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ECONOMIC SURVEY OF LATIN AMERICA, 1968

The economic situation of Barbados, Guyana,
Jamaica, and Trinidad and Tobago

NOTE

This addendum contains provisional versions of the sections describing recent economic trends in Barbados, Guyana, Jamaica and Trinidad and Tobago which, for technical reasons, could not be included in the mimeographed text of the Economic Survey of Latin America, 1968. They will be included in part two, chapter II, of the printed version.

After the mimeographed version of the Survey had gone to print, official institutions of some countries published figures that modify the data given in the mimeographed text. The most important of these changes are as follows:

1. The Argentine Ministry of Economic Affairs and Labour published its economic report covering the last quarter of 1968, thus completing the data for the year. The report indicates that the gross domestic product grew by 4.8 per cent, and not by 4.5 per cent as indicated in the mimeographed text. This comprises a decline of 4.8 per cent in the agricultural sector and increases of 9.8 per cent in mining and quarrying, 7.9 per cent in manufacturing, 23.6 per cent in construction and 4.3 per cent in services.

2. According to new data - chiefly from the annual report of the Banco de México - Mexico's gross domestic product grew by 7 per cent, instead of 6.8 per cent as originally estimated. In addition, the balance of payments showed an increase of 49 million dollars in international reserves.

3. Recent information from the Central Bank of Uruguay indicates that Uruguay's gross domestic product grew by 0.3 per cent, instead of the estimated rate of 1 per cent given in the mimeographed version of the Survey.

BARBADOS

Recent economic trends

According to preliminary estimates, the growth rate of the economy in 1968 was much lower than in 1967, mainly owing to the decline in sugar output (see figure I). Hence the influence of the sugar crop, which accounts for three-quarters of total agricultural output and 70 per cent of export earnings, once again proved decisive.

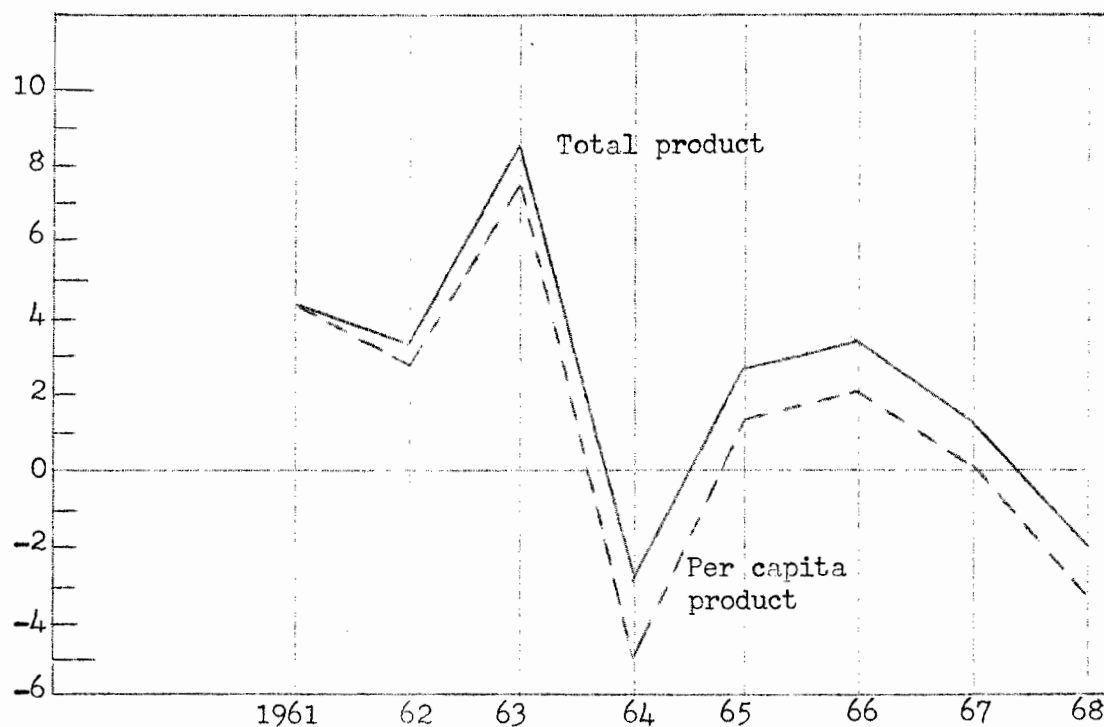
Although firm estimates are not available, agriculture is thought to have contributed 47.8 million East Caribbean dollars ^{1/} to the gross domestic product in 1967, which is an increase of close to 10 per cent (at current prices) over 1966. This was attributable to the fact that sugar output totalled more than 200,000 tons in 1967, in contrast to an estimated 159,000 tons in 1966. The large increase in 1967 followed increases of 6.1 per cent in 1965 and 1.6 per cent in 1966. Preliminary data also indicate that there is a trend in agriculture towards diversification and import substitution. In construction, on the other hand, planned public investment and the number of applications from the private sector for permission to build, indicate an increase in activity. Investment in new manufacturing establishments increased from 1.1 million dollars in 1965 to 2.7 million in 1966 and 3.7 million in 1967.

^{1/} All references to dollars in this section are to East Caribbean dollar unless otherwise specified. One United States dollar equals two East Caribbean dollars.

Figure I

BARBADOS : RATE OF GROWTH OF THE TOTAL AND PER CAPITA
GROSS DOMESTIC PRODUCT, 1960-68

(Annual growth rates)*
Natural scale



* Based on absolute values at 1960 prices

/The rising

The rising trend of the product is also attributable to the significant increase in the contribution of the government sector (from 21.3 million dollars in 1966 to 25.8 million in 1967) and services (from 17.5 million dollars to 19.5 million over the same period) (see table 1). It should be noted that the government sector more than doubled its contribution to the product between 1960 and 1967, from 12 to 26 million dollars. This was due to the fact that central government income and expenditure both increased - the latter more rapidly - so that the budget surplus on current account declined from 3.4 million dollars in 1960-61 to 1.6 million in 1967-68 (see table 2). Import duties and internal consumption taxes continued to account for the major share of current revenue, varying between 44 and 48 per cent of the total. Income taxes and death duties were together the second most important source of revenue. Since 1964-65 individual income taxes have increased steadily while corporate income taxes have remained virtually stable. Capital expenditure by the public sector fluctuated in relation to the timing of the implementation of certain major projects, attaining a high of 11.5 million dollars in 1966-67. In six of the past eight financial years, capital expenditure was financed from the budget surplus on current account, supplemented by domestic and external loans. Up to 1965, colonial development and welfare funds from the United Kingdom were an important source of financing, but subsequently credit from this source declined and has now ceased altogether. At present, loans provide most of the funds for capital expenditure and this is reflected in the increases in indebtedness and debt servicing charges, which are largely payable abroad.

The external sector

Visible trade grew in 1967, with exports rising at a faster rate than imports. Total exports increased by 3.3 per cent and exceeded 72 million dollars in value despite a decline in re-exports, which since 1962 had averaged more than 25 per cent of total exports. Total imports increased by 2.4 per cent and amounted to a value of 134.3 million dollars. As a result, the deficit on merchandise trade in 1967 was slightly higher than in 1966. Preliminary estimates for 1968 indicate that the value of exports will decrease and that the deficit will consequently widen. The main recent increases in imports have been in chemicals and in transport machinery and equipment. The data available for 1968 indicate that the increase in domestic demand for investment goods, which began in 1964, is still continuing. Another significant development is the decrease in food imports (see table 3).

/Table 1

Table 1

BARBADOS: CONTRIBUTIONS OF SECTORS TO GROSS DOMESTIC PRODUCT, 1963-67^{a/}

	Millions of EC\$ at Current Prices					Sectoral Rates Growth				
	1963	1964	1965	1966	1967	1962-63	1963-64	1964-65	1965-66	1966-67
Sugar	37.0	29.7	31.5	32.0	35.1	46.2	19.7	6.1	1.6	9.7
Other agriculture	8.2	8.2	8.3	8.3	-	-2.4	0.0	1.2	0.0	-
Manufacturing and mining	13.5	14.0	14.1	14.4	-	1.5	3.7	0.7	2.1	-
Construction	14.2	14.2	14.3	14.4	-	1.4	0.0	0.7	0.7	-
Distribution	33.6	34.1	35.6	37.3	-	15.1	1.5	4.4	4.8	-
Transport and public utilities	8.5	8.7	9.0	10.3	-	2.4	2.4	3.4	11.4	-
House ownership	6.4	6.5	6.5	6.8	-	0.0	1.6	0.0	4.6	-
Services	15.0	15.4	17.0	17.5	19.5	2.7	2.7	10.4	2.9	11.4
Government	15.0	16.5	17.6	21.3	25.8	10.3	10.0	0.7	21.0	21.1
<u>Total</u>	<u>151.4</u>	<u>147.3</u>	<u>153.9</u>	<u>162.3</u>	-	<u>13.8</u>	<u>-2.7</u>	<u>4.5</u>	<u>5.4</u>	

Source: Economic Survey Barbados, 1968.

a/ Estimates.

Table 2

BARBADOS: CENTRAL GOVERNMENT RECEIPT AND EXPENDITURES, 1960-68

(£'000)

Item	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68 ^{a/}
Receipts (current)	26 035	26 209	28 325	33 646	38 494	40 098	42 809	50 316
Expenditure (current)	22 684	27 157	28 399	29 036	31 273	34 628	43 392	48 674
Surplus (+) or deficit (-)	+3 352	-948	-74	+4 610	+7 219	+5 470	+4437	+1 642
Capital expenditure	-	-	7 930	9 554	8 225	10 270	11 494	8 587

Source: Economic Survey 1968, Office of the Prime Minister, Economic Planning Unit, Bridgetown.

a/ Provisional.

Table 3

BARBADOS: PERCENTAGE COMPOSITION OF IMPORTS, 1964-67

SITC Groups	1964	1965	1966	1967
0 Food	26.7	27.4	26.0	24.4
1 Beverages and tobacco	2.0	1.8	1.8	1.8
2 Crude materials, inedible, except fuels	3.3	3.3	3.4	3.7
3 Mineral fuels, lubricants and related materials	10.4	10.1	10.0	8.7
4 Animal and vegetable oils and fats	0.5	0.7	0.6	0.8
5 Chemicals	7.9	7.2	7.5	8.2
6 Manufactured goods classified chiefly by material	19.2	20.0	20.7	20.4
7 Machinery and transport equipment	16.6	16.3	17.0	19.3
8 Miscellaneous manufactured articles	10.1	9.8	10.0	10.4
9 Miscellaneous transactions and commodities	3.5	3.4	3.0	3.1

/Earnings from

Earnings from tourism help substantially to offset the deficit incurred on visible trade, since tourism is the second largest source of foreign exchange, exceeded only by the sugar industry. Preliminary data for 1967 show that tourists spent 34.8 million dollars - compared with 44.1 million dollars received in respect of exports of sugar, rum and molasses - and tourist expenditure appears to have grown in 1968. The expansion of the tourist industry has been very rapid: between 1960 and 1967 tourist arrivals rose from 35,535 to 91,565, while tourist expenditure grew from 13.8 million dollars to 34.8 million, substantially exceeding the forecast in the 1965-68 development plan for Barbados (see table 4). The estimates reveal that average expenditure per tourist declined between 1963 and 1967, as did the average length of stay, since an increasing number of visitors come for one to three weeks only. With regard to the origin of tourists, more than half the arrivals in 1967 came from Canada and the United States. The number of visitors from neighbouring islands has also gradually increased, and accounted for 28 per cent of the total in 1967. Emigrants' remittances, the other significant item in the balance of payments, have continued to decline.

Table 4

BARBADOS: SELECTED INDICATORS OF TOURISM, 1960-67

Item	1960	1961	1962	1963	1964	1965	1966	1967
<u>Tourist arrivals</u>	<u>35 535</u>	<u>37 060</u>	<u>44 258</u>	<u>50 627</u>	<u>57 625</u>	<u>68 418</u>	<u>79 104</u>	<u>91 565</u>
Canada and United States	13 471	15 761	19 632	23 145	26 061	34 023	40 199	48 106
Commonwealth Caribbean	14 638	13 985	16 220	16 675	19 261	20 842	23 149	24 713
Others	7 426	7 314	8 406	10 507	12 303	13 553	15 756	18 746
<u>Cruise passengers</u>	<u>24 172</u>	<u>26 948</u>	<u>24 658</u>	<u>27 184</u>	<u>41 671</u>	<u>52 664</u>	<u>51 523</u>	<u>45 451</u>
<u>Estimated expenditure</u> <u>(EC\$ Millions)</u>	-	-	-	<u>20.3</u>	<u>23.7</u>	<u>26.1</u>	<u>29.1</u>	<u>34.8</u>

Source: Official statistics of Barbados.

GUYANA

Recent economic trends

According to provisional estimates, the rate of growth of the Guyanese economy appears to have slackened off in 1968 compared with the high growth rates of 1964-67 (see figure II). After its decline in 1963, the gross domestic product at current prices grew at an annual rate of 8.1 per cent until 1967, but in 1968 it is thought to have done so by only 5.4 per cent. The increase in domestic consumer prices was lightly less than 4 per cent, mainly due to the devaluation of the currency.

This slackening in the tempo of economic growth was attributable to the poor results in some major sectors of production, as for example agriculture, which declined by 1.3 per cent, and to the loss of momentum in manufacturing, which grew by only 1.6 per cent. Added to this were the small increases in the transport sector (3.1 per cent) and in the general government sector, which carries special weight in the Guyanese economy, and grew by only 4.2 per cent in 1968. This compares unfavourably with the average annual rate of 15 per cent over the period 1963-67. In contrast, mining and quarrying activities and construction grew by 17 and 15 per cent respectively (see table 5). These increases were attributable to the expansion of production capacity in the bauxite industry and to investment in infrastructure under the general public investment plan for 1966-72, which totalled 200 million Guyanese dollars.

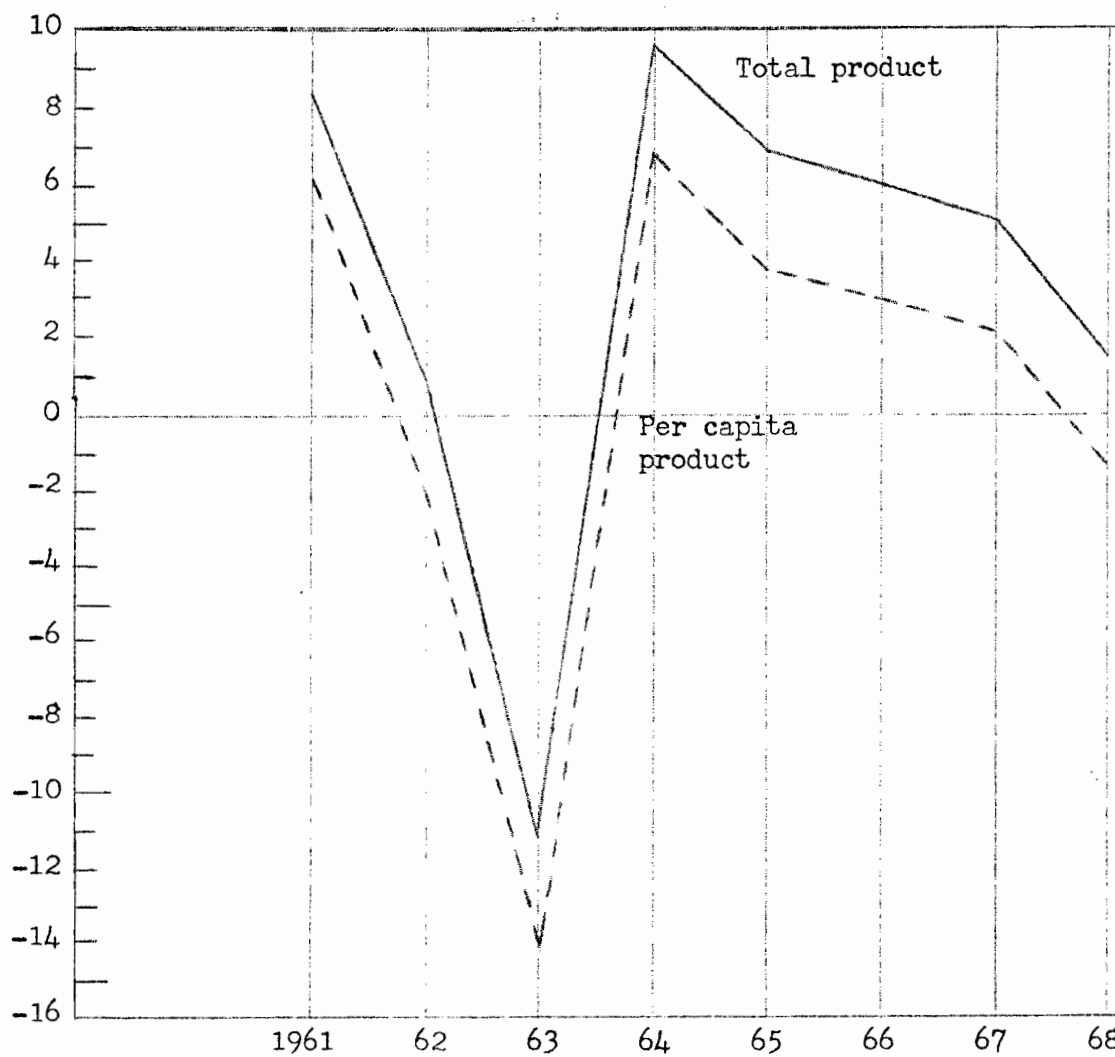
Output of dried bauxite amounted to 1,851,000 tons in 1968, thus exceeding the total for previous years. Output of calcined bauxite amounted to 588,000 tons, which was 26 per cent higher than in 1967. In contrast, alumina output remained virtually stationary, while manganese output fell to almost half that of 1967. The output of mining and quarrying products for construction appears to have increased substantially, in tune with the increase in construction activities.

/Figure II

Figure II

GUYANA : RATE OF GROWTH OF THE TOTAL AND PER CAPITA
GROSS DOMESTIC PRODUCT, 1960-68

(Annual growth rates)*
Natural scale



* Based on absolute values at 1960 prices

Table 5

GUYANA: GROSS DOMESTIC PRODUCT ^{a/} BY SECTORS OF THE ECONOMY, 1965-68

Sectors	Millions of Guyanese dollars at current prices				Annual growth rates			
	1965	1966	1967	1968	1965	1966	1967	1968 ^{a/}
Agriculture	68.5	66.6	69.8	68.9	6.1	-2.8	4.8	-1.3
Fishing and forestry	14.3	15.6	14.5	15.0	24.1	9.1	-7.1	3.4
Mining and quarrying	54.0	59.3	63.2	73.9	1.0	9.8	6.6	16.9
Manufacturing	42.7	44.3	49.1	49.9	15.4	3.7	8.6	1.6
Transport and communications	21.3	23.7	25.9	26.7	6.8	11.3	9.3	3.1
Construction	17.1	20.6	21.7	25.0	13.4	20.5	5.3	15.2
Trade	39.4	42.1	45.3	47.1	0.7	6.9	7.6	4.0
Government	40.2	43.4	50.0	52.1	24.6	8.0	15.2	4.2
Other services	32.1	35.3	36.6	37.7	7.5	10.0	3.7	3.0
<u>Gross domestic product</u>	<u>329.6</u>	<u>350.9</u>	<u>376.1</u>	<u>396.3</u>	<u>8.8</u>	<u>6.5</u>	<u>7.2</u>	<u>5.4</u>

Source: ECLA, on the basis of publications of the Ministry of Economic Development, the Statistical Bureau and the Bank of Guyana.

^{a/} At current factor cost.

/The decline

The decline of 1.3 per cent in agricultural output reflects an 8 per cent decrease in the production of sugar cane and unhulled rice, which accounts for approximately three-quarters of total output. This affected the manufacturing sector, since the processing of sugar and rice constitutes more than one-third of the industrial product. If, however, sugar and rice processing are excluded, it becomes clear that the remainder of the manufacturing sector, which is made up of more thriving industries, has been expanding rapidly since 1963 at an average annual rate of 15 per cent.

The external sector

Imports continued to climb during 1968, mainly due to the fact that recent investment programmes resulted in sharp increases in imports of capital goods and building materials; in addition food imports had to be stepped up owing to the stagnation of agricultural production.

Exports grew faster than imports, chiefly because of the increase in bauxite sales, and this reduced the deficit on merchandise trade. The deficit on current account, however, grew in 1968 as a result of rise in remittances abroad of interest and profits (see table 6). In recent years capital inflows in the form of direct investment have been gradually declining as the bauxite expansion programme nears completion.

Table 6
GUYANA: BALANCE OF PAYMENTS ON CURRENT ACCOUNT, 1966-68
(Millions of Guyanese dollars)

	1966	1967	1968a/
<u>Exports of goods and services</u>	<u>220.5</u>	<u>250.0</u>	<u>268.1</u>
Merchandise exports	192.3	217.8	237.6
<u>Imports of goods and services</u>	<u>270.4</u>	<u>297.0</u>	<u>319.0</u>
Merchandise imports	202.0	225.3	243.2
Balance on merchandise trade	-9.7	-7.5	-5.6
Balance on current account (including transfer payments)	-40.5	-37.5	-42.3

Source: ECLA, on the basis of publications of the Ministry of Economic Development and the Statistical Bureau.

a/ Provisional figures.

/JAMAICA

JAMAICA

In 1968 the Jamaican economy failed to regain the rate of growth recorded from 1960 to 1966 (see figure III). In terms of current prices, the gross domestic product is estimated to have increased by 5.5 per cent in 1968, which compares favourably with the 1967 rate of 4.3 per cent. This difference is significantly reduced, however, if it is considered that domestic consumer prices rose by about 3.6 per cent over the past year, as a result of devaluation of the currency at the end of 1967.

The increase in the product was mainly due to the fact that certain important production sectors, such as mining, manufacturing, construction and transport, recovered some of their impetus (see table 7). Exports also rose 7.5 per cent up to September 1968 over the same period in 1967. This increase is all the more striking inasmuch as the prices of the major primary export items, particularly agricultural commodities, remained low.

Main production sectors

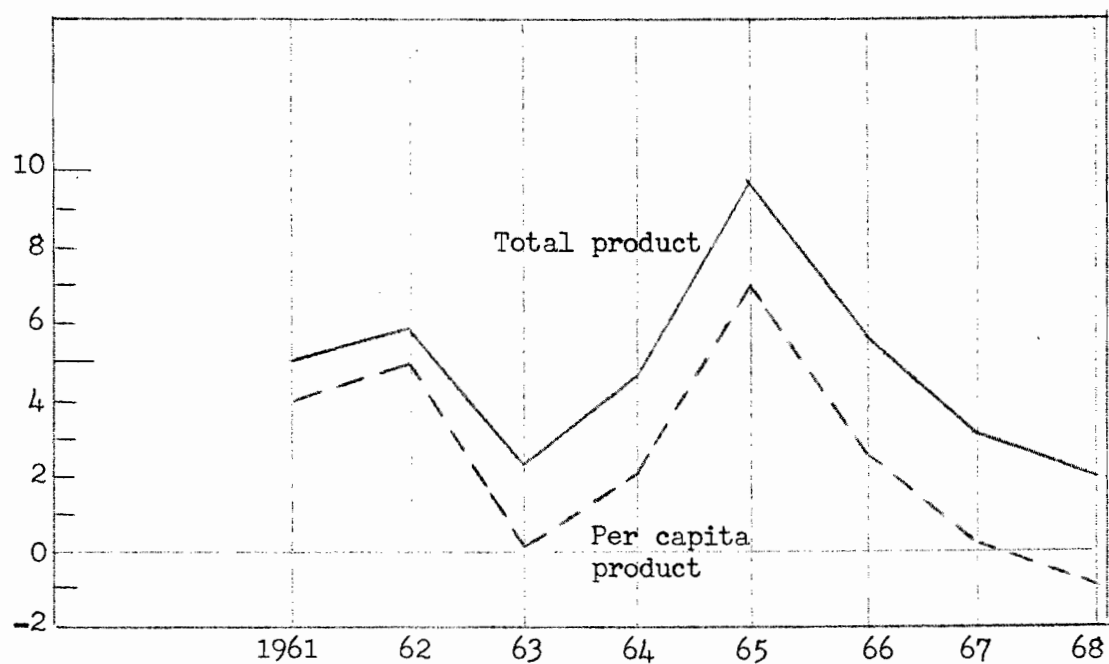
Because of the drought, which affected agriculture for the second consecutive year, the agricultural product rose by only 1.6 per cent in terms of current prices, which was almost as small an increase as the previous year. This situation was the result of the production levels of sugar, bananas and of articles for home consumption.

/Figure III

Figure III

JAMAICA : RATE OF GROWTH OF THE TOTAL AND PER CAPITA
GROSS DOMESTIC PRODUCT, 1960-68

(Annual growth rates)*
Natural scale



* Based on absolute values at 1960 prices

/Table 7

Table 7

JAMAICA: GROSS DOMESTIC PRODUCT BY SECTORS OF THE ECONOMY, 1960 AND 1966-68 ^{a/}

Sectors	Millions of Jamaica pounds at current prices				Annual growth rates		
	1960	1966	1967 ^{b/}	1968 ^{c/}	1960-66	1967 ^{b/}	1968 ^{c/}
Agriculture, forestry and fishing	26.0	37.6	38.2	38.8	6.3	1.6	1.6
Mining, quarrying and refining	20.8	30.9	32.3	34.5	6.8	4.5	6.8
Manufacturing	29.4	49.5	50.7	54.6	9.1	2.4	7.7
Construction	25.7	34.6	36.5	39.4	5.1	5.5	7.9
Transport and communications	16.7	24.2	25.0	26.6	6.4	3.3	6.4
Trade	38.9	45.6	47.9	49.8	2.7	5.0	4.0
Government	13.3	25.0	26.7	27.8	11.1	6.8	4.1
Other	44.6	75.1	79.1	83.4	9.1	5.3	5.4
<u>Gross domestic product</u>	<u>215.4</u>	<u>322.5</u>	<u>336.4</u>	<u>354.9</u>	<u>7.0</u>	<u>4.3</u>	<u>5.5</u>

Sources: 1960-67: publications of the Department of Statistics and the Central Planning Unit, Kingston.
For 1968: full year projections from part year estimates.

^{a/} At current factor cost.

^{b/} Provisional figures.

^{c/} Estimates.

/In contrast

In contrast, it is estimated that the output of extractive industry went up 6.8 per cent in 1968, which is substantially more than in the previous year and the same as the sector's high average growth rates for the nineteen-sixties. This increase is mainly attributable to the higher output of alumina; up to October, this was about 6 per cent over the 1967 level as a result of additions to existing installed capacity, which had been completely utilized the year before. The construction of a new alumina plant began in 1967, and others will be built later, thus existing capacity will be trebled by 1975. On the other hand, preliminary estimates show that bauxite production was below the peak level of 9.2 million tons reached in 1967 (see table 8). Other industries contributing to this sector's growth include quarrying - despite its relatively minor importance compared with the alumina and bauxite industry - in response to the greater demand for construction purposes, and petroleum refining (included in this sector in the official national accounts estimates). In 1968 petroleum refining recovered from the decline it had shown the previous year as a result of a labour dispute.

The volume of imports of construction materials, the increase in commercial bank credit for construction, and other indicators, such as cement sales, confirm the increase of approximately 8 per cent that had been estimated for construction activities. This increase is accounted for by the construction of new infrastructure works and of industrial and mining plants, since housing construction seems to have remained at the same level.

Manufacturing industry recorded the highest growth rate for the decade and thus exceeded the value added of the other sectors. It also underwent a structural change, proceeding from the processing of primary products for export, as a first stage, to the more diversified production of foodstuffs, chemicals and metal products, in response to a well-defined import substitution policy.

Table 8

JAMAICA: BAUXITE AND ALUMINA PRODUCTION, 1963-68

(Thousands of tons)

	Bauxite	Alumina
1963	7 014	719
1964	7 936	757
1965	8 650	753
1966	9 061	802
1967	9 230	828
1968 ^{a/}	8 680	882

Source: ECLA, on the basis of official statistics.

^{a/} Estimates based on data for ten months of the year.

/From 1963

From 1963 to 1966 the manufacturing product rose by 8 per cent annually at current prices. In 1967 the rate was only 2.4 per cent because of the drop in sugar, rum and alcohol production and the 6 per cent decline in cement output. The growth of the manufacturing product in 1968 is estimated at 7.7 per cent, and two factors contributing to this were the recovery in the construction industry and the inclusion of new industries in the national economy.

The external sector

Bauxite and alumina continue to account for a substantial share of exports, i.e., almost half of the total. Sugar and some sugar products rank next in importance - 22 per cent - followed by bananas and other agricultural commodities - 14 per cent - (see table 9). In 1967 exports remained unchanged owing to the drought that affected agriculture and to the low export prices. There seems to have been some improvement in the past year, in spite of the continued effects of the drought. Up to the end of September, exports had risen by about 7.5 per cent over the same period in 1967; this increase is attributable to mining products, fuels and manufactured products rather than to agricultural commodities as a whole. Tourism earnings rose in the past year to an estimated 38 million Jamaican pounds.

Imports went up 29 per cent in the first nine months of 1968 compared with the same period in 1967. In spite of the import substitution policy, foods and manufactured consumer goods continue to account for a large share of imports. In recent years there has been a gradual change in the composition of imports, with increasing purchases of capital goods required for the development of industry and the expansion of installed mining capacity.

This situation is estimated to have aggravated the balance-of-payments deficit on current account, which in 1967 was already 26 million Jamaican pounds. According to the trend shown up to September, the trade deficit would appear to have increased from 42 million Jamaican pounds in 1967 to some 70 million in 1968 (see table 10). This figure was probably reduced to some 40 million pounds with the greater inflow under the head of tourism and the movement of other current account balances. There seems to have been a substantial increase in the inflow of capital, however, since by the end of the year international reserves were showing an increment over the end-1967 figure.

Table 9

JAMAICA: EXPORTS OF STAPLE PRODUCTS, 1962 AND 1965-67

	Millions of Jamaica pounds				Percentages	
	1962	1965	1966	1967	1962	1967
Bauxite and alumina	30.2	35.3	37.7	39.4	48.6	49.0
Sugar, rum and molasses	16.4	17.7	18.6	17.7	26.4	22.0
Bananas	4.5	6.1	6.3	6.6	7.2	8.2
Citrus fruit, cocoa, coffee, etc.	4.1	5.1	5.3	4.5	6.5	5.6
Manufactured goods	4.8	7.9	9.0	8.8	7.7	11.0
Other products	2.2	2.9	3.2	3.4	3.6	4.1
<u>Total</u>	<u>62.2</u>	<u>75.0</u>	<u>80.1</u>	<u>80.4</u>	<u>100.0</u>	<u>100.0</u>

Sources: Publications of the Department of Statistics and the Central Planning Unit, Kingston.

Table 10

JAMAICA: BALANCE OF PAYMENTS ON CURRENT ACCOUNT, 1963-67

(Millions of Jamaica pounds)

	1963	1964	1965	1966	1967
Exports of goods (f.o.b.)	74.4	78.1	77.4	82.3	82.7
Imports of goods (c.i.f.)	80.1	102.7	102.7	115.7	125.0
<u>Balance on merchandise trade</u>	<u>-5.7</u>	<u>-24.6</u>	<u>-25.3</u>	<u>-33.4</u>	<u>-42.3</u>
Net services	2.0	2.5	8.3	12.2	11.0
Net transfer payments	7.2	6.5	6.1	5.2	5.0
<u>Balance on current account</u>	<u>3.5</u>	<u>-15.6</u>	<u>-10.9</u>	<u>-16.0</u>	<u>-26.3</u>

Sources: Department of Statistics and the Central Planning Unit, Kingston.

/TRINIDAD AND

TRINIDAD AND TOBAGO

In 1968 Trinidad and Tobago recorded an economic growth rate of about 4 per cent in real terms, resulting from growth of 10.8 per cent at current prices, and a rise of approximately 7 per cent in prices (see figure IV). The main features of this growth rate were an improved performance in agriculture, the continuation of the marked expansion of the manufacturing sector and a fairly high level of activity in petroleum and construction (see table 11). In the external sector, exports showed considerable gains, increasing at much the same rate as imports. While the rate of gross fixed investment increased slightly, consumption expenditure rose by over 12 per cent, thus reducing the level of gross domestic savings (see table 12).

Main production sectors

(a) Petroleum

Despite the fall in its contribution to the gross domestic product from 25.4 per cent in 1967 to 24.6 per cent in 1968, the petroleum sector continued to dominate the economy. The growth rate of 8.2 per cent (at current prices) achieved during 1968 can be ascribed to an increase in both domestic crude production and refining output (see table 13). The recent increases in petroleum production were mainly at the expense of proven reserves, which, at the end of 1967, were estimated at only nine and a half times the level of production in that year. In an attempt to improve this precarious position, exploratory drilling was intensified on the east coast of Trinidad and the west coast of Tobago.

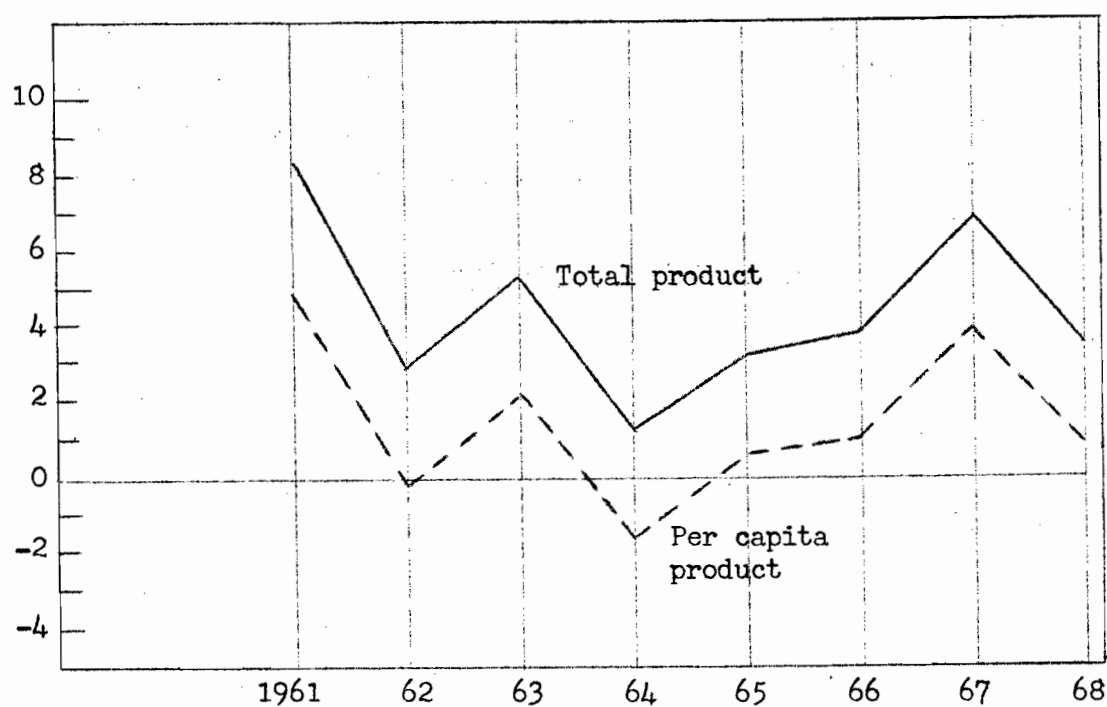
(b) Agriculture and stock-breeding

The agricultural product grew by 13.7 per cent (at current prices) following a period of stagnation which had started in 1960 (see table 11). The increase embraced both export agriculture and agriculture for home consumption.

Figure IV

TRINIDAD AND TOBAGO : RATE OF GROWTH OF THE TOTAL AND
PER CAPITA GROSS DOMESTIC PRODUCT, 1960-68

(Annual growth rates)*
Natural scale



* Based on absolute values at 1960 prices

/Table 11

Table 11

TRINIDAD AND TOBAGO: GROSS DOMESTIC PRODUCT AT FACTOR COST, 1960-68

Sectors	Millions of Trinidad and Tobago dollars (current prices)						Annual growth rates				
	1960	1964	1965	1966	1967	1968 ^a	1960-1964	1965	1966	1967	1968
Agriculture, forestry, fishing and quarrying	108.4	111.8	105.5	107.3	111.6	127.0	0.8	-5.7	1.7	4.1	13.7
Mining and refining of petroleum, asphalt and gas	263.4	301.0	284.1	313.6	350.4	379.0	3.4	-5.7	10.4	11.7	8.2
Manufacturing	108.2	161.8	179.2	198.4	218.6	269.9	7.5	10.8	10.7	10.2	25.5
Construction	40.6	57.3	58.6	56.2	53.2	58.1	11.0	2.3	4.1	-5.3	9.2
Transport and distribution	149.6	193.0	211.7	235.2	240.8	273.0	5.2	9.7	11.1	2.4	13.4
Public utilities	40.6	53.5	64.9	73.0	72.5	89.0	12.8	21.3	12.5	-0.7	22.8
Government	82.5	115.2	118.6	132.4	149.6	162.0	9.6	3.0	11.6	13.0	8.3
Ownerships of dwellings	16.8	44.3	47.3	49.9	53.7	54.5	10.1	6.8	5.5	7.6	1.5
Banking and finance	20.0	37.6	39.4	46.2	47.3	47.0	2.8	4.8	17.2	2.4	-0.6
Other services	34.9	58.5	66.6	72.7	80.2	83.7	7.9	13.8	9.2	10.3	4.4
Total	865.0	1 134.0	1 175.9	1 284.9	1 377.9	1 543.9	5.6	3.7	9.3	7.2	12.4

Sources: Annual Statistical Digest and Draft Third Five-Year Plan 1969-73.

^a/ Estimates.

Table 12

TRINIDAD AND TOBAGO: PRODUCT, CONSUMPTION, INVESTMENT AND EXTERNAL SECTOR, 1960-68

	Millions of Trinidad and Tobago dollars (current prices)							Annual growth rates			
	1960	1964	1965	1966	1967	1968a/	1960-64	1965	1966	1967	1968
GDP market prices	918	1 190	1 249	1 349	1 469	1 628	7.4	5.0	8.0	8.9	10.8
Total investment	-	280	328	293	296	-	-	17.1	-10.7	1.0	-
Gross fixed investment	268	275	326	292	298	304	1.1	18.5	-10.4	2.0	2.0
Public	47	71	69	54	57	65	12.3	-2.8	-21.7	5.6	14.0
Private	221	204	257	238	241	239	-1.9	26.0	-7.4	1.3	-0.9
Total consumption	643	884	966	1 020	1 093	1 232	8.4	9.3	5.6	7.2	22.7
Public	88	145	153	171	184	199	13.5	5.5	11.8	7.6	8.2
Private	555	739	813	849	909	1 032	7.6	10.3	4.4	7.1	13.5
Exports of goods and services	552	814	815	867	892	1 025	9.5	0.1	6.4	2.9	14.9
Imports of goods and services	562	792	876	846	812	932	7.8	10.6	-3.4	-4.0	14.8

Sources: Annual Statistical Digest and Draft Third Five-Year Plan, 1969-73.

a/ Estimates.

Table 13

TRINIDAD AND TOBAGO: INDEGENOUS CRUDE PETROLEUM, REFINERY THROUGHPUT AND GDP, 1963-68

Year	Production of indigenous crude (millions of barrels)	Refinery throughput (millions of barrels)	Contribution to GDP (millions of dollars)
1963	48.7	115.4	297
1964	49.7	131.0	301
1965	48.9	137.9	284
1966	55.6	144.1	314
1967	65.0	139.6	350
1968	67.0	150.7	379

Source: Draft Third Five-Year Plan, 1969-73.

/In 1968

In 1968 the sugar cane crop was estimated at 2.4 million tons, which yielded 239,000 tons of raw sugar. In the present decade, this level of production was exceeded only in 1965, thanks to a more effective frog hopper control. Commonwealth sugar prices remained at the same level as for 1967 and, with the increase in production in 1968, earnings in the industry improved considerably. The prospects of stable sugar prices appear to be much better; in 1968 the Commonwealth Sugar Agreement was extended for four years up to 1978, and the new International Sugar Agreement was concluded.

The production of cocoa, which had been falling steadily since 1963, increased from 11.6 million pounds in 1967 to 13.4 million in 1968. At the same time there was an improvement in world prices, so that the value of exports increased about 40 per cent. This crop, however, is still encountering serious difficulties in the form of inefficient cultivation methods and impoverished soils.

With regard to coffee, improved harvesting methods boosted production. As a result of this, coupled with the stability afforded by the International Coffee Agreement (which now offers Trinidad and Tobago a quota of 13.2 million pounds), output rose from 5.6 million pounds in 1967 to 9.5 million in 1968 (see table 14).

Agriculture for the domestic market has made significant progress in recent years, particularly as regards poultry, pork and fresh milk production.

(c) Manufacturing

Manufacturing has grown more rapidly than any other sector in the nineteen-sixties. Its contribution to the gross domestic product has doubled in the last five years, and in 1968 its growth rate was 25.5 per cent, at current prices. Nevertheless, it still has a somewhat narrow base, consisting mainly of petrochemical products, especially fertilizers. This industry is, however, undergoing a process of diversification.

Table 14

TRINIDAD AND TOBAGO: PRODUCTION IN EXPORT AGRICULTURE, 1962-68

Year	Sugar (thousands of tons)	Cocoa (millions of lbs)	Coffee (millions of lbs)	Citrus (millions of lbs)
1962	201	14.8	3.7	93.3
1963	227	16.1	7.9	64.8
1964	227	10.7	8.2	73.3
1965	250	11.0	7.5	110.1
1966	206	11.9	5.3	97.9
1967	198	11.6	5.6	85.5
1968 ^{a/}	239	13.4	9.5	88.1

Sources: Draft Third Five-Year Plan, 1969-73 and Quarterly Economic Report.

^{a/} Estimates.

/While in

While in the early stages it produced little else but sulphate of ammonia, in recent years urea, ammonia and sulphuric acid have been produced in increasing quantities. Apart from petrochemical products, manufacturing activities extend to textiles, clothing, the assembly of some durable consumer goods, and food processing. Output of the traditional manufactures remained virtually at a standstill, mainly because the possibilities of the domestic market are virtually exhausted, and also because of increased taxes on consumption.

The external sector

Imports of goods and services, which had been declining from the 1965 peak, rose 14.8 per cent in 1968, mainly owing to increased imports of crude petroleum and foreign travel. Crude petroleum imports average 45 per cent of total imports each year, and the increased refining output in 1968 required an estimated increase of 8 million barrels of imported crude, bringing the total to nearly 90 million barrels. Table 15 shows the position with regard to import items other than petroleum.

In 1968 exports of goods and services amounted to 1,025 million Trinidad-Tobago dollars (see table 12). This means that the rate of increase for all export items except raw materials was nearly 15 per cent. Table 16 presents figures for net exports, excluding the effects of imported crude petroleum for processing and items for re-export.

The balance of payments shows a deficit on current account similar to that recorded the previous year. While trade in goods showed a surplus, remittances of profits on investments in petroleum, sugar and chemical products continued to weigh heavily on the debit side (see table 17).

/Table 15

Table 15

TRINIDAD AND TOBAGO: PRINCIPAL ITEMS OF IMPORTS,^{a/} 1963-68

	1963		1964		1965		1966		1967		1968	
	Millions of dollars	Per-centage of total imports	Millions of dollars	Per-centage of total imports	Millions of dollars	Per-centage of total imports	Millions of dollars	Per-centage of total imports	Millions of dollars	Per-centage of total imports	Millions of dollars	Per-centage of total imports
Manufactures	122.7	19.1	126.5	17.3	141.8	17.4	134.7	17.4	126.1	17.8	139.5	16.4
Food, beverages and tobacco	84.1	13.1	90.9	12.4	94.0	11.5	96.2	12.5	93.4	13.2	93.1	11.7
Chemicals	25.5	4.0	29.0	4.0	34.6	4.2	32.8	4.2	35.3	5.0	33.5	4.2
Crude raw materials other than fuel	8.5	1.3	10.4	1.4	9.8	1.2	12.5	1.6	10.8	1.5	12.1	1.5
Machinery and transport equipment	95.6	14.8	95.7	13.1	129.1	15.8	102.7	13.3	95.7	15.2	97.0	12.2
Motor vehicles and parts	14.5	2.2	21.7	3.0	25.2	3.1	28.1	3.6	21.6	3.0	20.7	2.6
Animal and vegetable oils and fats	2.7	0.4	2.8	0.4	4.1	0.5	3.8	0.5	3.5	0.5	3.9	0.5

Source: Draft Third Five-Year Plan, 1969-73.

^{a/} Excluding petroleum.

Table 16

TRINIDAD AND TOBAGO: PRINCIPAL ITEMS OF NET EXPORTS, 1963-1968

(Millions of dollars)

	1963	1964	1965	1966	1967	1968 _{a/}
Fuels and lubricants <u>b/</u>	231.2	211.8	168.6	197.3	248.1	267.9
Manufactures goods	12.1	13.5	14.3	16.9	17.9	24.0
Chemicals	13.5	27.9	37.3	59.0	78.2	84.7
Machinery and transport equipment	6.5	5.0	4.9	7.6	4.8	13.8
Raw materials	4.3	5.2	4.8	5.4	5.0	4.8
Agricultural commodities <u>c/</u>	63.9	59.8	54.2	48.5	48.8	66.9

Sources: Overseas Trade Report and Draft Third Five-Year Plan, 1969-1973.

a/ Estimates.

b/ Gross Totals less Imports of Crude.

c/ Include processed sugar, citrus and bitters.

/Table 17

Table 17

TRINIDAD AND TOBAGO: BALANCE OF PAYMENTS, 1962-68

(Millions of Trinidad and Tobago dollars)

	1962	1963	1964	1965	1966	1967	1968 ^{a/}
<u>Current account</u>							
(1) <u>Goods and services</u>							
Exports f.o.b. ^{b/}	559.9	595.0	693.4	710.5	752.7	750.2	830.0
Imports c.i.f. ^{c/}	606.2	644.0	731.0	816.9	772.6	710.1	797.6
Balance on visible trade	-46.3	-49.0	-37.6	-106.4	-19.9	40.1	32.4
Services:							
Transportation	70.0	60.2	61.8	57.8	57.8	52.9	64.0
Foreign travel	-3.7	0.2	0.3	0.2	3.2	-0.7	2.0
Investment income	-118.5	-115.8	-121.4	-103.3	-107.6	-121.8	-131.6
Other	5.3	4.7	6.3	8.5	9.8	-8.9	6.6
Balance on services	-50.8	-53.4	-46.3	-36.8	-28.4	-78.5	-72.2
Balance on goods and services	-97.1	-102.4	-83.9	-143.2	-48.3	-38.4	-39.8
(11) <u>Transfer payments</u>	-3.9	-2.7	1.2	21.3	8.4	-1.6	-1.0
Private	-1.6	1.4	1.3	0.6	0.6	1.6	-
Official	-2.3	-4.1	-0.1	20.7	7.8	-3.2	-
<u>Capital account</u>							
(1) <u>Capital inflows (net)</u>	79.3	137.4	75.2	119.3	50.3	45.6	63.0
Private sector (net)	67.3	95.3	52.3	102.0	37.6	42.9	45.0
Public sector (net)	12.0	42.1	22.9	17.3	12.7	2.7	18.0
(11) <u>Net errors and omissions</u>	3.7	5.4	-22.9	9.9	-1.7	-3.7	-2.2
(111) <u>Surplus or deficit</u>	-14.1	40.4	-31.6	7.3	-9.7	1.9	20.0
<u>Financing the deficit</u>							
(1) <u>Net foreign reserve movement</u>							
(-Increase)	14.1	-40.4	31.6	-7.3	9.7	-1.9	-20.0

Sources: Annual Statistical Digest and Draft Third Five-Year Plan, 1969-73.

a/ Estimates.

b/ Adjustment in "overseas trade" exports comprise addition of coverage adjustment and valuation and subtraction of ship stores and bunkers.

c/ Adjustment in "overseas trade" imports comprise addition of coverage adjustment and subtraction of freight paid to resident carriers.

/Consumption, savings

Consumption, savings and investment

In 1968, total consumption increased faster than the product, at a rate of 12.7 per cent at current prices. The public sector accounted for 8.2 per cent of this increase and the private sector for 13.5 per cent. In the last three years, gross domestic saving followed an upward trend and was stabilized at over 15 per cent of the gross domestic product. Nevertheless, it was necessary to draw on foreign capital to help finance the investment programme (see table 18). Gross fixed investment rose 2 per cent, at current prices, which accentuated the declining trend of investment as a proportion of the product. Since 1965, when large investments were made in the petrochemical industry, the decline has been steady, reaching its lowest ebb (18.7 per cent of the product) in 1968.

Population and employment

The rate of population growth during the last decade was over 3 per cent annually; but during the nineteen-sixties the rate slowed down because of a fall in the birth rate and the increase in emigration, while the death rate remained fairly stable (see table 19). The over-all position was that the population increased by about 1 per cent. It is further estimated that 41 per cent of the population is below 14 years of age. The labour force in 1968 comprised 368,000 persons, of which total 53,500 (14.5 per cent) were unemployed. If the figures for disguised unemployment are added to this, it will be recognized that unemployment is a very serious problem.

Wages and prices

The minimum wage index for manual workers in industry (base: February 1956 = 100) rose from 216.1 in May 1967 to 219.5 in May 1968. On the other hand, prices, which had risen by an annual average rate of 2 per cent from 1960 to 1967, increased 7 per cent in 1968. This sharp increase is attributable to the November 1967 currency devaluation and the increase in indirect taxation established in the 1968 budget.

Table 18

TRINIDAD AND TOBAGO: GROSS SAVINGS AND GROSS FIXED INVESTMENT, 1963-68

(Millions of dollars)

Year	GDP at market prices (1)	Gross national savings (2)	Gross fixed invest- ment (3)	Difference (2) - (3)	Gross fixed investment as percent age of GDP
1963	1 159	181	275	-94	23.7
1964	1 190	185	275	-90	23.1
1965	1 249	180	326	-146	26.2
1966	1 349	221	292	-71	21.6
1967	1 469	254	298	-44	20.3
1968 <u>a/</u>	1 628	264	304	-40	18.7

Source: Derived from Tables 11 and 12.

a/ Preliminary.

Table 19

TRINIDAD AND TOBAGO: POPULATION, 1963-68

Year	Birth rate (per 1 000 popu- lation)	Death rate (per 1 000 popu- lation)	Net migra- tion (thousands of persons)	Popu- lation (thousands of persons)	Popu- lation increase (percent- age)
1963	35.6	7.2	+2.3	924.3	2.6
1964	34.7	7.0	-2.1	951.0	2.9
1965	32.8	6.9	-3.1	973.9	2.4
1966	30.2	7.1	-5.1	994.8	1.8
1967 ^{a/}	28.2	6.7	-9.0	1 010.1	1.5
1968 ^{a/}	30.1	7.0	-11.3	1 022.4	1.0

Sources: Annual Statistical Digest and Draft Third Five-Year Plan 1963-73.

^{a/} Provisional.

/Some economic

Some economic policy guidelines

With respect to industrial development, Trinidad and Tobago has adopted a policy of incentives to encourage import substitution, for which purpose tax exemptions were granted, accelerated depreciation allowances were authorized, duty-free imports of machinery and raw materials were permitted, and factory sites and buildings were provided. The policy of incentives to import substitution was extended to agriculture, in particular through the Crown Lands Programme. This programme, launched in 1966, consists in the distribution of Crown Lands to small farmers: for dairy and pig farming; in addition, government assistance is provided in the form of long-term credit for land improvement and the purchase of livestock, technical assistance in livestock care, and arrangements for marketing output. As a result of these measures, milk and pork production have already increased sharply.

The second Five-Year Plan, 1964-1968, came to an end in December 1968. Although a detailed appraisal of performance has not yet been undertaken, it should be noted that the projected annual rate of growth (5 per cent in real terms) was attained, actual public expenditure was lower than the expected figure (305.6 million Trinidad-Tobago dollars over the five-year period as compared with a planned expenditure of 320.6 million), and that there seems to have been no improvement in the unemployment situation, with 14.5 per cent of the labour force unemployed in 1968 compared with 14 per cent in 1964.

The third Five-Year Plan, 1969-73, was launched in January 1969. This is regarded as the first phase of a fifteen-year plan designed to achieve full employment, a more diversified structure of production and a greater degree of economic independence within that period. Public expenditure is estimated at 375 million Trinidad-Tobago dollars for the five-year period. While the two previous plans emphasized infrastructure and industrial development, the third plan attaches special importance to agriculture.

