drink and Tobacco	*121*	505.9	515.7	544.1	573.9	570.5	571.7	576.5	576.6
		1.7	***2.0***	***5.5***	***5.5***	***4.3***	***0.2***	***0.8***	***0.0***
Textiles, Garments and Footwear	*101*	296.8	294.0	294.9	295.9	295.0	295.0	296.7	296.7
		-0.8	***-0.8***	***0.2***	***0.3***	***0.0***	***0.0***	***0.6***	***0.0***
Printing, Publishing & Paper Converters	*93*	335.7	323.4	323.9	325.5	324.9	325.1	325.7	326.3
		-0.9	***-3.7***	***0.1***	***0.5***	***0.2***	***0.1***	***0.2***	***0.2***
Wood & Related Products	*89*	278.3	278.4	293.3	299.9	300.4	300.4	299.3	299.3
		2.7	***0.1***	***5.4***	***2.2***	***0.1***	***0.0***	***-0.4***	***0.0***
Chemicals and Non-Metallic Minerals	*148*	417.3	422.2	424.9	435.3	428.4	428.9	433.3	450.2
		0.4	***1.2***	***0.6***	***2.4***	***0.2***	***0.1***	***1.0***	***3.9***
Assembly-Type and Related Industries	*257*	295.5	300.5	314.9	321.4	321.1	322.0	321.3	321.3
		-0.1	***1.7***	***4.8***	***2.1***	***0.2***	***0.3***	***-0.2***	***0.0***
All Industry	*1000*	366.1	369.4	382.3	391.0	389.1	389.6	391.3	394.0
		0.6	***0.9***	***3.5***	***2.3***	***0.9***	***0.1***	***0.4***	***0.7***

SOURCE: Central Statistical Office.

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

TABLE A.16

CENTRAL GOVERNMENT FISCAL OPERATIONS, 2001 - 2005[1]
/ $MILLION /

	FISCAL YEARS[2]				
	2001	2002	2003	2004	2005
Current Revenue	13,956.5	13,825.0	16,754.2	20,625.6	29,000.4
Current Expenditure	12,173.3	13,544.4	15,007.4	17,498.5	21,670.9
Current Account Surplus(+ /Deficit(-)	**1,783.2**	**280.6**	**1,746.9**	**3,127.1**	**7,329.5**
Capital Revenue	37.3	47.5	7.1	4.1	8.3
Capital Expenditure and Net lending[3]	929.6	682.4	795.5	1,621.1	2,733.1
Overall Surplus(+)/Deficit(-)	**890.9**	**-354.3**	**958.4**	**1,510.1**	**4,604.7**
Total Financing (net)	**-890.9**	**354.3**	**-958.4**	**-1,510.1**	**-4,604.7**
External Financing (Net)	**-715.6**	**-182.7**	**-182.8**	**-278.8**	**-1,257.3**
Net External Borrowing	-715.6	-182.7	-182.8	-278.8	-1,257.3
Disbursements	211.4	240.6	151.3	211.0	302.7
Repayments 4	927.0	423.3	334.1	489.7	-1,560.0
Divestment Proceeds	0.0	0.0	0.0	0.0	0.0
Domestic Financing (Net)	**-175.3**	**537.0**	**-775.6**	**-1,231.4**	**-3,347.4**
Treasury Bills(Net)	0.0	0.0	0.0	0.0	0.0
Bonds(Net)	519.6	361.9	-889.9	907.0	882.7
Disbursements	1,676.0	1,138.0	2,000.0	1,756.0	800.0
Repayments	1,156.4	776.1	2,889.9	849.0	1,682.7
Divestment Proceeds	194.0	250.0	0.0	0.0	0.0
Uncashed Balances (Net)5	-888.9	-74.9	114.3	-2,138.4	-4,230.1
Memo Items					
Primary Balance[6]	**3,202.3**	**2,054.7**	**3,452.2**	**3,874.4**	**7,070.7**
Surplus(+)/Deficit(-) as a Percentage of GDP (current market prices)					
Current Account Surplus(+)/Deficit(-)	3.3	0.5	2.8	4.4	8.1
Overall Surplus(+)/Deficit(-)	1.6	-0.6	1.5	2.1	5.1
Primary Surplus(+)/Deficit(-)	5.9	3.7	5.4	5.4	7.8

SOURCE: Ministry of Finance: Review of Fiscal Measures, various years. Review of the Economy, 2005.
Central Bank of Trinidad and Tobago: **Monthly Statistical Digest**, various issues.

[1]Refers to accounts of Consolidated Fund, Unemployment Fund, Road Improvement Fund and the Infrastructure Development Fund.
[2]Represents the period October 1st - September 30th.
[3]Includes an adjustment for Repayment of Past Lending.
[4]Figures do not include repayments of loans from the IDB and the EIB received by the Central Government for onlending to the energy sector.
[5]Includes errors and omissions, advances from the Central Bank and drawdowns from the treasury deposit accounts.
Negative numbers represent an increase in deposits at the Central Bank.
[6]The primary balance, also known as the non-interest balance, is equal to the overall balance exclusive of interest payments.

TABLE A.17

CENTRAL GOVERNMENT REVENUE, 2001 - 2005[1]
/ $MILLION /

REVENUE	FISCAL YEARS[2]				
	2001	2002	2003	2004	2005
A. Oil Sector	**4,583.8**	**3,249.4**	**6,182.5**	**7,641.7**	**13,360.4**
Corporation	2,791.8	1,644.1	4,079.4	5,428.3	10,315.2
Withholding Tax	153.1	95.3	172.4	200.7	318.7
Royalties	751.3	599.6	1,011.1	1,094.5	1,228.5
Oil impost	22.7	29.5	33.9	36.8	42.7
Unemployment levy	186.1	102.5	290.5	294.2	820.5
Excise duties	493.8	524.9	562.8	587.2	634.8
Other[3]	185.0	253.5	32.4	0.0	0.0
B. Non oil sector	**9,372.7**	**10,575.6**	**10,571.7**	**12,983.9**	**15,640.0**
Taxes on income	**4,533.7**	**4,530.0**	**5,359.6**	**6,304.5**	**8,120.1**
Companies	1,752.9	1,418.3	2,083.8	2,308.3	3,101.2
Individuals	2,387.4	2,692.7	2,793.0	3,280.8	4,198.1
Unemployment Levy	0.5	21.8	0.3	115.9	1.7
Health Surcharge	144.5	137.4	133.3	164.8	173.0
Other	248.3	259.8	349.3	295.7	646.1
Taxes on Property	**59.1**	**94.3**	**77.6**	**85.4**	**62.6**
Lands and Buildings Taxes	59.1	94.3	77.6	85.4	62.6
Taxes on Goods and Services	**3,053.1**	**3,436.4**	**3,087.6**	**4,103.0**	**4,334.4**
Purchase Tax	0.2	0.2	0.2	0.1	0.1
Excise Duties	328.2	386.5	406.8	403.2	436.4
Motor Vehicles	215.7	212.2	211.6	173.2	217.8
Value Added Tax	2,154.5	2,475.4	2,028.4	3,021.2	3,102.0
Other[4]	354.4	362.1	440.7	505.3	578.1
Taxes on International Trade	**813.7**	**855.4**	**994.1**	**1,242.7**	**1,433.7**
Import Duties	813.7	855.4	994.1	1,242.7	1,433.7
Other	0.0	0.0	0.0	0.0	0.0
Non-Tax Revenue	**913.1**	**1,659.6**	**1,052.9**	**1,248.1**	**1,689.2**
National Lottery	134.3	133.5	109.3	127.0	123.6
Interest	233.2	180.2	111.0	86.2	74.9
Central Bank	81.1	135.3	80.7	96.3	159.3
Other	464.5	1,210.5	751.9	938.7	1,331.4
TOTAL CURRENT REVENUE	**13,956.5**	**13,825.0**	**16,754.2**	**20,625.6**	**29,000.4**
Capital Revenue	37.3	47.5	7.1	4.2	8.3
TOTAL REVENUE[4]	**13,993.8**	**13,872.5**	**16,761.3**	**20,629.7**	**29,008.7**

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 - AN ECONOMIC CLASSIFICATION[1] 2001 - 2005 / $MILLION /

EXPENDITURE	FISCAL YEARS[2]				
	2001	2002	2003	2004	2005
Current Expenditure[3]	**12,173.3**	**13,544.4**	**15,007.4**	**17,498.5**	**21,670.9**
Wages and Salaries	3,772.8	4,188.9	4,537.8	4,849.2	5,301.0
Goods and Services	1,533.7	1,759.8	2,012.4	2,374.5	3,135.9
Interest	2,311.4	2,409.0	2,493.8	2,364.3	2,466.1
External	812.8	823.3	726.3	726.1	647.5
Domestic	1,498.6	1,585.7	1,767.5	1,638.2	1,818.6
Transfers and Subsidies[3]	4,555.4	5,186.7	5,963.4	7,910.6	10,767.8
of which:					
Loans & Grants to Statutory Boards and State Enterprises	1,175.6	1,266.0	1,571.7	2,448.7	2,622.3
Households	1,540.1	1,899.7	2,055.3	2,173.0	2,599.6
Capital Expenditure and Net-Lending[4]	**929.6**	**682.4**	**795.5**	**1,621.1**	**2,733.1**
TOTAL EXPENDITURE	**13,102.9**	**14,226.8**	**15,802.9**	**19,119.6**	**24,404.0**
(as a % of GDP at current market prices)	23.8	25.3	23.5	24.9	27.0
	Per Cent of Total Expenditure				
Memo Items (%)					
Current Expenditure	92.9	95.2	95.0	91.5	88.8
Capital Expenditure and Net-Lending	7.1	4.8	5.0	8.5	11.2
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 2001 - 2005
/ US$MILLION /

SECTOR	2001	2002	2003	2004	2005
CENTRAL GOVERNMENT					
Receipts	52.5	42.8	86.5	23.4	22.4
of which: Leases	0.0	0.0	0.0	0.0	0.0
Amortization	61.1	68.6	89.7	226.1	92.2
of which: Leases	0.0	0.0	0.0	0.0	0.0
Debt Conversion	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	-6.2	7.9	6.0	0.0	0.0
Balance Outstanding1	1,517.4	1,499.5	1,502.3	1,299.6	1,229.8
of which: Leases	0.0	0.0	0.0	0.0	0.0
Interest	121.4	129.7	116.7	109.9	93.6
NON-GOVERNMENT PUBLIC SECTOR[2]					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	0.0	0.0	0.0	0.0
Rescheduling3	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	0.3	1.1	1.1	0.3	0.0
Balance Outstanding	148.5	49.6[4]	50.7	51.0	51.0
Interest	0.0	0.0	0.0	0.0	0.0
TOTAL					
Receipts	52.5	42.8	86.5	23.4	22.4
Amortization	61.1	68.6	89.7	226.1	92.2
of which: Debt Conversion	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustment	-5.9	9.0	7.1	0.3	0.0
Balance Outstanding	1,665.9	1,549.1	1,553.0	1,350.6	1,280.8
Interest	121.4	129.7	116.7	109.9	93.6

SOURCE: Central Bank of Trinidad Tobago.

[1]Excludes a short-term US dollar denominated bond of US$150 million provided by resident financial institutions in 1998.
[2]Comprises state enterprises and Central Bank external debt. (see Table A.19(b)).
[3]Once rescheduled, the external debt of the state enterprises becomes the external liability of the central government.
[4]A portion of this debt is no longer defined as government-guaranteed debt.

TABLE A.19(B)

NON-GOVERNMENT PUBLIC SECTOR EXTERNAL DEBT 2001 - 2005
/ US$MILLION /

SECTOR	END OF PERIOD				
	2001	2002	2003	2004	2005
GOVERNMENT-GUARANTEED[1]					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Balance Outstanding	41.6	42.6	42.5	43.0	47.0
Interest	0.0	0.0	0.0	0.0	0.0
NON-GOVERNMENT GUARANTEED[2]					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	0.0	0.0	0.0	0.0
Balance Outstanding	103.7	3.33	3.8	4.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
CENTRAL BANK					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	0.0	0.0	0.0	0.0
Balance Outstanding	0.0	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
TOTAL					
Receipts	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0
Valuation Adjustments	0.3	1.1	1.1	0.3	0.0
Balance Outstanding	148.5	49.6	50.7	51.0	51.0
Interest	0.0	0.0	0.0	0.0	0.0

SOURCE: Central Bank of Trinidad Tobago.

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

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

[3]See footnote 4 on Table A. 19(a).

TABLE A.20(A)

COMMERCIAL BANKS: SELECTED DATA 2001 - 2005
/ $MILLION /

	END OF PERIOD				
	2001	2002	2003	2004[r]	2005
A. **Outstanding**					
1. **Aggregate Deposits** (adj.)	**20,821.5**	**21,521.5**	**21,153.7**	**25,871.5**	**31,719.6**
Demand Deposits (adj.)[1]	5,322.1	5,829.8	5,600.8	6,420.2	8,242.2
Time Deposits (adj.)[2]	3,869.7	3,399.9	3,019.6	3,511.1	5,729.0
Savings Deposits (adj.)[2]	6,634.3	6,778.7	8,264.2	8,952.4	9,967.3
Foreign Currency Deposits (adj)[3]	4,995.4	5,513.1	4,296.1	6,987.8	7,781.1
2. **Gross Bank Credit**[4]	**14,422.7**	**14,789.1**	**16,348.1**	**20,545.3**	**27,143.3**
of which:					
Business purposes	7,041.6	7,411.4	7,931.4	10,178.6	11,699.5
Corporate	*6,322.8*	*6,634.0*	*7,070.1*	*9,149.4*	*10,244.7*
Non-corporate	*717.2*	*776.5*	*861.3*	*1,029.2*	*1,454.8*
3. **Investments**	**7,746.9**	**8,220.9**	**9,890.3**	**10,243.9**	**10,463.8**
Government Securities	2,791.3	2,768.6	3,320.4	3,415.4	4,029.7
Other Investments[2]	4,955.6	5,452.3	6,569.9	6,828.5	6,434.1
of which:					
Special Deposits	*783.1*	*281.3*	*621.5*	*660.9*	*1000.0*
B. **Annual Change**					
1. **Aggregate Deposits** (adj.)	**2,873.8**	**700.0**	**-367.8**	**4,717.8**	**5,848.1**
Demand Deposits (adj.)	1,705.9	507.7	-229.0	819.4	1,822.0
Time Deposits (adj.)	588.5	-469.8	-380.3	491.5	2,217.9
Savings Deposits (adj.)	837.8	144.4	1,485.5	688.2	1,014.9
Foreign Currency Deposits (adj.)	-258.4	517.7	-1,244.0	2,691.7	793.3
2. **Gross Bank Credit**[4]	**1,472.9**	**366.4**	**1,559.0**	**4,197.2**	**6,598.0**
of which:					
Business purposes	642.0	369.8	520.0	2,247.2	1,520.9
Corporate	*646.4*	*311.2*	*436.1*	*2,079.3*	*1,095.3*
Non-Corporate	*-4.4*	*58.6*	*84.8*	*167.9*	*425.6*
3. **Investments**	**1,659.9**	**474.0**	**1,669.4**	**353.6**	**219.9**
Government Securities	738.8	-22.7	551.8	95.0	614.3
Other Investments[5]	921.1	496.7	1,117.6	258.6	-394.4
of which:					
Special Deposits	*499.0*	*-501.8*	*340.2*	*39.4*	*339.1*

SOURCE: Central Bank of Trinidad and Tobago.

[1]Total demand deposits ***minus*** non-residents' and Central Government's demand deposits, cash items in process of collection on other banks, and branch clearings, plus cashiers and branch clearings.
[2]Total time deposits ***minus*** Central Government's deposits and deposits of non-residents.
[3]Total demand, savings and time deposits in foreign currency ***minus*** those of non-residents.
[4]Total loans excluding loans to non-residents and central government.
[5]Special deposits, other local and foreign securities, and equity in subsidiaries and affiliates.

TABLE A.20(B)

SUMMARY ACCOUNTS OF THE MONETARY SYSTEM, 2001 - 2005
/ $MILLION /

	END OF PERIOD				
	2001	2002	2003	2004	2005
Net Foreign Assets	**11,981**	**12,856**	**14,065**	**22,209**	**33,652**
Monetary Authorities	12,140	12,517	14,315	18,929	31,291
Commercial Banks	-159	339	-250	3,280	2,361
Net Domestic Assets	**12,986**	**13,662**	**13,438**	**10,330**	**4,306**
Net Claims on public Sector	-3,262	-2,825	-4,925	-10,244	-16,298
Central Government (net)	-3,427	-3,797	-5,041	-10,115	-16,942
Treasury bills	1,241	1,406	1,117	1,828	1,883
Other government securities	1,551	1,373	2,203	1,588	2,147
Other credit(net)	-6,219	-6,576	-8,362	-13,530	-20,972
Local government (net)	-83	-144	-55	-166	-238
Statutory bodies (net)	-312	602	525	432	517
Public enterprises (net)	560	514	-354	-395	366
Official capital and surplus	-2,066	-2,172	-2,207	-2,207	-2,351
Credit to Other Financial Institutions(net)	741	189	1,984	44	-1,865
Credit to private sector	14,045	14,691	15,234	19,805	24,662
Interbank float	138	70	75	457	1,589
Other assets (net)	3,390	3,709	3,277	2,474	-1,432
Liabilities to private sector (M3)	**24,967**	**26,518**	**27,502**	**32,540**	**37,958**
Money and quasi-money	19,239	19,802	20,415	23,792	28,943
Money	5,611	6,895	7,304	8,823	11,495
Currency in circulation	1,373	1,502	1,709	1,957	2,425
Demand deposits	4,238	5,393	5,595	6,866	9,069
Quasi-Money	13,627	12,907	13,111	14,969	17,449
Time deposits	5,318	4,222	3,410	3,858	4,722
Savings deposits	8,309	8,685	9,701	11,111	12,727
Less: nonresidents' deposits	0	0	0	0	0
Securitized Instruments	980	1,333	1,136	1,800	1,674
Private capital and surplus	4,749	5,383	5,952	6,948	7,341
	Changes as a percent of beginning-of-period M3				
Net Foreign Assets	**5.8**	**3.5**	**4.6**	**29.6**	**35.2**
Net Domestic Assets	4.9	2.7	-0.8	-11.3	-18.5
Net Claims on public Sector	-5.8	1.7	-7.9	-19.3	-18.6
Of which: Central Government	-6.0	-1.5	-4.7	-18.4	-21.0
Credit to private sector	2.9	2.6	2.0	16.6	14.9
Other assets (net)	7.4	1.3	-1.6	-2.9	-12.0
Liabilities to private sector (M3)	**10.7**	**6.2**	**3.7**	**18.3**	**16.7**
Memorandum items:					
Net Domestic Assets (Net of RSF)	14,001	14,677	15,005	13,176	9,791
Net claims on public sector (Net of RSF)	-2,246	-1,810	-3,358	-7,398	-10,813
Central Government (Net of RSF)	-2,412	-2,782	-3,474	-7,269	-11,458
Credit to the private sector (12-month increase)	4.9	4.6	3.7	30.0	24.5
M3 Velocity	2.2	2.1	2.4	2.4	2.4

TABLE A.21

LIQUIDITY POSITION OF COMMERCIAL BANKS, 2003:IV - 2005:IV[1]
/ $MILLION /

	END OF PERIOD								
	2003	2004				2005			
	IV	I	II	III	IV	I	II	III	IV
Legal Reserves Position[2]									
Required Reserves	2,327.5	2,323.8	2,407.3	1,915.7	2,055.1	2,149.2	2,250.7	2,422.9	2,601.9
Cash Reserves	2,333.8	2,326.7	2,415.5	1,988.7	2,121.6	2,210.5	2,980.0	2,471.8	3,672.5
Excess (+) or Shortage (-)*	6.3	2.9	8.2	73.0	-66.5	61.3	729.2	48.9	1,070.6
Liquid Assets									
Cash Reserves	2,333.8	2,326.7	2,415.5	1,988.7	2,121.6	2,210.5	2,980.0	2,471.8	3,672.5
Special Deposits	621.5	534.0	427.6	576.3	660.9	616.1	193.0	867.3	1,000.0
Total Deposits at CBTT[3]	2,955.3	2,860.7	2,843.1	2,565.0	2,782.5	2,826.6	3,173.0	3,339.1	4,672.5
Local Cash in Hand	586.1	355.7	396.8	470.1	596.8	488.3	511.8	424.2	488.1
Treasury Bills	124.6	38.2	109.3	269.6	60.2	431.3	290.9	431.2	415.1
TOTAL LIQUID ASSETS	**3,666.0**	**3,254.6**	**3,349.2**	**3,304.7**	**3,439.5**	**3,746.2**	**3,975.7**	**4,194.5**	**5,087.6**
Total Deposit/Liabilities (Adj)	16,625.0	16,598.6	21,884.5	17,415.4	18,682.7	19,538.2	20,460.9	22,026.4	23,653.6
As a percentage of Total Deposit Liabilities (Adj)									
Legal Reserves Position									
Required Reserves	14.0	14.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Actual Reserves	14.0	14.0	11.0	11.4	11.4	11.3	14.6	11.2	15.5
Excess (+) or Shortage (-)	0.0	0.0	0.0	0.4	-0.4	0.3	3.6	0.2	4.5
Average Excess (+) or Shortage (-)**	5.7	5.3	1.2	9.8	50.1	25.1	44.9	40.9	181.5
Liquid Assets									
Cash Reserves	14.0	14.0	11.0	11.4	11.4	11.3	14.6	11.2	15.5
Special Deposits	3.7	3.2	2.0	3.3	3.5	3.2	0.9	3.9	4.2
Total Deposits at CBTT	17.8	17.2	13.0	14.7	14.9	14.5	15.5	15.2	19.8
Local Cash in Hand	3.5	2.1	1.8	2.7	3.2	2.5	2.5	1.9	2.1
Treasury Bills	0.7	0.2	0.5	1.5	0.3	2.2	1.4	2.0	1.8
TOTAL LIQUID ASSETS	**22.1**	**19.6**	**15.3**	**19.0**	**18.4**	**19.2**	**19.4**	**19.0**	**21.5**

SOURCE: Central Bank of Trinidad and Tobago.
[1]The 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.
[2]See note (1) of Table A.20.
[3]Central 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, 2000 - 2005
/ $MILLION /

SECTORS	END OF PERIOD					
	2000	2001	2002	2003	2004	2005
Central & Local Government	127.6	98.4	41.8	22.2	10.1	11.5
Agriculture	119.9	172.5	273.8	145.9	115.8	92.1
Petroleum	376.3	810.9	1,101.7	764.7	632.0	808.9
Manufacturing	1,629.0	1,702.5	1,565.4	1,794.6	1,912.0	2,020.2
Construction	590.6	555.2	715.9	1,238.7	1,381.5	1,685.7
Distributive Trades	951.6	1,093.4	1,124.5	1,235.9	1,312.9	2,068.2
Hotels and Guest Houses	174.2	440.0	181.2	296.9	442.3	483.7
Transport, Storage and Communication	900.8	728.6	617.7	611.4	773.1	775.2
Finance, Insurance and Real Estate	1,675.9	1,844.3	2,032.5	2,940.5	3,825.6	4,853.4
Education, Cultural and Community Services	41.9	23.7	20.3	155.1	75.1	41.9
Personal Services	354.1	710.7	739.2	642.8	994.7	1,001.8
Electricity and Water	105.3	145.5	360.4	88.6	552.5	1,869.7
Consumers	5,425.9	5,671.6	5,600.9	6,000.4	6,842.3	8,585.9
TOTAL (excluding Real Estate Mortgage Loans)	**12,473.1**	**13,988.6**	**14,375.3**	**15,937.7**	**18,869.9**	**24,298.2**
Real Estate Mortgage Loans & Lease Financing	732.4	761.4	839.1	819.6	2,359.9	4,450.8
TOTAL LOANS	**13,205.5**	**14,750.0**	**15,214.4**	**16,757.3**	**21,229.8**	**28,749.0**

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.23

COMMERCIAL BANKS: PERCENTAGE DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR, 2000-2005[1]
/ PERCENT /

SECTOR	END OF PERIOD					
	2000	2001	2002	2003	2004	2005
Central Government	1.0	0.7	0.3	0.1	0.1	0.1
Agriculture	0.9	1.2	1.8	0.9	0.5	0.3
Petroleum	2.8	5.5	7.2	4.5	3.0	2.7
Manufacturing	12.3	11.5	10.3	10.5	9.0	7.0
Construction	4.5	3.8	4.7	7.3	6.5	5.9
Distributive Trades	7.2	7.4	7.4	7.2	6.2	7.2
Hotels and Guest Houses	1.3	3.0	1.2	1.7	2.1	1.7
Transport, Storage and Communication	6.9	4.8	4.1	3.6	3.6	2.7
Finance, Insurance and Real Estate	12.7	12.5	13.4	17.2	18.0	16.9
Education, Cultural and Community Services	0.3	0.2	0.1	0.9	0.4	0.1
Personal Services	2.7	4.8	4.8	3.8	4.7	3.5
Electricity and Water	0.8	1.0	2.4	0.5	2.6	6.5
Consumers	41.1	38.4	36.8	35.1	32.2	29.9
TOTAL (excluding Real Estate Mortgage Loans)	**94.5**	**94.8**	**94.5**	**93.3**	**88.9**	**84.5**
Real Estate Mortgage Loans and Lease Financing	5.5	5.2	5.5	6.7	11.1	15.5
TOTAL LOANS	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

SOURCE: Table A.22.

[1]Figures may not sum to 100 due to rounding.

TABLE A.24

COMMERCIAL BANKS - INTEREST RATES, 2003 - 2005
/ PERCENT /

INTEREST RATES[1]		2003	2004	2005	2005 I	II	III	IV
A. Loan Rates (Prime)								
(i) Term	- Range	5.00-26.75	4.25-26.75	4.00 – 26.75	4.50 – 26.75	4.50 – 25.98	4.50 – 25.98	4.50 – 25.98
	- Median	11.37	9.50	9.00	8.75	8.88	9.13	9.50
(ii) Demand	- Range	5.00-24.00	3.50-25.75	3.50-25.75	3.50 – 25.00	4.75 – 25.00	4.90 – 25.50	4.90 – 25.75
	- Median	11.50	9.50	9.13	8.75	9.00	9.25	9.50
(iii) Overdraft	- Range	7.00-26.00	7.00-26.75	4.75 – 31.75	4.75 – 31.75	4.75 – 31.75	4.75 – 26.00	4.75 – 26.00
	- Median	11.50	9.50	9.13	8.75	9.00	9.25	9.50
(iv) Basic Prime Rate	- Range	9.50-12.00	8.75-12.00	8.00 – 9.75	8.00 – 9.50	8.75 – 9.50	9.00 – 9.50	9.50 – 9.75
	- Median	11.50	9.50	9.13	8.75	9.00	9.25	9.50
(v) Real Estate Mortgage	- Range	5.00-18.04	3.00-19.00	3.00 – 18.50	3.00 – 18.04	4.00 – 18.04	4.00 – 18.50	3.00 – 18.50
	-Median	12.50	9.50	9.32	9.13	9.25	9.38	9.50
B. Deposit Rates (Announced)								
(i) Ordinary Savings	- Range	0.50-3.75	0.50-5.25	0.50 – 5.20	0.50 – 5.10	0.50 – 5.10	0.50 – 5.20	0.50 – 5.20
	- Median	2.07	1.78	1.45	1.44	1.44	1.46	1.46
(ii) Special Savings	- Range	1.33-7.50	0.05-8.75	0.50 – 4.00	0.50 – 4.00	0.50 – 4.00	0.50 – 4.00	0.50 – 4.00
	- Median	2.75	2.56	2.39	2.38	2.38	2.39	2.39
(iii) 3-Month Time	- Range	1.00-8.75	1.00-8.75	1.00 – 4.80	1.00 – 4.80	1.00 – 4.80	1.00 – 4.80	1.00 – 4.80
	- Median	3.07	2.58	2.65	2.63	2.66	2.65	2.65
(iv) 6-Month Time	- Range	1.25-6.00	1.00-8.75	1.25 – 5.05	1.25 – 4.95	1.25 – 4.95	1.25 – 4.95	1.25 – 5.05
	- Median	3.31	3.32	3.06	3.10	3.05	3.06	3.06
(v) 1-Year Time	- Range	1.25-9.25	1.00-9.25	1.00 – 7.50	1.00 – 7.50	1.00 – 7.50	1.00 – 7.50	1.10 – 7.50
	- Median	3.85	3.60	3.51	3.21	3.51	3.56	3.50

SOURCE: Central Bank of Trinidad and Tobago.

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

TABLE A.25

MONEY SUPPLY, 2001 - 2005
/ $MILLION /

	END OF PERIOD				
	2001	2002	2003r	2004r	2005
A. **Narrow Money Supply**	**6,695.6**	**7,331.6**	**7,309.4**	**8,377.6**	**12,316.1**
Currency in Active Circulation	1,373.5	1,501.8	1,708.6	1,957.4	2,425.4
Demand Deposits (adj.)	5,322.1	5,829.8	5,600.8	6,420.2	9,890.7
B. **Factors Affecting Changes in Money Supply**					
1. **Net Bank Credit to Central Government**	**-3,427.1**	**-3,796.8**	**-5,040.8**	**-10,114.5**	**-16,979.3**
(a) Central Bank	-6,113.3	-6,502.3	-8,155.5	-12,871.1	-20,626.2
(b) Commercial Banks	2,686.2	2,705.5	3,114.7	2,756.6	3,646.9
2. **Bank Credit**	**18,522.9**	**19,731.9**	**20,447.1**	**24,386.6**	**30,612.0**
(a) Public Sector[1]	2,970.5	2,841.9	2,041.3	2,143.7	3,884.7
(b) Private Sector[2]	15,552.4	16,890.0	18,405.8	22,242.9	26,727.3
3. **External Assets** (net)	**11,788.3**	**12,682.1**	**13,631.0**	**21,928.0**	**31,910.7**
4. **Quasi-Money**[3]	**-10,504.0**	**-10,178.6**	**-11,283.8**	**-12,463.5**	**-15,696.3**
5. **Foreign Currency Deposits (Adj)**	**-4,995.4**	**-5,513.1**	**-6,009.2**	**-6,987.8**	**-7,781.1**
6. **NFIs Foreign Currency Deposit (Adj)**	**-1,993.6**	**-1,520.7**	**-1,827.0**	**-3,621.4**	**-3,305.0**
7. **Other Items** (Net)	**-4,689.1**	**-5,593.9**	**6,498.0**	**-8,371.0**	**-10,168.5**
C. **Broad Money Supply** (M-2)	**17,199.6**	**17,510.1**	**18,593.3**	**20,841.2**	**28,012.4**
D. **Broad Money Supply** (M2*)[4]	**22,195.1**	**23,023.2**	**22,889.4**	**27,829.0**	**35,374.7**
Memo:[5]					
Money Supply M-3	21,615.2	21,478.7	22,619.2	23,908.5	29,941.1
Money Supply M-3*	28,574.0	28,510.6	28,738.0	34,498.2	40,608.4

SOURCE: Central Bank of Trinidad and Tobago.

[1]Includes Central Bank's and commercial banks' loans and holdings of public sector securities.
[2]Includes commercial banks' loans and holdings of private sector securities.
[3]Excludes foreign currency deposits of residents which are shown separately below.
[4]Includes foreign currency deposits of residents.
[5]In addition to M-2, M-3 includes the time deposits of non-bank financial institutions (NFIs) while in addition to M-2*, M-3* includes foreign currency deposits of residents at NFI's.

TABLE A.26

CHANGES IN MONEY SUPPLY, 2001 - 2005
/ $MILLION /

	2001	2002	2003r	2004r	2005
A. Narrow Money Supply (M-IA)	**1,808.4**	**636.0**	**-22.2**	**1,068.2**	**3,938.5**
	37.0	*9.5*	*-0.3*	*14.6*	*47.0*
Currency in Active Circulation	102.5	128.3	206.8	248.8	468.0
	8.1	*9.3*	*13.8*	*14.6*	*23.9*
Demand Deposits (adj.)	1,705.9	507.7	-229.0	819.4	3,470.5
	47.2	*9.5*	*-3.9*	*14.6*	*54.1*
B. Factors Affecting Changes in Money Supply					
1. **Net Bank Credit to Government**	**-1,358.0**	**-369.7**	**-1,244.0**	**-5,073.7**	**-6,864.8**
	-65.6	*-10.8*	*-32.8*	*-100.7*	*67.9*
Central Bank	-2,067.4	-389.0	-1,653.2	-4,715.6	-7,755.1
	-51.1	*-6.4*	*-25.4*	*57.8*	*60.3*
Commercial Banks	709.4	19.3	409.2	-358.1	890.3
	35.9	*0.7*	*15.1*	*-11.5*	*32.3*
2. **Bank Credit**	**1,978.3**	**1,209.0**	**715.2**	**3,939.5**	**6,225.4**
	11.9	*6.5*	*3.6*	*19.3*	*25.5*
Public Sector[1]	1,433.1	-128.6	-800.6	102.4	1,741.0
	93.2	*-4.3*	*-28.2*	*5.02*	*81.2*
Private Sector[2]	545.2	1,337.6	1,515.8	3,837.1	4,484.4
	3.6	*8.6*	*9.0*	*20.8*	*20.2.*
3. **Net Foreign Assets**	**1,311.2**	**893.8**	**948.9**	**7,710.1**	**9,982.7**
	12.5	*7.6*	*7.5*	*56.6*	*45.5*
4. **Quasi-Money**[3]	**-1,426.3**	**325.4**	**-1,105.2**	**1,179.7**	**-3,232.8**
	15.7	*-3.1*	*10.9*	*10.5*	*25.9*
5. **Foreign Currency Deposits (Adj)**	**258.4**	**-517.7**	**1,217.0**	**-2,691.7**	**-793.3**
	-4.9	*10.4*	*22.1*	*-62.7*	*11.4*
6. **NFIs Foreign Currency Deposits (Adj)**	**-392.0**	**472.9**	**-306.3**	**-1,794.4**	**316.4**
	24.5	*-23.7*	*-20.1*	*-98.2*	*-8.7*
7. **Other Items** (net)	**1,044.8**	**-904.8**	**904.1**	**-1,873.0**	**-1,797.5**
Increase (-), Decrease (+)	*-18.2*	*-19.3*	*-16.2*	*22.4*	*21.5*
C. **Broad Money Supply** (M-2)	**3,234.7**	**310.5**	**1,083.2**	**2,247.9**	**7,171.2**
	6.9	*23.2*	*1.8*	*6.2*	*12.1*
D. **Broad Money Supply** (M-2*)[4]	**2,976.4**	**828.1**	**-133.8**	**4,939.6**	**7,545.7**
	15.5	*3.7*	*-0.6*	*21.6*	*27.1*
Memo:Money Supply M-3	**3,653.9**	**-136.5**	**1,140.5**	**1,289.3**	**6,032.6**
	20.3	*-0.6*	*5.3*	*5.7*	*25.2*
Money Supply M-3*	**3,810.8**	**-63.4**	**227.4**	**5,760.2**	**6,110.2**
	15.4	*-0.2*	*0.8*	*20.0*	*17.7*

SOURCE: Table A.25.

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

Figures in italics represent percentage changes.

TABLE A.27

FINANCE COMPANIES AND MERCHANT BANKS: SUMMARY OF ASSETS AND LIABILITIES, 2001 - 2005 / $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)
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
2004	103,640	255,507	-22,522	8,858,229	2,200,020	11,058,249
2005	-43,514	305,704	-142,279	9,361,364	3,307,121	12,668,485
2004						
I	516,269	242,403	166,927	5,659,432	2,016,477	7,675,909
II	536,690	261,737	31,094	5,695,453	2,197,511	7,890,964
III	425,499	214,672	174,439	6,476,982	2,245,747	8,722,729
IV	103,640	255,507	-22,522	8,858,229	2,200,020	11,058,249
2005						
I	-5,528	269,442	-721,242	8,968,536	2,321,235	11,289,771
II	-52,576	218,837	-698,528	10,119,309	2,498,119	12,617,428
III	-493,057	710,618	-57,433	9,436,327	2,795,690	12,232,017
IV	-43,514	305,704	-142,279	9,361,364	3,307,121	12,668,485

END OF PERIOD	TOTAL ASSETS/ LIABILITIES	DEPOSITS	BORROwINGS[1]	PROVISIONS	CAPITAL AND RESERVES	OTHER ITEMS (NET)
	(7)	(8)	(9)	(10)	(11)	(12)
2001	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
2004	11,394,874	5,317,646	1,624,088	67,851	2,182,769	2,202,520
2005	12,788,396	5,157,129	2,425,179	118,746	2,331,064	2,756,278
2004						
I	8,601,508	4,276,790	1,749,224	85,836	1,024,747	1,464,911
II	8,720,485	4,306,587	1,870,270	70,023	1,140,228	1,333,377
III	9,537,339	4,264,935	1,667,996	62,910	1,803,552	1,737,946
IV	11,394,874	5,317,646	1,624,088	67,851	2,182,769	2,202,520
2005						
I	10,832,443	5,145,472	1,761,079	120,099	2,309,930	1,495,863
II	12,085,161	5,159,587	2,436,007	123,190	2,539,878	1,826,499
III	12,392,145	5,380,716	2,882,519	122,838	2,290,024	1,716,048
IV	12,788,396	5,157,129	2,425,179	118,746	2,331,064	2,756,278

SOURCE: Central Bank of Trinidad and Tobago.

[1]Borrowings from all sources other than commercial banks. Borrowings from commercial banks are reflected in column 3.

TABLE A.28

FINANCE COMPANIES AND MERCHANT BANKS: DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR, 2002 - 2005
/ $MILLION /

SECTORS	END OF PERIOD						
				2005			
	2002	2003	2004R	I	II	III	IV
Public Sector	**0.7**	**59.2**	**3.9**	**34.6**	**27.7**	**0.0**	**201.6**
Private Sector	**1,115.8**	**1,154.7**	**1,551.5**	**1,559.0**	**1,296.4**	**2,042.8**	**2,330.9**
Agriculture	9.0	5.3	7.5	11.2	11.5	14.3	15.4
Petroleum	20.6	17.6	38.2	92.5	198.5	330.9	464.2
Manufacturing	160.3	87.5	193.6	129.9	132.9	174.9	175.2
Construction	119.1	148.5	147.1	164.7	139.4	174.9	192.2
Distributive Trades	128.5	67.2	73.4	68.1	44.9	75.6	92.5
Hotels and Guest Houses	127.1	30.0	143.2	38.2	41.7	42.1	42.9
Transport, Storage and Communication	51.5	78.9	88.3	123.0	101.6	121.6	124.9
Finance, Insurance, Real Estate and Services	332.4	526.7	708.6	743.1	508.0	784.3	918.7
Education, Cultural and Community Services	4.0	3.8	3.4	4.3	1.7	3.7	4.5
Personal Services	6.2	5.6	4.1	4.4	3.5	87.9	50.1
Consumers	157.1	183.6	144.1	179.6	112.7	232.6	250.3
TOTAL (excluding Real Estate Mortgage & Leases)	**1,116.5**	**1,213.9**	**1,555.4**	**1,593.6**	**1,324.1**	**2,042.8**	**2,532.5**
Real Estate Mortgage Loans	28.6	27.0	28.5	29.7	30.7	24.1	29.6
Leases	96.2	225.7	176.5	169.7	79.2	184.6	198.1
TOTAL LOANS	**1,241.3**	**1,466.6**	**1,760.4**	**1,793.0**	**1,434.0**	**2,251.5**	**2,760.2**

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.29

FINANCE COMPANIES AND MERCHANT BANKS: PERCENTAGE DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR, 2002 - 2005
/ PERCENT /

SECTORS	END OF PERIOD						
				2005			
	2002	2003	2004	I	II	III	IV
Public Sector	**0.1**	**4.0**	**0.2**	**1.9**	**1.9**	**0.0**	**7.3**
Private Sector	**89.9**	**78.8**	**88.2**	**86.9**	**90.5**	**90.7**	**84.4**
Agriculture	0.7	0.4	0.4	0.6	0.8	0.6	0.6
Petroleum	1.7	1.2	2.3	5.2	13.9	14.7	16.7
Manufacturing	12.9	6.0	11.0	7.2	9.3	7.8	6.3
Construction	9.6	10.1	8.4	9.2	9.7	7.8	7.0
Distributive Trades	10.4	4.6	4.2	3.8	3.1	3.4	3.4
Hotels and Guest Houses	10.2	2.0	8.1	2.1	2.9	1.9	1.6
Transport, Storage and Communication	4.1	5.4	5.0	6.9	7.1	5.4	4.5
Finance, Insurance, Real Estate and Business Services	26.8	35.9	40.3	41.4	35.4	34.8	33.3
Education, Cultural and Community Services	0.3	0.3	0.2	0.2	0.1	0.2	0.2
Personal Services	0.5	0.4	0.2	0.2	0.2	3.9	1.8
Consumers	12.7	12.5	8.1	10.1	8.0	10.2	9.0
TOTAL (excluding Real Estate Mortgage & Leases)	**90.0**	**82.8**	**88.4**	**88.8**	**92.4**	**90.7**	**91.7**
Real Estate Mortgage Loans	2.3	1.8	1.6	1.7	2.1	1.1	1.1
Leases	7.7	15.4	10.0	9.5	5.5	8.2	7.2
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, 2001 - 2005
/ $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)
2001	352,226	665,675	3,617,300	3,734,207	7,351,507	8,369,408
2002	353,897	957,241	3,136,420	4,123,822	7,260,242	8,571,380
2003	466,290	773,987	4,224,501	4,879,617	9,104,118	10,344,395
2004	358,671	1,069,101	4,328,651	3,790,994	8,119,645	9,547,417
2005	313,079	1,297,386	4,908,730	2,756,925	7,665,655	9,276,120
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
2005						
I	360,077	1,505,030	4,493,324	3,901,837	8,395,161	10,260,268
II	377,071	1,551,993	4,014,953	3,931,286	7,946,239	9,875,303
III	355,418	1,371,865	5,367,714	3,994,287	9,362,001	11,089,284
IV	313,079	1,297,386	4,908,730	2,756,925	7,665,655	9,276,120

END OF PERIOD	DEPOSITS	BORROWINGS	PROVISIONS	CAPITAL AND RESERVES	OTHER ITEMS (NET)
	(7)	(8)	(9)	(10)	(11)
2001	3,250,046	150,055	102,052	1,236,720	3,630,535
2002	2,762,005	331,555	74,899	1,583,440	3,819,481
2003	2,631,503	138,710	125,073	2,112,653	5,336,456
2004	1,514,478	246,110	69,420	1,946,124	5,771,285
2005	502,845	460,131	98,495	2,062,353	6,152,296
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
2005					
I	1,581,514	885,416	59,386	2,119,762	5,614,190
II	1,486,986	193,576	63,167	2,110,620	6,020,954
III	1,124,114	50,324	113,432	2,155,218	7,646,196
IV	502,845	460,131	98,495	2,062,353	6,152,296

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.31

DEVELOPMENT BANKS: SUMMARY OF ASSETS AND LIABILITIES, 2001 - 2005 /$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)
2001	-20,980	-16,474	-519,292	1,221,925	686,159	665,179	15,627	283,769	365,783
2002	-16,800	-20,756	-505,409	1,282,594	756,429	739,629	0	341,583	398,046
2003	-12,600	-34,488	-500,656	1,786,902	1,251,758	1,239,158	0	402,568	836,590
2004r	-8,399	-11,023	-476,132	2,027,974	1,540,819	1,532,420	0	444,685	1,087,735
2005	-6,281	-41,253	-855,684	2,132,711	1,235,774	1,229,493	0	464,068	765,425
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
IV r	-8,399	-11,023	-476,132	2,027,974	1,540,819	1,532,420	0	444,685	1,087,735
2005									
I	-6987	-33,311	-476,132	2,070,637	1,561,194	1,554,207	0	456,060	1,098,147
II	-6281	-45,023	-470,851	2,076,546	1,560,672	1,554,391	0	467,042	1,087,349
IIIp	-6281	-23,063	-470,851	2,095,757	1,601,843	1,595,562	0	460,572	1,134,990
IVp	-6281	-41,253	-855,684	2,132,711	1,235,774	1,229,493	0	464,068	765,425

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, 2001-2005
/ $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)
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
2005	0	9,252	8,065	41,160	58,477	58,477	10,314	4,915	15,229	6,744	36,504
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
2005											
I	0	5,859	9,348	41,244	56,451	56,451	10,715	4 ,460	15,175	7,299	33,977
II	0	6,072	9,539	42,032	57,643	57,643	10,847	4,624	15,471	7,336	34,836
III	0	6,596	9,238	42,858	58,692	58,692	10,782	4,607	15,389	6,872	36,431
IV	0	9,252	8,065	41,160	58,477	58,477	10,314	4,915	15,229	6,744	36,504

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.33

NON-BANK FINANCIAL INSTITUTIONS INTEREST RATES, 2003-2005
/ PERCENT /

INTEREST RATES[1]	FOR THE PERIOD						
				2005			
	2003	2004	2005	I	II	III	IV
1. Thrift Institutions							
(a) Savings Deposits							
Range	5.00-5.00	5.00-5.00	3.00 – 4.00	3.00 – 4.00	3.00 – 4.00	3.00 – 4.00	3.00 – 4.00
Median	5.00	5.00	3.50	3.50	3.50	3.50	3.50
(b) Time Deposits							
(i) l - 3 years							
Range	6.00-10.00	5.00-10.00	3.00 – 8.50	3.00 – 8.50	3.00 – 8.50	3.00 – 8.00	3.00 – 8.00
Median	8.00	8.00	5.75	5.75	5.75	5.75	5.75
(c) Mortgage Loans							
(Residential)							
Range	12.50-14.00	12.50-14.00	8.00 – 11.00	8.00 – 11.00	8.00 – 11.00	8.00 – 11.00	8.00 – 11.00
Median	13.25	12.00	9.50	9.50	9.50	9.50	9.50
2. Trust & Mortgage Finance Companies							
(a) Time Deposits							
(i) 1 - 3 years							
Range	2.00-11.00	2.00-10.75	2.90 – 7.00	2.90 – 7.00	2.90 – 7.00	2.90 – 7.00	2.90 – 7.00
Median	7.35	4.56	4.72	4.81	4.72	4.72	4.72
(ii) Over 3 years							
Range	3.00-12.00	2.90-11.50	2.90 – 11.50	2.90 – 11.50	2.90 – 11.50	2.90 – 11.50	2.90 – 11.50
Median	7.55	4.10	7.20	7.20	7.20	7.20	7.20
(b) Mortgage Loans							
(i) Residential							
Range	6.00-16.00	6.00-16.00	6.00 – 16.00	6.00 – 16.00	6.00 – 16.00	6.00 – 16.00	6.00 – 16.00
Median	12.00	10.13	12.13	12.13	12.13	12.13	12.13
(ii) Commercial							
Range	7.00-15.00	6.75-15.00	9.75 – 14.50	9.75 – 14.50	9.75 – 14.50	9.75 – 14.50	9.75 – 14.50
Median	9.41	10.75	12.13	12.13	12.13	12.13	12.13
3. Finance Companies and Merchant Banks							
(a) Time Deposits							
1 year to 3 years	3.00-11.75	2.00-11.75	2.00 – 9.00	2.00 – 8.50	2.00 – 9.00	2.00 – 8.50	2.00 – 8.50
Range	8.26	8.33	6.06	6.25	6.00	6.06	6.06
Median							
(b) Instalment Loans							
Range	4.60-19.50	3.00-19.50	3.00 – 28.00	3.00 – 28.00	3.00 – 28.00	5.00 – 28.00	5.75 – 28.00
Median	9.00	9.44	10.84	11.00	11.00	10.77	10.75

SOURCE: Central Bank of Trinidad and Tobago.

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

TABLE A.34

MONEY AND CAPITAL MARKET ACTIVITY, 2002-2005

	NEW ISSUES ($MN)			SECONDARY MARKET TURNOVER[1]						
				GOVERNMENT SECURITIES[2]		TREASURY BILLS		PUBLIC COMPANY SHARES		
END OF PERIOD	GOVERNMENT SECURITIES	TREASURY BILLS	OTHER[3]	FACE VALUE ($MN)	NO. OF TRANSACTIONS	FACE VALUE ($MN)	NO. OF TRANSACTIONS	MARKET VALUE ($MN)	NO. OF TRANSACTIONS	VOLUME OF SHARES TRADED (MN)
2002	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	3,939.0p	0.0	0	710.3	37	2,303.2	16,690r	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
2004r	1,116.0r	0.0	1,447.4	0.0	0	701.1	68	3,033.4r	36,057r	312.5r
I	0.0	0.0	0.0	0.0	0	174.7	15	518.0	9,048r	91.6r
II	0.0	0.0	331.0	0.0	0	115.7	19	784.6	9,908	61.9
III	1,116.0	0.0	276.0	0.0	0	238.3	24	753.0r	8,439r	77.3r
IV	0.0	0.0	840.4	0.0	0	172.4	10	977.9	8,662	81.6
2005	800.0	0.0	432.2	0.0	0	748.3	89	3,918.1	32,316	193.6
I	400.0	0.0	0.0	0.0	0	165.9	17	1,026.7	9,959	54.4
II	202.8	0.0	125.0	0.0	0	271.8	34	1,272.8	10,190	57.2
III	197.2	0.0	192.2	0.0	0	250.8	26	1,008.0	6,174	42.3
IV	0.0	0.0	115.0	0.0	0	59.7	12	610.6	5,993	39.7

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

1 Data refer to the double transactions of buying and selling.
2 Trading in Government Securities and Treasury Bills was conducted under the aegis of the Investment Division, Central Bank of Trinidad and Tobago. From 1993 trading in government securities has been conducted by the Stock Exchange of Trinidad and Tobago.
3 Data include new issues by state corporations and other private organizations.

TABLE A.35

SELECTED INTEREST RATES, 2003-2005
/ PERCENT /

	FOR THE PERIOD						
				2005			
	2003	2004	2005	I	II	III	IV
A. Central Bank							
(i) Bank Rate	7.00	7.00	8.00	7.25	7.25	7.25	8.00
(ii) Special Deposits Rate	3.00	3.00	0.00	3.25	3.25	2.50	0.00
(iii) Repo Rate[2]	5.00	5.00	6.00	5.25	5.25	5.75	6.00
(iv) Reverse Repo Rate[2]	4.50	4.50	5.50	4.75	4.75	5.25	5.50
B. Government							
(i) Treasury Bills[3]	4.82	4.77	4.86	4.73	4.85	4.94	4.93
C. Commercial Banks - Local Currency							
(i) Weighted Average Rate on Loans	11.19[r]	9.49	8.98	9.05	8.76	9.19	8.90
(ii) Weighted Average Rate on Deposits	2.48[r]	2.07	1.84	1.77	1.73	1.98	1.89
(iii) Interest Spread (i - ii)	8.71[r]	7.42	7.13	7.27	7.03	7.21	7.01
D. Non-Bank Financial Institutions[4]							
(i) Weighted Average Rate on Loans	9.94[r]	9.25[r]	8.38	8.54	8.53	8.34	8.10
(ii) Weighted Average Rate on Deposits	6.81[r]	5.78[r]	6.05	6.04	6.24	5.97	5.95
(iii) Interest Spread (i - ii)	3.13[r]	3.47[r]	2.33	2.50	2.29	2.37	2.16

SOURCE: Central Bank of Trinidad and Tobago.

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

TABLE A.36 (A)

BALANCE OF PAYMENTS, 2001 - 2005
/US$Million/

ITEM	2001	2002	2003	2004	2005e
(1) Merchandise (Net)	**718.1**	**237.7**	**1,293.2**	**1,508.7**	**2,647.7**
Exports	4,304.2	3,920.0	5,204.9	6,402.9	8,833.7
Imports	3,586.1	3,682.3	3,911.7	4,894.2	6,186.0
(2) Services (Net)	**233.6**	**264.0**	**313.8**	**479.5**	**526.5**
Transportation	90.7	85.1	85.2	132.4	142.3
Travel	49.9	55.7	141.7	245.6	230.9
Communication	24.2	24.5	36.0	39.5	21.2
Insurance	70.5	99.6	108.1	113.0	147.8
Other Government	9.5	6.2	-23.1	-44.0	-19.0
Other Services	-11.2	-7.1	-34.1	-7.0	3.2
(3) Income	**-539.3**	**-479.8**	**-680.9**	**-397.3**	**-554.4**
Investment Income	-539.3	-479.8	-680.9	-397.3	-554.4
(4) Unrequited Transfers (Net)	**33.4**	**54.5**	**58.6**	**56.2**	**52.5**
(5) Current Account (1+2+3+4)	**445.8**	**76.4**	**984.7**	**1,647.1**	**2,672.3**
(6) Net Capital Movement (Net)	**428.1**	**328.7**	**-505.7**	**-789.0**	**-306.4**
Portfolio Investment	-58.0	-4.2	-14.9	-11.5	-26.4
Direct Investment	776.8	684.3	583.1	972.7	598.7
Regional bond issues	-206.2	-70.1	-509.2	-690.1	-240.5
Other Private[1]	-292.2	-141.0	-584.9	-322.4	-500.0
Commercial Banks	257.1	-79.3	93.9	-524.3	-57.6
Official Borrowing	-34.7	-50.8	-63.5	-202.7	-69.9
Official Loans	0.0	0.0	0.0	0.0	0.0
State Enterprises[2]	-14.7	-10.2	-10.2	-10.7	-10.7
Other Assets	0.0	0.0	0.0	0.0	0.0
(7) Net Errors & Omissions	**-403.3**	**-356.2**	**-144.8**	**-123.1**	**-472.9**
(8) Overall Surplus or Deficit	**470.6**	**48.9**	**334.2**	**735.0**	**1,893.0**
(9) Official Financing	-470.6	**-48.9**	**-334.2**	**-735.0**	**-1,893.0**
Government	0.0	0.0	0.0	0.0	0.0
Central Bank (Net)[3]	**-470.6**	**-48.9**	-334.2	-735.0	-1,893.0
(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)	5.0	0.8	8.9	13.4	18.5
Gross Official Reserves (US$Mn)	1,876.0	1,923.6	2,257.8	2,993.0	4,885.7
Import Cover	5.6	5.5	5.4	6.9	9.7
Gross Official Reserves (US$Mn; net RSF)	1,712.7	1,760.1	2,007.5	2,539.1	4,014.9
Import Cover	5.1	4.9	4.6	5.5	7.9
Debt Service Ratio	3.7	4.4	3.5	4.7	2.5

SOURCE: Central Bank of Trinidad and Tobago.

1 Represents estimated short-term foreign capital.
2 Changes in Foreign Currency Balances of Those Enterprises are included here.
3 Includes Central Bank holdings, IMF Reserve Tranche and SDR holdings, and use of Fund (IMF) Credit.

TABLE A.36 (B)

SUMMARY BALANCE OF PAYMENTS 2001-2005
/US$Million/

ITEM	End of Period				
	2001	2002	2003	2004	2005e
Current Account Balance	**446**	**76**	**985**	**1,647**	**2,672**
Trade Balance	718	238	1,293	1,509	2,648
Exports	4,304	3,920	5,205	6,403	8,834
Petroleum crude and refined	1,735	1,768	2,386	1,643	3,038
Gas	828	459	951	1,978	2,632
Petrochemicals	823	647	907	1,522	1,922
Other	918	1,046	962	1,260	1,242
Imports	3,586	3,682	3,912	4,894	6,186
Fuel imports	926	1,019	1,064	1,181	1,845
Capital	1,267	1,276	1,257	1,796	2,000
Other	1,394	1,388	1,591	1,917	2,341
Services and transfer (net)	-273	-161	-309	139	26
Nonfactor services (net)	233	264	314	480	527
Factor income (net)	-539	-480	-681	-397	-554
Current transfers (net)	33	55	59	56	53
Capital and financial account (net)[1]	**25**	**-28**	**-627**	**-912**	**-779**
Official, medium and long-term (net)	-49	-61	-64	-203	-70
Disbursements	27	18	26	23	22
Amortizations	-61	-69	-90	-226	-92
Direct Investment (net)	777	684	583	973	599
Inward	835	791	808	1,001	940
Outward	58	106	225	29	341
Commercial banks (net)	257	-79	94	-524	-58
Other private sector capital (net)[1]	-960	-572	-1,264	-1,158	-1,250
Of which: net errors and omissions	-403	-356	-145	-123	-473
Overall balance	**471**	**49**	**334**	**735**	**1,893**
Change in gross official reserves (increase-)	-471	-49	-334	-735	-1,893
	In percent of GDP, unless otherwise specified				
Memorandum items:					
Current Account	5.0	0.8	8.9	13.4	18.5
Exports	48.5	43.1	48.2	52.0	61.2
Imports	40.4	40.5	36.2	39.7	42.9
Gross international reserves (millions of US$, end of period)	2,455.2	2,594.0	3,266.8	4,209.2	6,217.1
Oil prices (WEO, spot crude).	24.3	25.0	28.9	37.8	50.7

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

1 Includes net errors and omissions.

TABLE A.37

VALUE OF EXPORTS[1] AND IMPORTS BY SECTIONS OF THE S.I.T.C. (R2) 2003-2005
/$Million/

	2003		2004		2005*	
	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS
Total[2]	**32,600.3**	**24,501.4**	**40,144.4**	**30,600.3**	**42,391.0**	**26,991.6**
0. Food and Live Animals	784.3	1,919.2	884.2	2,208.5	836.0	1,987.7
1. Beverages and Tobacco	633.1	180.4	520.9	177.7	596.3	149.6
2. Crude Materials Except Fuels	73.1	999.3	97.7	715.0	201.2	1,514.1
3. Mineral Fuel Lubricants	21,735.4	6,665.5	24,209.5	7,407.2	29,597.2	9,511.9
4. Animal and Vegetable Oils and Fats	37.5	92.4	45.6	104.8	38.4	74.6
5. Chemicals	5,679.6	1,942.3	9,543.2	2,130.0	7,238.6	1,867.8
6. Manufactured Goods	2,807.1	3,370.4	3,607.2	5,075.1	2,780.0	3,345.9
7. Machinery & Transport Equipment	451.4	7,871.4	813.6	11,262.6	703.5	7,117.0
8. Misc. Manufactured Articles	395.4	1,409.5	418.6	1,490.1	398.3	1,392.7
9. Misc. Transactions and Commodities	3.4	51.0	3.9	29.3	1.5	30.3
Memorandum item:						
Ships' Stores/Bunkers	718.3	-	251.2	-	386.7	-

SOURCE: Central Statistical Office.

1 Domestic Exports.
2 Unadjusted for Balance of Payments.
* Reflects data for January – September 2005 only.

TABLE A.38

EXPORTS BY ECONOMIC FUNCTION, 2001-2005
/ $MILLION /

COMMODITY GROUPS	2001	2002	2003	2004	2005*
1. Consumer Goods	**1,986.7**	**2,005.5**	**1,906.3**	**1,924.9**	**1,908.7**
NON-DURABLES	1,650.4	1,673.2	1,582.6	1,582.0	1,582.4
Food	813.6	808.7	715.1	832.2	791.3
Other	836.8	864.5	867.5	749.8	791.1
DURABLES	336.3	**332.3**	323.7	342.9	**326.3**
2. Raw Materials and Inter. Goods	**22,733.0**	**20,879.3**	**29,827.4**	**36,960.2**	**39,350.1**
Fuels	15,430.3	14,457.3	21,735.4	24,209.5	29,597.2
Construction Materials	1,846.8	2,101.6	2,157.3	2,940.8	2,166.8
Chemicals	5,102.2	4,019.3	5,679.6	9,543.2	7,238.6
Other Raw Materials	353.7	301.1	255.1	266.7	347.5
3. Capital Goods	337.1	**491.8**	**348.5**	**686.3**	**521.2**
Transport Equipment	21.8	42.9	36.9	260.5	122.2
Other Machinery and Equipment	315.3	448.9	311.6	425.8	399.0
4. Other Commodities	**691.9**	**685.7**	**518.1**	**573.0**	**611.0**
5. Total Exports Unadjusted for Balance of Payments (1+2+3+4)	**25,748.7**	**24,062.3**	**32,600.3**	**40,144.4**	**42,391.0**

SOURCE: Central Statistical Office.

* Reflects data for January – September 2005 only.

TABLE A.39
IMPORTS BY ECONOMIC FUNCTION, 2001 - 2005
/ $Million/

Commodity Groups	2001	2002	2003	2004[r]	2005*
1. Consumer Goods	**4,108.8**	**4,009.1**	**4,733.6**	**5,251.2**	**4,791.1**
NON-DURABLES	2,485.5	2,375.5	2,823.5	3,100.2	2,744.0
Food	1,689.6	1,536.6	1,790.2	2,043.9	1,867.5
Other	795.9	838.9	1,033.3	1,056.3	876.5
DURABLES	1,623.3	1,633.6	1,910.1	2,151.0	2,047.1
C.K.D. Passenger Cars	-	-	-	-	-
Non-C.K.D. Passenger Cars	540.5	596.1	756.3	946.4	897.9
Other	1,082.8	1,037.5	1,153.8	1,204.6	1,149.2
2. Raw Materials and Inter. Goods	**8,920.1**	**9,697.7**	**10,153.1**	**11,853.5**	**14,020.6**
Fuels	5,737.2	6,324.9	6,665.5	7,407.2	9,511.9
Construction Materials	870.8	830.4	1,113.3	1,556.6	1,111.0
Other Raw Materials	2,312.1	2,542.4	2,374.3	2,889.7	3,397.7
3. Capital Goods	**6,499.9**	**7,237.9**	**6,597.9**	**10,957.5**	**5,508.8**
Transport Equipment	1,148.8	2,196.5	1,118.8	2,212.7	726.9
Oil and Mining Machinery	316.9	539.3	534.7	2,050.4	412.6
Other Machinery and Equipment	5,034.2	4,502.1	4,944.4	6,694.4	4,369.3
4. Other Commodities	**2,682.0**	**1,928.2**	**3,016.8**	**2,538.1**	**2,671.1**
5. Total Imports Unadjusted for Balance of Payments (1+2+3+4)	**22,210.8**	**22,872.9**	**24,501.4**	**30,600.3**	**26,991.6**

SOURCE: Central Statistical Office.

* Reflects data for January – September 2005 only.

TABLE A.40

DIRECTION OF TRADE – EXPORTS, 2002-2005

Country	2002		2003		2004		2005*	
	$Mn	%	$Mn	%	$Mn	%	$Mn	%
United States	11,201.3	46.6	17,444.6	54.7	27,626.0	69.2	25,140.1	59.8
United Kingdom	354.3	1.5	356.8	1.1	614.0	1.5	381.2	0.9
Japan	8.6	0.0	4.5	0.0	4.9	0.0	4.2	0.0
Other European Community	774.7	3.2	648.9	2.0	593.7	1.5	500.5	1.2
(excluding U.K.)	574.1	2.4	597.4	1.9	506.4	1.3	499.9	1.2
Canada	4,796.3	20.0	6,300.2	19.8	5,140.9	12.9	8,871.7	21.1
CARICOM								
of which:								
Jamaica	1,792.9	7.5	2,195.0	6.9	1,467.0	3.7	2,926.3	7.0
Guyana	485.2	2.0	914.6	2.9	669.1	1.7	1,138.0	2.7
Barbados	1,009.2	4.2	1,225.6	3.8	1,228.4	3.1	1,871.5	4.4
Puerto Rico and U.S. Virgin Islands	849.3	3.5	396.6	1.2	585.9	1.5	250.2	0.6
Central and South America1	1,853.8	7.7	2,165.5	6.8	1,765.7	4.4	3,219.9	7.7
European Free Trade Association	54.9	0.2	61.1	0.2	28.8	0.1	32.1	0.1
Other	3,341.3	14.9	3,906.5	12.3	3,026.9	7.6	3,104.3	7.4
TOTAL[2]	**23,808.6**	**100.0**	**31,882.1**	**100.0**	**39,893.2**	**100.0**	**42,004.1**	**100.0**

SOURCE: Central Statistical Office.

1 Excludes Guyana, French Guiana, Suriname and Belize.
2 Excluding ships' stores/bunkers.
* Reflects data for January – September 2005 only.

TABLE A.41

DIRECTION OF TRADE – IMPORTS, 2002-2005

COUNTRY	2002		2003		2004		2005*	
	$Mn	%	$Mn	%	$Mn	%	$Mn	%
United States	7,679.8	33.6	7,388.6	30.2	10,375.4	33.9	7,718.9	28.6
United Kingdom	817.1	3.6	882.7	3.6	1,631.6	5.3	1,094.4	4.1
Japan	1,001.5	4.4	1,006.5	4.1	1,174.3	3.8	1,099.3	4.1
Other European Community (excluding U.K.)	2,675.3	11.7	3,024.4	12.3	4,681.3	15.3	1,792.4	6.6
Canada	647.0	2.8	731.9	3.0	675.5	2.2	570.9	2.1
CARICOM	574.0	2.5	588.9	2.4	633.6	2.1	537.5	2.0
of which:								
Jamaica	***108.6***	***0.5***	***105.0***	***0.4***	***88.8***	***0.3***	***59.6***	***0.2***
Guyana	***98.4***	***0.4***	***140.4***	***0.6***	***163.0***	***0.5***	***104.3***	***0.4***
Barbados	***191.0***	***0.8***	***139.0***	***0.6***	***141.9***	***0.5***	***126.7***	***0.5***
Central and South America[1]	4,737.8	20.7	5,294.5	21.6	5,294.4	17.3	7,949.7	29.4
of which:								
Brazil	***1,305.8***	***5.7***	***2,207.8***	***9.0***	***3,204.5***	***10.5***	***3,813.8***	***14.1***
Venezuela	***2,470.5***	***10.8***	***1,656.5***	***6.8***	***962.1***	***3.4***	***1,713.2***	***6.3***
European Free Trade Association	252.4	1.1	247.7	1.0	229.9	0.8	288.8	1.1
Indonesia	29.7	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Other	4,458.3	19.5	5,336.2	21.8	5,904.3	19.3	5,939.7	22.0
TOTAL[2]	**22,872.9**	**100.0**	**24,501.4**	**100.0**	**30,600.3**	**100.0**	**26,991.6**	**100.0**

SOURCE: Central Statistical Office.

1 Excludes Guyana, French Guiana, Suriname and Belize.
2 Unadjusted for balance of payments purposes.
* Reflects data for January – September 2005 only.

TABLE A.42

WEIGHTED AVERAGE TT DOLLAR EXCHANGE RATES FOR SELECTED CURRENCIES[1] 2001-2005

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)
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
2005	6.2319	6.2996	5.0866	5.2849	11.1559	11.6325	0.0566	0.0595	7.6171	7.8818
2005										
January	6.2415	6.2998	5.0319	5.2237	11.4575	11.9732	0.0603	0.0611	8.0295	8.3576
February	6.2459	6.2999	4.9541	5.1631	11.5888	12.0580	0.0593	0.0602	7.9716	8.2921
March	6.2527	6.3000	5.0697	5.2558	11.6776	12.1820	0.0595	0.0601	8.0623	8.0091
I	**6.2466**	**6.2999**	**5.0210**	**5.2161**	**11.5722**	**12.0698**	**0.0598**	**0.0605**	**8.0230**	**8.2195**
April	6.2305	6.2999	4.9748	5.1603	11.6315	12.0826	0.0579	0.0581	7.8690	8.2584
May	6.2213	6.2999	4.9141	5.0827	11.4034	11.8734	0.0582	0.0592	7.7716	8.0989
June	6.2269	6.2998	4.9496	5.1400	11.1840	11.6067	0.0572	0.0582	7.4869	7.7329
II	**6.2263**	**6.2998**	**4.9467**	**5.1284**	**11.4064**	**11.8539**	**0.0578**	**0.0587**	**7.7081**	**8.0290**
July	6.2332	6.2999	5.0275	5.2413	10.6924	11.2249	0.0557	0.0566	7.3521	7.6823
August	6.2194	6.2998	5.1113	5.3122	10.9682	11.5050	0.0561	0.0571	7.5218	7.8415
September	6.2258	6.2999	5.2400	5.4213	11.1094	11.5531	0.0557	0.0568	7.5237	7.8101
III	**6.2261**	**6.2999**	**5.1280**	**5.3264**	**10.9262**	**11.4296**	**0.0559**	**0.0568**	**7.4668**	**7.7785**
October	6.2209	6.2989	5.2477	5.4410	10.8139	11.2667	0.0539	0.0786	7.3595	7.6691
November	6.2341	6.2940	5.2064	5.4581	10.6632	11.1052	0.0525	0.0532	7.2179	7.2649
December	6.2342	6.3029	5.2987	5.5115	10.7141	11.1901	0.0522	0.0533	7.2687	7.5697
IV	**6.2295**	**6.2987**	**5.2517**	**5.4699**	**10.7329**	**11.1900**	**0.0529**	**0.0621**	**7.2844**	**7.5080**

SOURCE: Central Bank of Trinidad and Tobago.

1 Monthly rates are an average for the month.
* Euro was first traded in the Foreign Exchange market in 2000.

TABLE A.43

TRINIDAD AND TOBAGO – INTERNATIONAL RESERVES, 2001-2005
/ US$MILLION /

END OF PERIOD	CENTRAL BANK					CENTRAL GOVERNMENT	NET OFFICIAL RESERVES (5+6)
	FOREIGN ASSETS	of which: IMF RESERVE TRANCHE POSITION	of which: SDR HOLDINGS	FOREIGN LIABILITIES	NET INTERNATIONAL RESERVES(1-4)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
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
2005	4,885.6	0.0	1.6	16.1	4,869.5	0.1	4,869.6
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
2005							
I	3,251.6	0.0	1.8	16.2	3,235.4	0.1	3,235.5
II	3,567.5	0.0	1.8	16.2	3,551.3	0.1	3,551.4
III	4,229.3	0.0	2.0	16.1	4,213.2	0.1	4,213.3
IV	4,885.6	0.0	1.6	16.1	4,869.5	0.1	4,869.6

END OF PERIOD	COMMERCIAL BANKS			GROSS FOREIGN ASSETS (1+6+8)	TOTAL FOREIGN LIABILITIES (4+9)	NET FOREIGN POSITION (11-12)
	FOREIGN ASSETS	FOREIGN LIABILITIES	NET FOREIGN POSITION (8-9)			
	(8)	(9)	(10)	(11)	(12)	(13)
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
2005	1,331.4	956.6	374.8	6,217.2	972.7	5,244.4
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
2005						
I	1,348.4	653.4	695.0	4,600.1	669.6	3,930.5
II	1,270.0	635.7	634.3	4,837.6	651.9	4,185.7
III	1,191.7	849.5	342.2	5,421.1	865.6	4,555.5
IV	1,331.4	956.6	374.8	6,217.1	972.7	5,244.4

SOURCE: Central Bank of Trinidad and Tobago.

TABLE A.44

SUMMARY ACCOUNTS OF THE CENTRAL BANK, 2001 - 2005
/ $MILLION /

	END OF PERIOD				
	2001	2002	2003	2004	2005
Net Foreign Assets	**12,140**	**12,517**	**14,315**	**18,929**	**31,291**
Net International Reserves	11,631	11,978	13,834	18,487	30,692
Assets	11,741	12,079	13,935	18,589	30,794
Liabilities	110	102	102	102	102
Other Foreign Assets	509	539	481	442	599
Other external assets	893	931	916	885	1,052
Medium and long-term foreign liabilities	-26	-16	-37	-16	-29
SDR allocation	-358	-376	-399	-427	-424
Net Domestic Assets	**-6,326**	**-6,932**	**-8,433**	**-13,144**	**-23,257**
Net credit to the public sector	-5,874	-6,336	-8,000	-12,718	-20,440
Central Government (net)	-6,113	-6,502	-8,156	-12,871	-20,589
Treasury bills	0	11	0	0	0
Other Government securities	0	0	0	0	0
Loans to Government	0	0	0	0	0
Use of reserves(-addition)*	-6,114	-6,513	-8,156	-12,872	-20,589
Rest of Public Sector	239	167	156	154	149
of which: Public enterprises	0	0	0	0	0
Net Claims on financial institutions	380	380	380	380	380
Other items (net)	-832	-976	-813	-806	-3,196
Reserve Money	**5,814**	**5,585**	**5,882**	**5,785**	**8,035**
Currency Issue	1,843	2,005	2,295	2,554	2,991
Currency in circulation	1,373	1,502	1,709	1,957	2,425
Currency with banks	470	503	586	597	566
Deposits of commercial banks	3,466	3,072	2,955	2,783	4,673
Deposits of non-bank financial institutions	505	509	632	449	371
	Changes as a percent of beginning-of-period reserve money				
Net International Reserves	56.1	6.0	**33.2**	**79.1**	**211.0**
Net Domestic Assets	-43.8	-10.4	**-26.9**	**-80.1**	**-174.8**
Of which: Central Government	-40.0	-6.7	**-29.6**	**-80.2**	**-133.4**
Reserve Money	12.5	-3.9	**5.3**	**-1.6**	**38.9**
Memorandum Item:					
Net Domestic Assets (Net of RSF)	-5,311	-5,917	**-6,866**	**-10,298**	**-17,772**
Net claims on public sector (Net of RSF)	-4,859	-5,320	**-6,433**	**-9,872**	**-14,955**
Central Government (Net of RSF)	-5,098	-5,487	**-6,589**	**-10,025**	**-15,104**
Government Blocked Account	2,334	2,677	**3,100**	**6,105**	**7,407**

APPENDIX THREE

CALENDAR OF KEY ECONOMIC EVENTS
JANUARY - DECEMBER, 2005

JANUARY

07 FirstCaribbean International Bank Limited announced the complete acquisition of the Mercantile Banking and Financial Corporation, following approvals from both the Central Banks of Barbados and Trinidad and Tobago. The Mercantile, with an asset base of TT$400 million and in operation since 1998, is seen as the launch pad for FirstCaribbean establishing a business presence in Trinidad and Tobago in the spheres of corporate banking and capital markets, two of the Mercantile's main portfolios.

09 BHP Billiton's first oil production from the Angostura field, off the North-Coast of Trinidad, began on this date. The initial production was expected to reach approximately 60,000 barrels per day. As part of phase one of the company's project, the majority of the gas production will be re-injected into the Angostura reservoirs to support oil production from the field, while a portion will be used to fuel operations on the processing platform. In phase two of the project, the company is expected to commercialise the gas resources of the Angostura field.

14 An Act to amend certain laws to facilitate the implementation of the Revised Treaty of Chaguaramas establishing the Caribbean Community, including the CARICOM Single Market and Economy, was assented to by the President. The Act was cited as the Caribbean Community (Removal of Restrictions) Act, 2005. (Act No. 2 of 2005).

18 By Legal Notice, the Proposed Minimum Wages Order, 2005, was made by the Minister under Section 3 of the Minimum Wages Act. Subject to clause 8, on the coming into force of this Order, the national minimum wage for workers in Trinidad and Tobago, shall be at the rate of nine dollars per hour exclusive of gratuities, service charges and commissions. (Legal Notice No. 11 of 2005).

19 The Central Bank of Trinidad and Tobago announced that it had been advised by its solicitors in England that the Judicial Committee of the Privy Council had reserved its decision in the matter of Gulf Insurance Limited v The Central Bank of Trinidad and Tobago, but indicated that it was prepared to allow the Appeal and award damages to Gulf Insurance for the value of its shares in Trinidad Co-operative Bank Limited (TCB) as at September 12, 1993.

Initially Gulf Insurance had applied to the High Court of Justice in Trinidad and Tobago to have the decision by the Central Bank to transfer the assets and/or undertaking and/or business of TCB to First Citizens Bank Limited on September 12, 1993 set aside. That was an application to, in effect, set aside the merger which created the existence of the First Citizens Bank.

The Judicial Committee has not set aside the merger that created First Citizens Bank Limited, but the Law Lords have indicated that the transfer of shares was ultra vires in that, at the material time of the transfer, the Central Bank did not have an independent valuation of the undertaking of TCB. At the time of the transfer, the Central Bank in fact had already obtained a valuation of the shares assessed by Ernst and Young (UK) at $1.00 per share, but due to time constraints it had not yet obtained a valuation of undertaking of the said TCB.

The Judicial Committee expressed a view that this value of $1.00 per share might in fact have been generous and that at the completion of an independent valuation of the undertaking it may well be that no damages at all would be awarded, since the measure of damages should be the difference between the value of the assets and liabilities of the TCB as at September 12, 1993.

The decision in no way affects the shareholding, control and/or management of the First Citizens Bank Limited.

The Central Bank will issue a further release upon receipt of the judgment of the Judicial Committee of the Privy Council.

23 An Act to vary the appropriation of the sum of the issue of which was authorized by the Appropriation Act, 2004, was assented to on this date. This Act may be cited as the Finance (Variation of Appropriation) (2004) Act, 2005. (Act No. 5 of 2005).

FEBRUARY

01 Ms. Amoy Chang Fong retired as Deputy Governor of the Central Bank of Trinidad and Tobago. Ms. Chang Fong had been with the Central Bank of Trinidad and Tobago for the past thirty-six years.

Ms. Joan John, assumed the position of Deputy Governor, Operations of the Central Bank of Trinidad and Tobago, for a period of 5 years. Ms. John will be responsible for banking operations, money and capital market operations, foreign reserve management and the payments system.

02 The Central Bank of Trinidad and Tobago announced its decision to hold the 'repo' rate at 5 per cent. This rate was last modified in September, 2003.

MARCH

03 The Central Bank of Trinidad and Tobago increased the 'Repo Rate' by 25 basis points from 5 per cent to 5.25 per cent. The decision to change the rate was taken against the background of a pick-up in inflation and the narrowing of the differential between TT and foreign interest rates.

The Prime Minister of Trinidad and Tobago announced that Cabinet had agreed to establish a Heritage and Stabilisation Fund to replace the Interim Revenue Stabilisation Fund (IRSF). The resources of the IRSF will be transferred to the new fund, which is expected to stand at $4.2 billion by September, 2005. Similar to the IRSF, the new fund would continue to comprise mainly of surplus oil and gas revenues. However, part of these funds would be held for stabilisation purposes while the remainder will be invested for the benefit of future generations.

14 The Government of Trinidad and Tobago issued its first bond for fiscal 2004/2005 through the newly established automated bond auction system at the Central Bank of Trinidad and Tobago. The bond issue was the first of two (2) bond issues for fiscal 2004/2005, both of which are intended to refinance existing high cost debt. Under the new auction system, participants bid on-line and allotment to successful bidders takes place automatically following the close of the auction. The $400 million issue with a coupon rate of 6 per cent per annum and a maturity date of March 16, 2015 attracted $601 million in bids. Successful competitive bids ranged between $100.07 and $99.63 and were allotted at a price of $99.63, offering investors a yield to maturity of 6.05 per cent per annum.

15 The FirstCaribbean International Banking and Financial Corporation Limited (FCIB) was launched in Port of Spain. FCIB's entry into the Trinidad and Tobago market was facilitated by the acquisition of the former Mercantile Bank. With 100 branches, six subsidiaries, US$9 billion in assets and operations in 16 countries, FCIB is regarded as one of the region's largest banks. FCIB also announced it had no immediate plans to acquire any other financial institution in Trinidad and Tobago.

18 The Trading, Clearing and Settlement System for securities transactions on the Trinidad and Tobago Stock Exchange (the Exchange) entered a new era, with the introduction of automated trading, thus completing the second phase of the Exchange's development programme. The first phase, the clearing and settlement of security transactions, was completed in January 2003, when the Central Securities Depository (CSD) became a reality. The CSD enables securities traded on the Exchange to be cleared and settled, without the need for the physical delivery of certificates. The beginning of the automated trading marks the end of an era where traded securities were called one at a time alphabetically, with all bids and offers marked on the dealing board. Share prices will no longer move without a trade and closing prices will be established by the last sale of a security and not by an outstanding bid or offer. Trading will be continuous, and orders will be executed randomly and not in alphabetical order.

APRIL

05 The Central Bank of Trinidad and Tobago announced that it had recently signed an agreement with the Bankers Association Trinidad and Tobago (BATT) to create an automated clearing house (ACH), named the Trinidad and Tobago Inter-bank Payments Systems Limited (TTIPS). The ACH is another component of the payments system reform to modernize the National Payments Systems. TTIPS will process all inter-bank debit and credit payments, starting will fully electronic end-to-end payments such as: payroll, persons, insurance premiums, cash management, dividends, insurance claims, and utility bill remittance. TTIPS will facilitate faster, more accurate payment processing. In addition, it will provide the infrastructure for commercial banks to offer new payment products to the public.

07 The Central Bank of Trinidad and Tobago announced its decision to keep the 'Repo Rate' unchanged at 5.25 per cent.

09 A major fire occurred in Port of Spain gutting the People's Mall, eight business places, and an Office of the Ministry of Health. Losses were estimated at approximately $30 million.

15 The Caribbean Court of Justice (CCJ) was inaugurated in Port of Spain. Barbados and Guyana are the only two Caribbean countries who are fully ready for the CCJ, after severing all ties with the Privy Council. All other Caribbean countries still have ties to the Judicial Committee of the Privy Council for civil and criminal appeals.

29 The Office of the Banking Services Ombudsman was expanded, to handle complaints from participating insurance companies. As a result, the name of the office was changed to the Office of the Financial Services Ombudsman (OFSO). The Office will now address complaints from individuals and small businesses in respect of services provided by the participating banks and insurance companies. Accessing the services of OFSO is free to the customers of the participating commercial banks and insurance companies.

MAY

05 The Central Bank of Trinidad and Tobago announced its decision to hold the 'Repo Rate' at 5.25 per cent. The decision to hold the rate at its current level was taken against the background of the relative stability of core inflation, which had remained at around 2.8 per cent (year-on-year) for the last three months.

31 The AIC Merchant Bank Limited and AIC Finance Limited were amalgamated effective May 31, 2005. All of the AIC Financial Group Limited merchant banking operations will now be undertaken by AIC Finance Limited. AIC Finance Limited is licensed by the Central Bank of

15 Trinidad and Tobago under Section 8(2) of the Financial Institutions Act, 1993, to carry on business of a financial nature in the following classes:

- ☐ Finance House/Finance Company
- ☐ Mortgage Institution
- ☐ Confirming House
- ☐ Leasing Corporation
- ☐ Merchant Bank
- ☐ Unit Trust
- ☐ Trust Company
- ☐ Credit Card Business
- ☐ Financial Services

JUNE

01 The Water and Sewerage Authority of Trinidad and Tobago proposed the issue of a 15-year bond in three tranches with a value of TT$420 million and a fixed coupon rate of 6.35 per cent per annum. The first tranche of TT$125 million was raised by auction on this date. The Central Bank of Trinidad and Tobago was appointed sole and exclusive agent for the raising and management of this issue of Bonds.

10 The Central Bank of Trinidad and Tobago held the Nineteenth Dr. Eric Williams Memorial Lecture. The lecture was delivered by Professor Kenneth Julien who spoke on the topic "Eric Williams and the Emergence of the National Energy Sector".

17 A 17-year, US$400 million (TT$2.5 billion) contractual service agreement was signed by Atlantic LNG (ALNG) and Italian company Nuovo Pignone. This is to establish a world-class turbine maintenance facility and training centre at ALNG's plant in Pt. Fortin in the second quarter of 2006. It was disclosed that 30 percent of the new facility would accommodate the servicing of turbines and compressors for other heavy industries in Trinidad and Tobago, the Caribbean and South America.

23 The Trinidad and Tobago telecommunications sector began the process of liberalization when the Telecommunications Authority of Trinidad and Tobago granted a total award of US$25 million cellular phone licences to Irish telecom giant Digicel (US$16 million) and local company Laqtel (US$9 million). This move effectively marked the beginning of the end of TSTT's monopoly of the sector.

JULY

05 Petro-Canada, one of the largest integrated oil and gas companies in Canada, operating as Canada Inc. in Trinidad signed three production sharing contracts for offshore exploration with the Government of Trinidad and Tobago. The company will be investing US$80 million in Block 1(a) and 1 (b) both located in the Gulf of Paria and Block 22, ten kilometers north of Tobago. Petrotrin will hold a 20 percent stake in Block 22.

15 The Government of Trinidad and Tobago's (GOTT) TT$400 million, 6.10 percent fixed rate bond due 2015, reopened for auction on a bid price basis on July 15, 2005, via the single price auction system, at the Central Bank of Trinidad and Tobago. The bonds will be dated as at the original issue date of May 24, 2005 and accrued interest will be applied to the purchase price of each allocation on the date of settlement, Friday July 22, 2005. This bond issue is the second of two bond issues for fiscal 2005, both of which are intended to refinance existing high cost debt.

20 The Central Bank of Trinidad and Tobago announced the formation of a new regulatory policy council for the financial sector, in accordance with provisions of Government's White Paper on reforming the financial system. The council which is chaired by the Central Bank will comprise the heads of the following regulatory agencies: The Trinidad and Tobago Securities and Exchange Commission; the Trinidad and Tobago Stock Exchange; and the Deposit Insurance Corporation, as well as the Permanent Secretary, Ministry of Finance, representing the Minister of Finance. One of the Council's main functions will be to prevent and eliminate conflicts and unintended supervisory gaps in financial services supervision. The Council will also begin working on a Memorandum of Understanding to be used to cover relevant information sharing about individual enterprises and persons, and about specifics of regulatory proceedings regarding market participants.

21 It was announced that Trinidad and Tobago had signed the revised Cotonou Agreement, which will define and regulate trade regulations between this country and the European Union for the next 20 years. The Cotonou Agreement replaces the Lome Agreement.

The Central Bank increased its 'Repo' rate by 25 basis points from 5.25 percent to 5.50 per cent. This rate was last changed in March 2005.

A TT$1 billion bond underwritten by Citibank on behalf of the Telecommunications Services of Trinidad and Tobago (TSTT), to raise money for TSTT's network upgrade was commemorated on this date. The 10-year bond, believed to be the largest offering floated by a local company on the domestic market, was issued at a fixed rate of 6.225 percent.

An Act to provide for the imposition or variation of certain taxes and to introduce other provisions of a fiscal nature and for related matters was assented to on this date. This Act may be cited as the Finance Act, 2005 (Act No. 21 of 2005).

27 The auction with respect to the second tranche of the Water and Sewerage Authority of Trinidad and Tobago (WASA) TT$420 million, 6.35 per cent fixed rate bond maturing in 2020 opened at the Central Bank of Trinidad & Tobago on this date.

AUGUST

09 Moody's ratings agency announced the upgrading of Trinidad and Tobago's key foreign currency ratings to Baa2 in light of an improved external payments position due to the energy sector's expansion over recent years. Moody's raised the foreign-currency country ceiling for bonds and notes to Baa2 from Baa3 while the foreign currency bank deposit ceiling was raised to Baa2 form Ba1

17 The Central Bank auctioned the first tranche of the National Housing Authority TT$1,390 million bond issue on this date. The proceeds of this issue will fund the implementation of certain aspects of the Government's Accelerated Housing Programme.

SEPTEMBER

12 An ethanol plant was constructed at a cost of $70 million dollars by a subsidiary of Angostura Trinidad Distillers Ltd. The plant was constructed and installed within Petrotrin's Point Fortin compound. It is anticipated that the plant will produce 50 million US gallons of ethanol per year, and all of its ethanol production will be distributed duty free to the United States.

14 Moody's Investor Services Inc. upgraded the long term senior unsecured debt issued by First Citizens (St. Lucia) Ltd., a subsidiary of First Citizens Bank (Trinidad and Tobago) Ltd. This rating is attached to bonds issued by First Citizens (St. Lucia). This is the first time debt issued by a local financial institution has been assigned an "A" rating by an international credit rating agency.

RBTT announced that they had signed an agreement with Temenos. This agreement joins the two companies in a partnership whereby Temenos will be supplying RBTT with a new core banking platform, the Temenos T24 Solution. RBTT's upgrade slated to take place over a three year period, will cost approximately US $50 million. This project has been named "Recast" and has been already implemented with the launch of Netbank (an internet banking platform for corporate customers) and a mutual fund client interface system.

15 The Caroni (1975) Limited and Organge Grove National Company Limited (Divestment) Act was passed as Act. No. 25 of 2005 and assented to on this date.

21 It was announced that ANSA Merchant Bank Ltd. launched its first open-ended mutual fund, called the ANSA Secured Fund.

23 The Central Bank of Trinidad and Tobago increased the "Repo" Rate by 25 basis points from 5.50 per cent to 5.75 per cent with effect from this date. The decision to change the rate was taken against the background of relatively high liquidity in the domestic economy, further narrowing in the differential between TT and US short-term interest rates and signs of persistent inflationary pressures.

28 The Finance (Supplementary Appropriateion) Act was passed as Act. no. 28 of 2005 and assented to on this date.

OCTOBER

04 On this date, the Housing Development Corporation replaced the National Housing Authority as the mechanism used to provide affordable shelter for low and middle income people. All assets, liabilities, rights and obligations of the National Housing Authority were transferred to the Housin Development Corporation. The Corporation was established via Act 24 of 2005 and was proclaimed by the President on October 01, 2005.

09 The Ministry of Finance signed a bilateral rescheduling agreement with the Government of Guyana writing off US $123 million of Guyana's US$794 million debt to the Trinidad and Tobago Government.

10 On this date the third tranche of the Water and Sewage Authority (WASA) $435 million fixed rate bond maturing in 2020 was issued.

17 It was announced that the Sanatan Dharma Maha Sabha had lost its appeal against the High Court judge, who had thrown out its lawsuit which questioned the appointment of Dr. Selwyn Cudjoe as a director of the Central Bank of Trinidad and Tobago.

18 The Central Bank of Trinidad and Tobago announced the launch of "Translations" a programme geared towards students enrolled in the Servol Adolescent Development Programme. This program aims to increase the Servol students' desire to achieve success in their chosen field of trade. The programme will include two modules. The first module with a theme of "You can do it" will consist of one session for each Life Centre, totalling three sessions, where a motivational speaker will address issues such as self-esteem and self-motivation. The second module will include approximately five sessions geared towards students graduating from the trade programme.

21 It was announced that the Ministry of Energy formally commissioned the M5000 Mega Methanol plant. This plant is owned by Methanol Holdings (Trinidad) Ltd. at the Point Lisas Industrial Estate. The M5000 is the largest methanol plant in the world.

The Central Bank of Trinidad and Tobago maintained the "Repo" rate at 5.75 per cent. This rate was last modified on the 23rd September 2005.

25 The Ministry of Trade and Industry launched an initiative to improve the country's international trade performance called the Trade Sector Support Programme (TSSP). This initiative is funded jointly by a loan of US $5 million from the Inter-American Development Bank and US $2.1 million from the Government of Trinidad and Tobago.

26 A memorandum of understanding was signed between the Government of Trinidad and Tobago and Trinidad Energy Investments Ltd to construct a US$650 million urea plant at Point Lisas Industrial Estate. Construction will begin during the second quarter of 2006.

27 Digicel and Laqtel were granted concessions for the operation of public domestic mobile telecommunications services on this date.

29 Clico Investment Bank (CIB) was awarded a mandate to arrange a US $1.2 billion project. This project will fund Essar's iron and steel complex in Point Lisas Industrial Estate and has a completion date of 2009. The project will be a syndicated financing facility with a 12-year term.

NOVEMBER

02 Repsol YPF announced a US$1.25 billion investment in Trinidad and Tobago. Repsol YPF is a Spanish petroleum conglomerate that has been involved in the local energy sector prior to 2003.

The divestment of bpTT's Teak, Samaan and Poui marine oil fields was concluded, with Repsol YPF purchasing them at a cost of US$229 million.

13 The Inter-American Development Bank reported that Latin American and Caribbean remittances will reach US $55 billion.

15 The Central Bank of Trinidad and Tobago announced that for the period January – October 2005 the bank injected US$545 million into the foreign exchange market. For the similar period in 2004 the Bank injected US $305 million. The injection was necessary as there was a sharp increase in the demand for foreign exchange. This increase was driven by an increase in imports, foreign portfolio investment by citizens and the expanding requirement for foreign investment brought on by the Government's building programme.

The Central Bank of Trinidad and Tobago stated that it expects foreign exchange sales to total approximately US$650 million. This is an increase from last year's sale of US$400 million.

23

Neal and Massy Holdings Ltd. announced a joint venture arrangement with Cool Corp Limited for the purpose of purchasing Shell's retail LPG and Chemical business in Jamaica. The joint venture will be known as Cool Petroleum Holdings Ltd.

25 The Central Bank of Trinidad and Tobago increased the "Repo" Rate to 6.0 per cent with effect from this date. The decision to change the rate was taken against the background of persistent inflationary pressures, sharp narrowing in the differential between short-term TT and US dollar rates, and a persistent liquidity overhang.

DECEMBER

02 The Housing Development Corporation, formerly known as the National Housing Authority, launched a TT$1,390 million fixed rate bond. This bond will be issued in three tranches and will mature in 2021, 2025 and 2030.

05 The Merchant Banking Unit of Scotiatrust and the Merchant Bank Trinidad and Tobago Limited announced that they have arranged and syndicated a $200 million fixed rate bond that will mature in 2011. This bond will have a bullet payment at maturity and a competitive coupon of 6.30 per cent. This was the first bond that Scotiabank Trinidad and Tobago raised locally.

It was reported that the National Energy Corporation (NEC) and Essar signed an agreement to establish a four plant iron and steel complex at Point Lisas Industrial Estate. The complex will produce pellets, hot briquetted iron (HBI), steel slabs and rolled coils. The Essar Group of Companies is one of the largest corporate enterprises in India, with businesses spanning core and service sectors of steel, oil and gas, power, telecommunications, shipping and construction.

05 It was reported that a memorandum of cooperation was signed between the National Gas Company of Trinidad and Tobago and the Malaysian energy company, Petronas. It is anticipated that this agreement will expand the domestic LNG industry through the development of Atlantic LNG Train V and other LNG investments.

08 It was announced that Guardian Holdings Ltd (GHL) acquired 20.1 per cent of the issued share capital of a Panamanian insurance company called Grupo Mundial Tenedora S.A. It was reported that GHL paid US$26,645,805 for the allotment of 2,960,645 shares. Grupo Mundial Tenedora S.A. offers such services as long-term and short-term insurance, pension and medical benefits, mortgage banking, trust and private banking and asset management.

12 It was announced that Telecommunications Services of Trinidad & Tobago Ltd (TSTT) and Laqtel signed a master lease tower sharing agreement. This agreement allows Laqtel to install equipment on TSTT towers and grants Laqtel space on sixteen of TSTT's cellular towers with a view to increasing that number to thirty. This contract is for five years with initial and subsequent renewal periods of five years.

It was announced that Alutrint and the China National Machinery and Equipment Import Corporation (CMEC) signed an agreement to develop a 125,000 annual tonnage aluminium smelter complex. The agreement between the two companies includes two plants at the Union Industrial Estate, one producing wire and the other producing rods, as well as two other plants at the Tamana Intek Park in Wallerfield that will manufacture wheels and the other automotive components.

13 RBTT Bank Ltd. announced the closure of a syndicated loan facility at US$140 million after raising US$200 million in commitments during its three year lifetime.

The Central Bank of Trinidad and Tobago announced that the 'Repo' rate was left unchanged at 6.00 per cent. This rate was last modified on November 25 2005. The Bank also introduced measures intended to manage liquidity and improve monetary policy. These were: the rate paid on special deposits held by commercial banks at the Central Bank was lowered from 2.50 per cent to 0 per cent with effect from December 28 2005; and commercial banks were required to place in aggregate TT$1 billion in an interest bearing deposit account at the Central Bank for a minimum period of one year.

31 It was announced that Digicel Trinidad and Tobago Ltd., Laqtel and the Telecommunications Services of Trinidad & Tobago Ltd (TSTT) signed an agreement with respect to associated licenses and concessions. These are valid for ten years and authorize the holders to provide public mobile telecommunications services and public international telecommunications network services. The signing was witnessed by the Telecommunications Authority of Trinidad and Tobago.

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