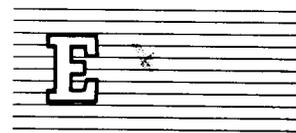


UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



Distr.  
LIMITED  
E/CEPAL/L.286/Add. 21  
June 1984  
ORIGINAL: ENGLISH

---

**BIBLIOTECA NACIONES UNIDAS MEXICO**

ECLA

Economic Commission for Latin America

**ECONOMIC SURVEY  
OF LATIN AMERICA**

**1982**

**TRINIDAD AND TOBAGO**

This preliminary version of the *Economic Survey of Latin America*, 1982 is being distributed in the form of a general introduction, under the symbol E/CEPAL/L.286, and a number of addenda, each containing a study of the economic evolution of a country of the region. The complete Survey will be published later.

### Notes and explanation of symbols

The following symbols have been used in the tables in this Survey:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amounts is nil or negligible.

A blank space in a table means that the item in question is not applicable.

A minus sign (-) indicates a deficit or decrease, unless otherwise indicated.

A full stop (.) is used to indicate decimals.

A slash (/) indicates a crop year or fiscal year, e.g., 1969/1970.

Use of a hyphen (-) between years, e.g., 1960-1970, signifies an annual average for the calendar years involved, including the beginning and the end years.

References to "tons" mean metric tons, and to "dollars" United States dollars, unless otherwise stated.

Unless otherwise stated, references to annual growth rates or rates of variation mean cumulative annual rates.

Figures and percentages in tables may not necessarily add up to the corresponding totals, because of rounding.

## TRINIDAD AND TOBAGO

### 1. Recent economic trends: Introduction and summary

During 1982 the Trinidad and Tobago economy grew at just about the same rate as it did the year before. The dominant petroleum sector had engendered fairly strong growth in 1979 and 1980, not so much because output increased — in fact output had peaked in 1978— but because the second round of petroleum price increases had led to sizeable growth in export receipts, Government revenues and foreign reserves. In 1982, however, world oil prices, which had risen by 49% and 62% in 1979 and 1980 respectively, and by 11% in 1981, actually fell by 3% as a result of energy conservation measures and world recession. This external market situation, together with a 6% fall in crude oil output and a 13% reduction in refinery throughput, was enough to lead to a decline in the gross domestic product (GDP) of the goods-producing sector. The result inevitably was that export earnings fell (by an estimated 10%), Government revenues declined, and deficits developed on the government account. Fiscal surpluses accumulated over the years were partly used up, external assets declined, while external debt, still modest by international standards, increased 42% (see table 1).

Preliminary estimates based on part-year data suggest modest real growth of 4%. Most of this must be attributed to services, for which real growth is estimated to have been between 6% and 8% (see table 2). Manufacturing and construction also rallied, shored up on the demand side by vastly increased injections into the income stream made possible by a much larger government domestic budget deficit. The consequence of this was that the Government's accounts went into deficit to the extent of 18% of GDP and its cash reserves went down precipitously. Export agriculture, for its part, declined yet again.

During the year, in spite of a 44% increase in the money supply, inflation abated somewhat, while unemployment remained at about its 1981 level. It is widely believed that the boom years of the 1970s have all but ended and that, unless the new export thrust in energy-based steel, fertilizer and methanol industries can take the place rapidly being vacated by petroleum, difficult years may lie ahead. During 1982 fertilizer exports increased 100% but markets for steel were difficult and production was drastically curtailed.

### 2. Trends in economic activity

i) *Agriculture.* In 1982 agriculture accounted for 3% of gross output but employed nearly 10% of the labour force (see table 2). Output was at about its 1970 level, with the long-standing decline in traditional staple export agriculture just about counterbalanced by increased output for the home market. The recent oil boom severely turned the internal terms of trade against agriculture, and thus contributed to the rapidity of its decline, but in addition unchanged technology, absence of new investments, continued specialization in declining staples and consequently falling factor productivity have all combined for years to make for severe industry losses. These structural deficiencies continue to nullify injections of public funds for subsidies and institutional support, leaving the industry in a state of crisis.

After a modest recovery in 1981 —the result of good export prices and fine weather for cocoa and coffee and the stimulus of a hike in milk prices— the industry's output declined an estimated 3% in 1982 (see table 3), with poor performances recorded by every export crop. Citrus production declined by a phenomenal 60%, largely because of labour shortage for harvesting. Trinidad and Tobago, a sizeable exporter of fresh and processed citrus up to the mid-1970s, is now a net importer, domestic supplies being inadequate for the home market or to keep the processing plant operational at close to break-even capacity.

The main export crop, sugar cane, failed yet again to attain the modest output target set and recorded its lowest output since 1945. While it is true that the early onset of rains curtailed the harvesting season, the poor performance resulted mainly from organizational and managerial problems. Thus, unscheduled fires destroyed 10% of the available cane, labour was short during the critical harvesting period, and industrial disputes and mechanical breakdowns impeded factory operations. The economic efficiency of this State-owned industry may be judged from the fact that the estimated cost of producing a ton of sugar was approximately four times what it fetched on the EEC guaranteed market in 1982.

Production of high income-elasticity items such as meat, eggs and vegetables for the domestic market has tended upwards under the stimulus of subsidies. Poultry production, as measured by part-year data, was particularly buoyant in 1982. However, the fact that the country relies heavily on imports for much of its consumption of meat, milk and fish, and is almost wholly dependent on imported hatching eggs, suggests only partial exploitation of this enormous potential. There has recently been a trend towards vegetable production using capital-intensive modern technology such as hydroponics.

ii) *Mining*. The long-term trend in mining output, which had been upward since 1970 with the advent of East Coast offshore oil and increased production of natural gas, has been on the decline during the 1980s. After the relatively sharp fall in 1981 when crude petroleum and natural gas output both declined (partly because of official conservation measures) and asphalt experienced a 43%

Table 1

TRINIDAD AND TOBAGO: MAIN ECONOMIC INDICATORS

	1979	1980	1981 <sup>a</sup>	1982 <sup>a</sup>
<b>A. Basic economic indicators</b>				
Gross domestic product at factor cost (millions of 1970 TT dollars)	2 484	2 616	2 714	2 821
Population (millions)	1.08	1.10	1.14 <sup>b</sup>	1.16 <sup>b</sup>
Per capita gross domestic product (1970 TT dollars)	2 300	2 378	2 381	2 432
<b>Growth rates</b>				
<b>B. Short-run economic indicators</b>				
Gross domestic product (1970 prices)	6.2	5.3	3.7	3.9
Per capita gross domestic product	5.3	3.4	0.1	2.1
Terms of trade	16.7	6.4	0.7	...
Current value of exports of goods and services	32.2	53.8	-5.0	-10.2
Current value of imports of goods and services	28.0	33.7	2.5	17.6
Consumer prices index:				
December - December variation	19.6	16.6	11.6	10.8
Variation between annual averages	14.7	17.5	14.3	11.4
Money supply	27.9	24.5	16.1	43.9
Rate of unemployment (percentage)	11.0	10.0	10.4 <sup>c</sup>	10.4 <sup>c</sup>
Current revenue of government	31.6	58.3	7.1	-0.5
Total expenditure of government	44.9	30.4	22.1	51.1
<b>Millions of US dollars</b>				
<b>C. External sector</b>				
Trade balance (goods and services)	342	850	679	488
Balance on current account	59	496	407	44
Variation in net international reserves	334	642	565	276
External debt	374	437	448	637
Exchange rate (TT\$ per US\$)	2.4	2.4	2.4	2.4

Source: ECLA, on the basis of official data.

<sup>a</sup>Preliminary figures.

<sup>b</sup>Estimated from non-institutional population.

<sup>c</sup>C.S.S.P. data January-June.

Table 2

**TRINIDAD AND TOBAGO: GROSS DOMESTIC PRODUCT, BY KIND OF  
ECONOMIC ACTIVITY, AT CONSTANT PRICES**

	Millions of 1970 TT dollars		Percentage shares		Growth rates	
	1981 <sup>a</sup>	1982 <sup>b</sup>	1980	1982 <sup>b</sup>	1981	1982 <sup>b</sup>
<b>Total gross domestic product</b>	2 714	2 821	100.0	100.0	-3.7	3.9
<b>Goods</b>	950	936	37.0	33.0	-2.0	-1.5
Agriculture	82	80	3.0	3.0	1.2	-2.4
Petroleum	304	297	13.0	11.0	-12.1	-2.3
Manufacturing (excluding petroleum)	293	287	11.0	10.0	-2.3	-2.0
Construction	271	272	10.0	9.0	7.5	0.4
<b>Basic services</b>	580	630	20.0	22.0	9.6	8.6
Electricity and water	76	84	3.0	3.0	8.6	10.5
Transport, storage and communications	504	546	17.0	19.0	9.8	8.3
<b>Other services</b>	1 183	1 254	43.0	45.0	6.9	6.0
Distribution	428	445	15.0	16.0	5.9	4.0
Financial sector	333	367	12.0	13.0	7.0	10.2
Government	237	255	8.0	9.0	9.7	7.6
Miscellaneous <sup>c</sup>	185	187	8.0	7.0	4.5	1.1

Source: Central Bank of Trinidad and Tobago, *Annual Report 1982*.

<sup>a</sup>Preliminary figures.

<sup>b</sup>Estimates.

<sup>c</sup>Includes Hotels and Guest House, Education and Community Services.

Table 3

**TRINIDAD AND TOBAGO: INDICATORS OF  
AGRICULTURAL PRODUCTION**

	1980	1981	1982	Growth rates		
				1980	1981	1982 <sup>a</sup>
Index of output	101.5	103.1	99.7	-7.6	1.6	-3.3
	<b>Thousands of tons</b>					
Sugar cane	1 499.0	1 299.0	1 201.0	-12.3	-13.3	-7.5
Cocoa beans	2.4	3.1	2.0 <sup>b</sup>	-9.4	32.1	-18.3
Coffee beans	2.2	2.4	1.8 <sup>b</sup>	-10.3	8.6	-25.0
Oranges	2.6	1.8	0.7	-12.8	-31.5	-63.1
Grapefruit	4.0	2.9	1.2	2.8	-27.3	-60.1
Copra	4.4	4.0	...	-35.3	-9.9	...
<b>Meat:</b>						
Beef and veal	2.0	1.7	0.7 <sup>c</sup>	2.2	-13.2	-21.4
Pork	1.8	1.6	0.8 <sup>c</sup>	-26.0	-9.9	11.4
Poultry <sup>d</sup>	23.5	25.6	14.8 <sup>c</sup>	-12.3	9.3	14.6
Fish	2.2	1.9	...	-12.5	-14.2	...
Eggs <sup>e</sup>	3.5	3.4	1.2 <sup>f</sup>	-25.5	-2.9	32.7
Milk <sup>g</sup>	5.5	7.1	3.6 <sup>c</sup>	-12.2	29.0	-12.6

Source: *Central Statistical Office*.

<sup>a</sup>Compared to similar period in 1981.

<sup>b</sup>January-September.

<sup>c</sup>January-June.

<sup>d</sup>Live weight.

<sup>e</sup>Million dozen.

<sup>f</sup>January-March.

<sup>g</sup>Thousand litres.

reduction in output, the sector recovered somewhat in 1982 to record only a 2.5% decline, compared to 12% in 1981. Mainly responsible for this slower deceleration was the reactivation, as the flare gas recovery programme came on stream in 1982, of wells shut in during 1981. This also boosted gas output. Some recovery in asphalt production, used mainly in domestic road construction, also helped, while drilling activity, a determinant of long-run crude oil production, was up 6% in 1982 for the second consecutive year after reaching a ten-year trough in 1980. Although exploratory drilling accounted for only 20% of the total, some dividends have already begun to show themselves in the form of the discovery, announced in April 1982, of a new field off the south-east coast (see table 4).

Crude oil production, which peaked in 1977/1978, declined for the fourth consecutive year. Incentives for the use of secondary recovery measures on land seem to have stabilized output levels somewhat, but marine output declined by 8%. The bulk of domestic crude oil continues to be exported, partly on account of the corporate structure of the industry and partly on account of the refinery configuration (see table 5).

Following on the oil crisis of the 1970s and United States energy conservation policies, including development of alternative energy sources, a reduced dependence on overseas suppliers and on offshore refining, Trinidad and Tobago's position as a low-cost refining centre was fundamentally

Table 4  
TRINIDAD AND TOBAGO: INDICATORS OF MINING ACTIVITY

	1977	1980	1981	1982 <sup>a</sup>	Growth rates		
					1980	1981	1982 <sup>a</sup>
Index of output: (1970 = 100)	161.4	265.0	232.9	227.3	-2.4	-12.1	-2.4
Crude oil produced <sup>b</sup>	13.3	12.3	11.0	10.3	-0.8	-10.9	-6.4
Drilling activity <sup>c</sup>	281.0	204.0	240.0	254.0	-15.5	17.2	6.1
Asphalt production <sup>d</sup>	44.0	41.0	23.0	30.0	-27.4	-42.7	28.0
Natural gas produced <sup>e</sup>	4.2	5.6	5.5	5.8	16.6	-1.2	5.5

Source: Ministry of Energy and Natural Resources and Central Statistical Office.

<sup>a</sup>Preliminary figures.

<sup>b</sup>Millions of cubic metres.

<sup>c</sup>Thousands of metres drilled.

<sup>d</sup>Thousands of tons.

<sup>e</sup>Thousands million cubic metres.

Table 5  
TRINIDAD AND TOBAGO: LOCAL CRUDE PETROLEUM EXPORTS  
AND LOCALLY REFINED CRUDE, 1975-1982

(Millions of cubic metres)

Year	Total production			Domestic crude exports	Percentage of total	Domestic crude refined locally	Percentage of total
	Total	Land	Marine				
1975	12.5	...	...	7.7	62.0	4.8	38.0
1976	12.3	2.6	9.7	7.0	57.0	5.3	43.0
1977	13.3	2.6	10.7	7.9	59.0	5.4	41.0
1978	13.3	2.6	10.7	8.1	61.0	5.2	39.0
1979	12.4	2.7	9.7	7.0	56.0	5.4	44.0
1980	12.3	2.7	9.6	7.3	59.0	5.0	41.0
1981	11.0	2.5	8.5	6.0	55.0	5.0	45.0
1982 <sup>a</sup>	10.3	2.4	7.9	6.0	58.0	4.3	42.0

Source: Ministry of Energy and Natural Resources.

<sup>a</sup>Preliminary figures.

Table 6

**TRINIDAD AND TOBAGO: REFINERY THROUGHPUT  
OUTPUT AND EXPORTS OF REFINED PRODUCTS<sup>a</sup>**

(Millions of cubic metres)

Year	Throughput	Output	Exports	Imports as percentage of throughput
1975	13.6	13.2	14.5	67.6
1976	18.7	18.2	16.5	72.2
1977	15.9	15.3	13.1	66.9
1978	13.7	13.2	11.5	65.7
1979	13.2	12.7	10.6	62.1
1980	12.4	13.1	10.7	66.9
1981	10.1	9.6	8.4	61.0
1982 <sup>b</sup>	8.8	8.6	7.3	42.4

Source: Ministry of Energy and Natural Resources.

<sup>a</sup>Movements in stocks account for the apparent discrepancy in these data.

<sup>b</sup>Preliminary figures.

Table 7

**TRINIDAD AND TOBAGO: INDICATORS OF MANUFACTURING ACTIVITY**

(1977 = 100)

	1978	1979	1980	1981	January-June	
					1981	1982 <sup>a</sup>
<b>Index of manufacturing production - total<sup>b</sup></b>	108.4	115.0	123.3	118.7	111.2	120.5
Food processing	105.8	116.1	126.1	126.0	113.6	128.4
Beverages and tobacco	96.3	93.4	110.3	104.4	102.4	108.8
Textiles, knitted goods and footwear	98.1	96.3	104.9	82.6	84.8	65.3
Printing, publishing and paper converters	97.7	116.6	122.6	135.1	132.3	120.2
Wood and related products	88.7	119.0	122.5	90.2	82.8	84.2
Chemical and non-metallic products	126.1	128.6	139.2	116.2	99.0	134.8
Assembly-type and related industries	112.4	114.8	123.8	126.0	117.8	126.1
Miscellaneous manufactures	103.8	120.9	107.2	124.6	120.7	109.2
Oil	86.3	82.6	86.8	64.1	66.6	71.0
Sugar	86.2	83.6	65.1	55.8	59.0	47.6
All-industry index	99.0	101.4	107.2	95.4	91.1	97.5

Source: Central Statistical Office.

<sup>a</sup>Preliminary figures.

<sup>b</sup>Excluding oil and sugar.

altered. Throughput in 1982 was less than half its 1976 peak level and was 13% below 1981. Because the vast bulk of refinery output is low-priced fuel oil, for which United States East Coast markets have substantially disappeared, the weighted realized values of products were lower than crude prices, refineries were losing money, and by late 1982 closure of the refineries was being suggested. As a result of cutbacks in operations, by the end of the year throughput was only 30% of refinery capacity (see table 6).

iii) *Manufacturing*. Preliminary estimates suggest that in 1982 real manufacturing GDP fell by 2% compared with 1981, when there was about a similar decline (see table 2). This contrasts with the

steady growth recorded by the sector between 1972 and 1980. The long-standing decline since 1976 in sugar processing has already been noted.

When sugar and oil are excluded, part-year data suggest an 8% increase in manufacturing (see table 7). Contributing strongly to this were the chemicals group (particularly fertilizers and cement), assembly industries and food processing, although textiles and printing registered declines. The full-year declines in both sugar and oil refining (see tables 6 and 8), however, caused the sector as a whole to register negative growth despite the strong part-year performance of some sub-sectors.

Of particular interest is the coming into full production in 1982 of Trinidad and Tobago's efforts at large-scale energy-based manufacturing geared to export markets. After a poor year in 1981, when industrial unrest and unreliable supplies of natural gas resulted in an almost 20% decline in fertilizer output, an all-time record 68% growth rate was attained in 1982. Iron and steel production, begun in late 1980, became fully operational in May 1982. Because, however, of weak export markets, consequent on depressed world economic conditions and protectionist policies in some countries, the performance of these industries did not attain its full potential in 1982. Construction work on the plant for producing urea and methanol continued during the year.

iv) *Construction.* The boom in construction, evident during the 1970s and reaching its peak in 1980 with all-out efforts on a number of large-scale public sector projects, slowed considerably in 1982. Real output barely grew by 0.5%, compared to 7% in 1981 and 23% in 1980 (see table 2). The phenomenal growth in the industry over the decade is borne out by the approximately threefold

Table 8  
TRINIDAD AND TOBAGO: OUTPUT OF SELECTED INDUSTRIAL PRODUCTS

	1980	1981	1982 <sup>a</sup>	Growth rates		
				1980	1981	1982 <sup>a</sup>
Sugar <sup>b</sup>	113.0	93.0	82.0	-21.2	-17.8	-11.8
Rum <sup>c</sup>	5.1	4.6	2.8 <sup>d</sup>	53.4	-9.8	-22.2 <sup>e</sup>
Beer and stout <sup>f</sup>	37.1	35.3	23.4 <sup>d</sup>	15.6	-4.9	1.7 <sup>e</sup>
Cigarretes <sup>g</sup>	0.9	0.5 <sup>h</sup>	...	6.8	...	...
Edible oil <sup>f</sup>	9.2	24.0	7.2 <sup>d</sup>	13.1	161.0	1.4 <sup>e</sup>
Margarine, lard and butter substitutes <sup>g</sup>	4.4	6.6	4.9 <sup>d</sup>	-40.6	50.4	-9.3 <sup>e</sup>
Soap <sup>b</sup>	2.7	2.9	3.3 <sup>d</sup>	-22.3	5.8	...
Fertilizers <sup>b</sup>	687.0	559.0	940.0	13.6	-18.6	68.2 <sup>e</sup>
<b>Assembly industries<sup>i</sup></b>						
Motor vehicles	11.9	13.4	10.8 <sup>d</sup>	-21.7	12.6	9.1 <sup>e</sup>
Ratios	8.3	8.5	6.0 <sup>d</sup>	3.8	2.5	5.3 <sup>e</sup>
Television sets	12.8	13.3	13.9 <sup>d</sup>	21.9	3.9	40.4 <sup>e</sup>
Gas cookers	23.4	15.3	17.1 <sup>d</sup>	52.9	-34.6	72.7 <sup>e</sup>
Refrigerators	27.5	14.9	21.5 <sup>d</sup>	30.3	-44.8	85.3 <sup>e</sup>
<b>Steel products<sup>b</sup></b>						
Direct reduced iron	22.0	180.0	218.0	-	718.2 <sup>j</sup>	21.1
Billets	3.0	53.0	171.0	-	-	222.6
Wire rods	-	29.0	124.0	-	-	327.6

Source: Central Statistical Office: *Annual Statistical Digest*; Central Bank: *Quarterly Statistical Digest*; Sugar Manufacturers' Association of Trinidad and Tobago.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Thousands of tons.

<sup>c</sup> Millions proof gallons.

<sup>d</sup> January-September.

<sup>e</sup> Compared to similar period in 1981.

<sup>f</sup> Million litres.

<sup>g</sup> Tons.

<sup>h</sup> January-June.

<sup>i</sup> Thousand units.

<sup>j</sup> Growth rate 1 766.7% from low base.

Table 9

## TRINIDAD AND TOBAGO: INDICATORS OF CONSTRUCTION ACTIVITY

	1975	1980	1981	1982 <sup>a</sup>	Growth rates		
					1980	1981	1982 <sup>a</sup>
Index of output	151.0	265.0	284.0	286.0	23.0	7.4	0.4
Cement							
Production <sup>b</sup>	259.0	186.0	139.0	189.0	-14.4	-25.3	36.0
Local sales <sup>b</sup>	184.0	360.0	390.0	458.0	8.0	8.3	17.5
Bricks and blocks							
Production <sup>c</sup>	20.1	29.3	28.3	21.6 <sup>d</sup>	6.9	-3.4	-6.1
Local sales <sup>c</sup>	20.0	28.7	27.2	12.4 <sup>d</sup>	18.1	-4.2	-43.1
Employment <sup>e</sup>	...	63.1	...	...	...	...	...
Commercial bank loans and advances outstanding <sup>f</sup>	33.0	329.0	445.0	470.0	32.7	35.3	5.6
Approved building plans							
Number <sup>e</sup>	2.6	3.6	3.4	1.7 <sup>g</sup>	-4.3	-5.4	-5.5
Floor area <sup>h</sup>	3.9	5.9	7.1	3.2 <sup>g</sup>	-6.7	20.3	-10.9

Source: Central Statistical Office.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Thousands of tons.

<sup>c</sup> Millions.

<sup>d</sup> January-September.

<sup>e</sup> Thousands.

<sup>f</sup> Millions of dollars.

<sup>g</sup> January-June.

<sup>h</sup> Million square feet.

increase in output, employment, commercial bank credit and local cement sales. The shift in the structure of the industry may be inferred by comparing this last fact with the relatively slow growth in local sales of bricks and blocks (see table 9).

The downturn in the industry, evident from the continuing decline in building plan approvals from their peak in 1979, is further illustrated by the sharp decline in local sales of bricks and blocks. After many years of boom conditions, with severe shortages of raw materials and skilled labour, and cost escalations put at 1.1/2% per month, construction cost rises have begun to decelerate. The index of retail prices of building materials rose 7.4% in 1982 compared to 13.2% in 1981 and 20% in 1980. By the end of 1982 some contractors had begun to report lack of work, though the anticipated shedding of labour had not shown itself.

v) *Employment and unemployment.* The evidence at hand suggests that there was considerable improvement in the labour market during the 1970s. Between census day 1970 and 1980 the non-institutional population 15 years old and over grew 29%, the labour force 4.4% and employment 9%, while the number of unemployed fell 28% and the unemployment rate sank to a single digit (see table 10). The continuous improvement in labour force absorption was also evident from estimates based on the continuous sample survey of the population. The decline in the participation rate between 1970 and 1980 may be attributed to larger numbers of persons pursuing tertiary-level education.

The weakening economic position which began to show itself in 1982 may however have had some impact on the performance of the labour market. Part-year data suggest increased employment and a constant unemployment rate, but for the first time since 1973 the number of persons unemployed increased, if only slightly.

Of major concern to policy-makers during 1982 was the issue of low and declining labour productivity. Following public discussion, a National Productivity Council was set up to address the problem. It is well known, however, that falling output is usually accompanied by falling productivity (Verdoorn's Law) and that growth in tertiary economic activities presents less scope for productivity gains through mechanization. Since both these trends have been evident in Trinidad and Tobago, the present situation is not unexpected.

### 3. The external sector

i) *Merchandise trade.* Trinidad and Tobago represents an extreme case of export concentration. Petroleum products and crude petroleum, which provided 80% of exports in 1970, accounted for more than 90% in the 1980s in spite of efforts to the contrary. The only other exports of sizeable proportions were petrochemicals and fertilizers, with the latter showing a 100% increase in 1982 over 1981. The export of steel products, which began in 1981 and which totalled 150 000 tons in 1982, has potential for further growth. Staple agricultural commodities now make only a small contribution to exports and most of them are rapidly declining, while cement exports ceased in 1976. Part-year data suggest that overall merchandise exports were down 16% in 1982 after a 10% decline in 1981, while exports of goods and services declined 10%, compared to a 5% fall in 1981 (see table 11).

Table 10

#### TRINIDAD AND TOBAGO: LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT

(Thousands)

	Census		1975	1977	1979	January-June	
	1970	1980				1981	1982
Non-institutional population							
15 years and over	539	696	674	719	750	726	740
Labour force	366	382	391	428	446	431	443
Participation rate (%)	68	55	58	59	60	59	60
Persons with jobs	320	349	332	371	397	386	397
Unemployed	46	33	59	58	49	45	46
Percentage unemployed	12.5	8.8	15.0	12.0	11.0	10.4	10.4

Source: Central Statistical Office: *Continuous Sample Survey of the Population*; Central Bank: *Annual Report*, 1982.

Table 11

#### TRINIDAD AND TOBAGO: SELECTED EXPORTS

	Millions of dollars			Percentage share			Growth rates	
	1980	1981	1982 <sup>a</sup>	1970	1980	1982	1981	1982 <sup>b</sup>
Total domestic exports	4 048	3 631	1 563	100.0	100.0	100.0	-10.3	-15.9
Main traditional exports								
Petroleum products	2 131	1 738	...	71.0	53.0	} 90.0	-18.4	} -15.4
Crude petroleum	1 635	1 613	...	8.0	40.0		-1.4	
Natural asphalt	1	-	...	-	-		-66.7	
Sugar	25	27	13	5.0	1.0	1.0	-3.4	-56.5
Rum	5	5	3	-	-	-	-8.7	37.3
Cocoa beans	8	8	3	1.0	-	-	2.9	-39.3
Coffee beans	3	2	2	-	-	-	-49.3	37.5
Citrus fruit and juices	2	2	1	-	-	-	-16.0	-27.6
Main non-traditional exports								
Petrochemicals	38	65	...	3.0	1.0	...	7.8	...
Fertilizers and ammonia	63	57	43	5.0	1.0	3.0	-9.1	106.0
Iron and steel	-	6	...	...	-	...	...	...

Source: Central Statistical Office: *Quarterly Economic Report*, various issues and Central Bank: *Annual Report* 1982.

<sup>a</sup>January - June.

<sup>b</sup>January - June 1982 compared to same period of 1981.

Table 12

## TRINIDAD AND TOBAGO: FUNCTIONAL CLASSIFICATION OF IMPORTS

(Millions of dollars)

	1970	1980	1981	January-July	
				1981	1982
Consumer goods	87	726	801	393	501
Non-durables	44	445	509	241	296
Durables	43	281	293	152	205
Raw materials and intermediate goods	329	1 704	1 670	653	1 073
Of which:					
Fuels (u.p.a.)	(221)	(1 123)	(1 133)	(343)	(663)
Construction materials	...	242	236	138	197
Capital goods	43	616	485	291	450
Other commodities	36	132	169	105	85
Total	495	3 178	3 125	1 443	2 086
Total excluding fuels (u.p.a)	274	2 055	1 992	1 100	1 423

Source: Central Statistical Office: Quarterly Economic Reports, and Central Bank, *Annual Report*, 1982.

By contrast, imports in 1982 grew an estimated 37% after zero growth in 1981 and an average 27% annual growth between 1977 and 1980. Between 1970 and 1982 the share of consumer goods in total imports excluding fuels under processing agreement (u.p.a.) remained between 35% and 40%, while the share of capital goods increased from about 20% to about 25%. Part-year import data suggest that in 1982 there was strong growth in capital goods and construction materials and that, with the exception of motor car kits for assembly, imports of consumer goods grew less quickly (see table 12). For the first year since 1974, when the oil boom brought surpluses, Trinidad and Tobago recorded a trade deficit in 1982 estimated to be of the order of TT\$ 1 500 million.

The terms of trade, which have been unfavourable to Trinidad and Tobago since 1981, are believed to have deteriorated further in 1982. This is because the average unit value of major exports —e.g. crude petroleum, cocoa and coffee— declined, while unit values of the principal imports increased, if only moderately. Because of the structure of the country's trade the principal determinant of the behaviour of terms of trade indicators in recent years has been petroleum prices.

ii) *Balance of payments.* The immediate effect of the poor performance of merchandise trade was to bring the balance of payments to its lowest surplus (US\$ 276 million) since 1976. This surplus represents a decrease of 60% compared with 1981 (see table 13). Considerable improvement in the capital account, especially official flows, was reinforced by some improvement between 1981 and 1982 in the flows for services. Increased official foreign borrowing and reduced lending through the Multilateral Clearing Facility and the Oil Facility to CARICOM partners changed the net outflow of official funds in 1981 to an inflow in 1982. Despite a very large increase in net travel expenditure in 1982, positive investment earnings brought about by increased interest payments on the official portfolio and reduced outflows to the petroleum sector were sufficient to counterbalance the 100% increase for "other services", largely fees for technology and non-merchandise insurance (see table 13).

iii) *External indebtedness.* Despite the change in the payments position in 1982, Trinidad and Tobago's foreign account remained in a healthy position with external assets of \$ 3 billion in December 1982, only 6.8% lower than a year earlier. External debt is very low, less than 10% of current GDP, and debt servicing less than 3% of exports in 1982. External debt grew about 42% in 1982 and such concern as has been expressed surrounds the dynamic possibility of falling export earnings and rising debt giving rise to negative expectations (see table 14).

Table 13

## TRINIDAD AND TOBAGO: BALANCE OF PAYMENTS

(Millions of dollars)

	1977	1978	1979	1980	1981	1982
Exports of goods and services	1 543.8	1 558.0	2 062.3	3 173.3	3 062.5	3 025.0
Goods FOB	1 175.2	1 222.0	1 648.9	2 584.2	2 531.2	2 417.8
Services <sup>a</sup>	368.6	336.0	413.4	588.9	531.3	607.2
Transport and insurance	187.3	144.0	197.3	300.3	236.7	231.8
Travel	94.0	111.1	122.2	152.9	155.3	165.6
Imports of goods and services	1 115.7	1 349.2	1 720.4	2 323.2	2 383.9	2 537.5
Goods FOB	860.0	1 044.4	1 317.1	1 748.0	1 748.1	1 954.1
Services <sup>a</sup>	255.7	304.7	403.5	575.3	635.8	583.4
Transport and insurance	169.8	198.8	253.0	350.5	354.1	353.3
Travel	51.7	66.2	101.6	139.7	167.3	176.6
Merchandise balance	315.2	177.5	331.8	836.2	783.1	463.7
Trade balance	428.1	208.8	341.9	850.0	678.6	487.5
Factor services	-190.3	-74.7	-252.6	-310.9	-204.1	-410.3
Profits	-252.0	-170.9	-349.9	-478.7	-421.1	-574.1
Interest received	77.1	124.9	159.8	232.2	344.7	253.9
Interest paid	-8.6	-22.3	-54.9	-54.3	-113.4	-88.3
Others	-6.8	-6.4	-7.6	-10.2	-14.3	-1.8
Unrequited private transfer payments	-15.9	-24.2	-30.2	-43.5	-67.2	-33.1
Balance on current account	221.9	109.9	58.9	495.5	407.3	44.2
Unrequited official transfer payments	-15.3	-17.2	-18.6	-22.0	-23.5	...
Long-term capital	230.8	270.6	434.0	335.8	327.1	...
Direct investment	83.6	128.8	93.8	184.4	258.1	...
Portfolio investment	-1.1	99.5	-3.9	-19.1	1.3	...
Other long-term capital	148.3	42.2	344.1	170.5	67.7	...
Official sector <sup>b</sup>	143.1	3.6	57.1	74.4	-95.0	...
Loans received	156.4	3.4	60.5	231.7	34.4	...
Amortization payments	-3.6	-3.9	-4.3	-163.9	-19.0	...
Commercial banks <sup>b</sup>	0.0	0.0	0.0	0.0	0.0	...
Loans received	0.0	0.0	0.0	0.0	0.0	...
Amortization payments	0.0	0.0	0.0	0.0	0.0	...
Other sectors <sup>b</sup>	5.1	38.6	287.0	96.1	162.7	...
Loans received	7.6	8.1	116.4	88.1	71.2	...
Amortization payments	-4.4	-20.5	-14.6	-10.9	-17.1	...
Basic balance	437.5	363.3	474.3	809.3	710.9	...
Short-term capital	50.1	16.3	-58.0	-115.7	-23.9	...
Official sector	-11.3	-16.0	-7.5	-24.2	-29.5	...
Commercial banks	6.7	19.3	-28.4	31.4	13.3	...
Other sectors	54.8	13.0	-22.1	-122.9	-7.8	...
Errors and omissions (net)	-43.5	-42.2	-72.6	-60.8	11.0	231.8
Balance on capital account	221.9	227.5	284.8	137.3	290.7	231.8
Global balance <sup>c</sup>	443.9	337.4	343.7	632.8	697.9	276.0
Total variation in reserves (minus sign indicates an increase)	-461.7	-333.6	-333.9	-642.2	-565.1	...
Monetary gold	0.0	-0.6	-0.6	0.0	0.0	...
Special Drawing Rights	-6.0	-7.2	-19.1	-4.6	-14.1	...
IMF reserve position	-1.2	-5.3	-10.8	-30.6	-10.9	...
Foreign exchange assets	-460.9	-310.7	-303.0	-607.1	-540.1	...
Other assets	6.4	-9.8	-0.4	0.0	0.0	...
Use made of IMF credit	0.0	0.0	0.0	0.0	0.0	...

Source: International Monetary Fund, *Balance of Payments Yearbook*; ECLA, on the basis of official data.<sup>a</sup>Includes other non-factor services.<sup>b</sup>Includes net loans granted and other assets and liabilities.<sup>c</sup>Equals the difference between total variation in reserves (of opposite sign), plus counterpart items: monetization or demonetization of gold, allocation or settlement of Special Drawing Rights, and variations due to revaluation of other reserves.

Table 14

## TRINIDAD AND TOBAGO: INDICATORS OF EXTERNAL INDEBTEDNESS

(Millions of dollars)

	1977	1978	1979	1980	1981	1982 <sup>a</sup>
Total external public debt	208.0	315.0	374.0	437.0	448.0	637.0
<b>Debt servicing:</b>	<b>10.0</b>	<b>25.0</b>	<b>43.0</b>	<b>205.0</b>	<b>75.0</b>	<b>83.0</b>
Amortization and sinking fund	6.0	6.0	6.0	170.0	18.0	19.0
Interest payments	4.0	19.0	36.0	35.0	56.0	64.0
Debt servicing as percentage total exports	0.9	1.4	1.9	6.0	2.1	2.8

Source: *Review of the Economy, 1982, Review of Fiscal Measures, 1982, The Balance of Payments of Trinidad and Tobago, 1979.*

<sup>a</sup>Preliminary figures.

Table 15

## TRINIDAD AND TOBAGO: EVOLUTION OF CONSUMER PRICE INDEX

(September 1975 = 100)

	1977	1978	1979	1980	1981	1982 <sup>a</sup>
<b>Percentage variation December to December</b>						
Total - all items	11.4	8.8	19.6	16.6	11.6	10.8
Food	11.2	6.8	22.9	17.9	12.0	12.8
Drink and tobacco	10.6	11.7	19.3	17.5	14.3	18.5
Housing	14.8	14.1	21.8	18.5	11.4	-1.7
Clothing	10.4	6.1	13.0	7.2	11.8	7.5
Transportation	...	...	24.2	26.5	8.0	13.3
<b>Variation between annual averages</b>						
Total - all items	11.8	10.2	14.7	17.5	14.3	11.4
Food	6.9	9.1	13.8	19.3	16.6	13.6
Drink and tobacco	10.5	15.0	11.6	19.3	14.6	18.2
Housing	12.8	16.0	20.2	17.6	15.3	0.6
Clothing	14.7	8.3	8.8	9.0	12.5	8.6
Transportation	20.0	10.2	27.3	24.0	10.6	13.5

Source: Central Statistical Office.

<sup>a</sup>Preliminary figures.

Table 16

## TRINIDAD AND TOBAGO: EVOLUTION OF WAGES AND SALARIES

(Index 1976 = 100)

	1979	1980	1981	1982 <sup>a</sup>	Growth rates		
					1980	1981	1982 <sup>b</sup>
<b>Minimum wages rates<sup>c</sup></b>							
Nominal	170.4	208.8	270.4	315.0	22.2	29.9	21.4
Real	120.6	125.4	142.4	...	4.0	13.6	9.5

Source: Central Statistical Office.

<sup>a</sup>May 1982.

<sup>b</sup>Compared to May 1981

<sup>c</sup>Data are averages for May and November.

#### 4. Prices and wages

i) *Prices*. In 1982 there was a further deceleration in the rate of domestic inflation as measured by the Consumer Price Index (see table 15). Principally responsible was the moderate level of imported inflation. Official policy instituted in late 1981 to control rentals on dwelling houses and apartments also helped by putting a firm brake on the upward trend in the cost of housing, though the considerable expansion in money supply and in the net domestic budget deficit combined to maintain double digit inflation rates, as has been the case since 1974.

ii) *Wages*. Data for the first months of 1982 indicate that wage inflation may have slackened somewhat. Nominal wage rates for certain representative working groups rose less steeply in 1982 than they did in 1981. However, a number of wage settlements were reached only late in the year, after some industrial action, and some wage negotiations continued into 1983. On a preliminary basis it would seem that both nominal and real wages rose more slowly in 1982 compared to 1981 and that the economic slowdown had begun to have a dampening effect on wage demands (see table 16).

#### 5. Monetary and fiscal policy

i) *Monetary developments*. The money supply grew strongly in 1982 by an estimated 44%, compared to just 16% in 1981. This rate exceeded by a wide margin that experienced even during the recent boom years. Whereas credit to the private sector grew at its accustomed rate of 20%, the financial position of the Government changed radically, causing its hitherto dampening net impact on domestic credit to become expansionary (see table 17). The net domestic budget deficit — the difference between the Government's local disbursements and its local receipts — increased almost 100% from approximately TT\$ 2.5 billion in 1981 to TT\$ 4.7 billion in 1982, thereby injecting considerable resources into the banking system.

The liquidity position of the commercial banks remained on average at about the 1981 levels but increased somewhat at year-end. The monetary authorities continued their efforts to restrain monetary expansion by maintaining a 15% marginal reserve requirement in addition to a 9% statutory and 5% secondary reserve. Efforts at diverting bank credit away from personal non-

Table 17

#### TRINIDAD AND TOBAGO: MONETARY BALANCE

	Millions of TT dollars at year-end			Growth rates			
	1980	1981	1982 <sup>a</sup>	1979	1980	1981	1982 <sup>a</sup>
<b>Money supply</b>	1 478	1 717	2 470	27.9	24.5	16.1	43.9
Currency outside banks	467	533	734	39.2	13.5	14.1	37.7
Demand deposits	1 011	1 184	1 736	22.6	30.4	17.0	46.7
<b>Factors of expansion</b>	5 533	6 725	9 739	34.5	20.0	21.5	44.8
Foreign assets (net)	6 482	7 790	7 092	20.1	27.7	20.2	-9.0 <sub>b</sub>
Domestic credit (net)	-949	-1 065	2 647	...	...	...	...
Government (net)	-4 490	-5 442	-2 774	...	...	...	...
Official entities	227	321	528	55.7	87.6	41.6	64.4
Private sector	3 314	4 056	4 893	17.0	21.2	22.4	20.6
<b>Factors of absorption</b>	4 054	5 008	7 268	37.0	18.4	23.5	45.1
Quasi-money	3 002	3 692	4 926	34.4	10.1	23.0	33.4
Time deposits	1 648	2 089	2 655	45.9	7.2	26.7	25.7
Saving deposits	1 354	1 605	2 301	22.0	13.9	18.6	43.3
Other items	1 052	1 316	2 342	47.7	50.7	25.1	78.0

Source: Central Bank of Trinidad and Tobago.

<sup>a</sup>Preliminary figures.

<sup>b</sup>Non-comparable.

Table 18

**TRINIDAD AND TOBAGO: COMMERCIAL BANKS-DISTRIBUTION  
OF LOANS AND ADVANCES BY SECTOR**

(Millions of TT dollars at year-end)

	1977	1978	1979	1980	1981	1982 <sup>a</sup>
<b>Business loans</b>	783	1 063	1 341	1 661	1 896	2 014
Agriculture	28	60	51	91	80	65
Manufacturing	325	417	411	499	546	614
Construction	69	100	249	329	445	470
Transportation	40	57	97	133	187	222
Distribution	250	318	389	454	540	535
Professional services	71	111	144	155	98	108
<b>Personal loans</b>	752	953	978	1 154	1 422	1 846
<b>Other<sup>b</sup></b>	136	245	329	466	743	1 080
<b>Total</b>	1 671	2 261	2 648	3 381	4 061	4 940

Source: Central Bank of Trinidad and Tobago.

<sup>a</sup>Preliminary figures.<sup>b</sup>Includes central government and State enterprises.

Table 19

**TRINIDAD AND TOBAGO: CENTRAL GOVERNMENT  
REVENUE AND EXPENDITURE**

	Millions of TT dollars			Growth rates		
	1980	1981	1982 <sup>a</sup>	1980	1981	1982 <sup>a</sup>
<b>Recurrent revenue, of which:</b>						
Income tax	4 244	4 983	4 856	70.6	17.4	-2.5
Royalties	546	606	535	31.0	10.9	-11.7
Customs and excise	466	463	503	40.8	-0.5	8.6
Purchase tax	105	116	137	28.0	10.4	17.9
Other	1 004	741	757	42.6	-26.2	2.2
<b>Total recurrent revenue</b>	6 365	6 819	6 788	58.3	7.1	-0.5
<b>Recurrent expenditure, of which:</b>						
Wages and salaries	1 060	1 150	2 415	20.0	8.5	110.1
Goods and services	408	333	480	5.5	-18.4	43.9
Transfers to persons	169	200	309	11.5	18.0	54.4
Transfers to local authorities and others	869	1 110	1 874	37.4	27.7	68.9
Interest on public debt	125	179	206	-0.6	43.5	15.0
Subsidies	289	329	467	72.5	13.7	42.2
Unemployment fund	214	264	529	-2.2	23.6	100.2
<b>Total recurrent expenditure</b>	3 135	3 565	6 280	22.1	13.7	76.2
Current surplus	3 230	3 254	508	122.0	0.7	-84.4
Capital receipts	24	32	-	...	...	...
Capital expenditure	2 331	3 110	3 808	43.6	33.4	22.4
<b>Total expenditure</b>	5 466	6 675	10 088	30.4	22.1	51.1
<b>Total revenue</b>	6 389	6 851	6 788	58.9	7.2	-1.0
Fiscal surplus (+)/deficit (-)	923	176	-3 300	...	...	...
Fiscal surplus/deficit as percentage of GDP	6.0	1.0	(18.1)	...	...	...

Source: Central Bank of Trinidad and Tobago.

<sup>a</sup>Preliminary figures.

business uses were not entirely successful in 1982 and the share of such loans actually increased from 35% at the end of 1981 to 37% in 1982 (see table 18).

The stock market, which began open trading in October 1981, was very active in 1982, when the market value of turnover was TT\$ 545 million, compared to TT\$ 140 million in 1981. The Unit Trust began active trading in November 1982 and by year-end had sold TT\$ 36 million.

ii) *Fiscal developments.* Government finances took a dramatic turn in 1982. Total revenue declined 1% while total expenditure increased more than 50%, with most of the increase taking place on current account. A new three-year wage agreement for 52 000 public servants for the triennium 1981 to 1983 was implemented in 1982 and this accounts for the 110% increase in wages and salaries. There is little doubt that the fiscal position of the Government worsened considerably, as evidenced by the overall deficit of TT\$ 3.3 billion, approximately 18% of current GDP. While the current account was roughly in balance and the deficit was not excessively large, it remains true that with the changed petroleum market situation the revenue position of the country must have seriously deteriorated while expectations and commitments continue at high levels (see table 19). Public policy, as stated in the 1982 budget and reinforced in the budget presentation of December 1982, aims at more effective public sector management by re-introduction of formal economic planning, by policies for containing the growth of public expenditure (e.g. requiring the public utilities to charge the economic cost of their services) and by containing subsidies.