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ECONOMIC ACTIVITY 1983
IN
CARIBBEAN COUNTRIES

(A Joint effort of the Professional and Research Assistant Staff of
the Economic Commission for Latin America and the Caribbean).



F O R E W O R D

Manpower shortages in 1984 prevented the publication of all of the country notes in the thirteenth issue of **Economic Activity in Caribbean Countries**. This addendum contains the three country notes included in the document. The countries are: Belize, Netherlands Antilles and Trinidad and Tobago. They are now presented to the readers and researchers.

Clyde Applewhite
Director

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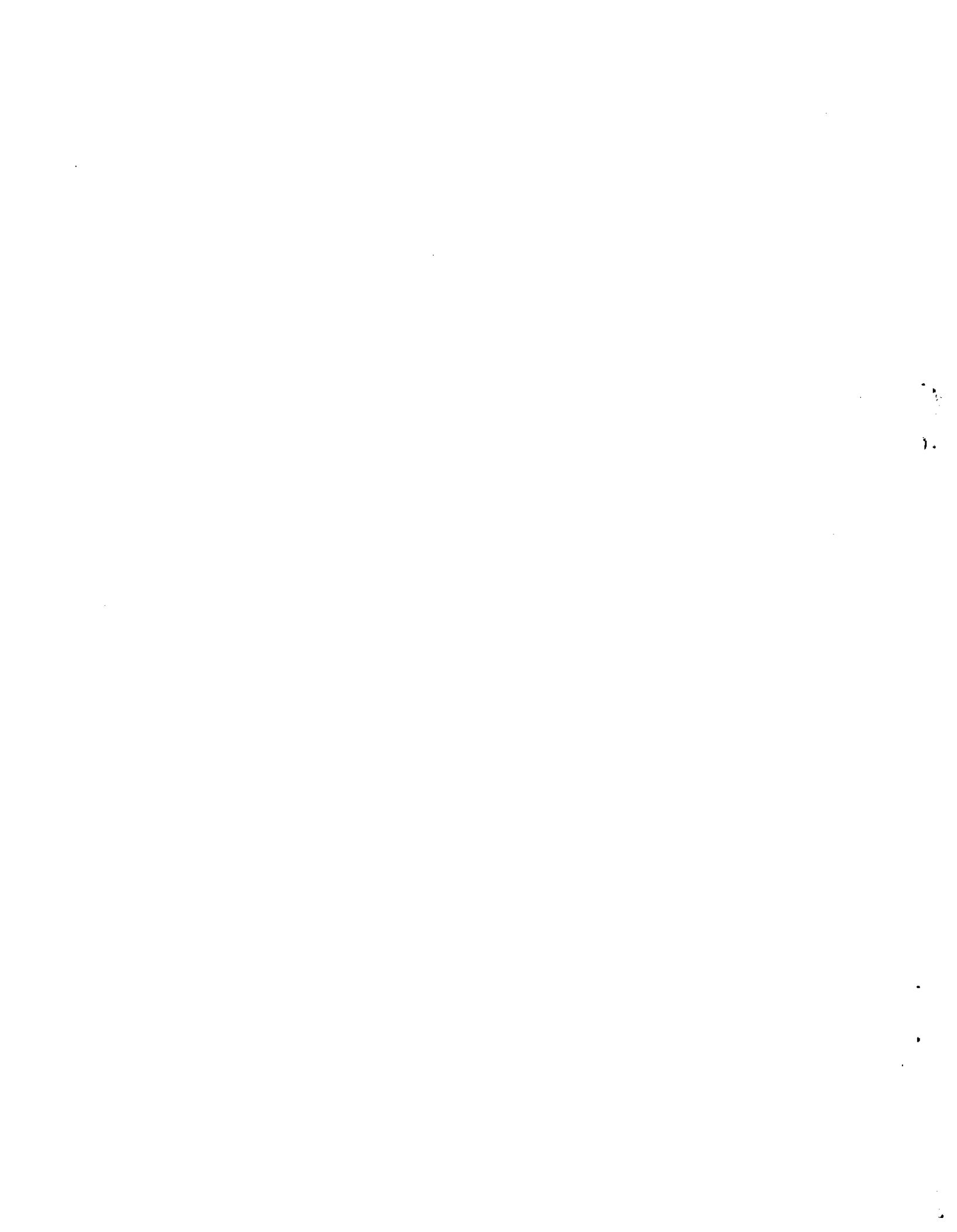
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PART XII

BELIZE

COUNTRY NOTES



BELIZE

1. Recent economic trends: Introduction and summary

For 1983 Gross Domestic Product (GDP) increased marginally, almost compensating for the decline in 1982 (see Table 1). Per capita GDP

Table 1
BELIZE: MAIN ECONOMIC INDICATORS¹

	1981	1982	1983
A. Basic economic indicators			
GDP at factor cost (\$m at 1973 prices)	130.8	129.6	130.6
Pop. (thousands of inhabitants)	148.3	152.0	155.8
Per capita GDP (at 1973 prices)	882.0	853.0	838.0
Growth rates			
B. Short-run economic indicators			
GDP (at market prices)	4.4	-5.5	4.2
Per capita GDP	3.8	-7.7	1.7
Current value of exports of goods and services	-8.9	-20.0	8.8
Current value of imports of goods and services			
Consumer price index (July - July)	116.4	127.2	134.5
Consumer price index (ann. avg. var.)	11.9	9.3	5.7
Money supply (M ₁)	2.1	0	7.6
Current revenue ¹ of Government	5.9	-	-8.4
Total expenditure of Government	15.1	3.1	5.3
Fiscal deficit as percentage of total expenditure	8.7	3.0	8.2
Millions of dollars			
C. External sector			
Trade balance	-85.9	-75.4	-82.5
Balance on current account	-23.8	-18.5	-30.3
Balance on capital account	19.4	46.9	21.5
Var. in net internat'l reserves	4.4	-	8.8
External debt	...	...	...

Source: ECLAC, various Government Departments.

¹Currency quoted is in US dollars unless otherwise stated.

continued however, to decline for the third successive year. Agriculture, Forestry and Fishing, the major contributors to GDP, continued on a steady growth path which was sufficient to compensate for declines in the Trade, Construction and Manufacturing sectors over the two-year period under study.

Although steady increases in the production of export agricultural commodities were recorded, depressed prices have nevertheless reduced domestic export earnings to a lower level than obtained in 1981. There was

nevertheless some recovery in 1983 over 1982. Similar trends were registered with respect to domestic imports and the balance on merchandise trade. The re-export trade which was oriented mainly to Mexico was adversely affected in early 1982 by parity changes in that country, and continued at greatly reduced levels since then until the end of 1983.

In recognizing the foregoing trends for 1982 and 1983 there was, in real terms a contraction in the money supply, and public expenditure has been contained to a level somewhat equivalent to that of 1981. Accordingly overall price increases have been contained, inflation falling to a moderate 6% by the end of 1983, and international reserves have shown a steady growth since 1981, despite the inauspicious cultural environment.

2. Trends in economic activity

(a) Growth of the main sectors

(i) **Agriculture.** Belize is essentially an agricultural economy with the Agriculture, Forestry and Fishing sector contributing almost 26% to GDP in 1983 (see Table 2). The main agricultural crop, sugar-cane, also

Table 2
**BELIZE: GROSS DOMESTIC PRODUCT, BY ECONOMIC
 ACTIVITY, AT FACTOR COST, CURRENT PRICES**

	Millions of dollars			%	Growth rates	
	1981	1982	1983		break-down	1982	1983
Gross domestic product	130.8	129.6	130.6	100.0	-0.9	0.8
Agriculture	24.6	25.6	26.3	20.0	4.0	2.7
Forestry	2.2	4.0	2.7	2.0	81.8	32.5
Fishing	3.9	3.8	4.8	3.7	-2.6	26.3
Mining	0.4	0.4	0.4	0.3	-	-
Manufacturing	12.9	12.3	12.6	9.6	-4.6	2.4
Electricity & water	1.7	2.0	2.1	1.6	17.6	5.0
Construction	11.5	9.2	9.5	7.3	-20.0	3.3
Trade, restaurants etc.	21.7	19.5	19.0	14.5	-10.1	-2.6
Transport, communications	13.9	14.2	14.5	11.1	2.1	2.1
Finance and insurance	7.4	7.4	7.5	5.7	-	1.3
Real estate, dwellings	9.1	9.3	9.3	7.1	2.2	-
Public administration	14.1	14.0	14.0	10.7	-0.7	-
Community & other services	12.8	13.1	13.1	10.0	2.3	-
Less banking service charges	5.5	5.2	5.2	4.0	-5.4	-

Source: Statistical Office, Central Planning Unit.

provides the input to the production of sugar and molasses, the most important products in the industrial sector. Moreover, the sector employed over one-third of the labour force in 1980, many of which are independent small farmers and contributed in excess of 50% of the earnings from merchandise exports for 1983 (see Table 3).

Table 3
BELIZE: INDICATORS OF AGRICULTURAL PRODUCTION

	1981	1982	1983	Growth rates	
				1982	1983
Production of main crops					
Sugar-cane (tonnes)	986.1	1 076	1 150	9.1	6.9
Bananas ¹	549.3	524	531	-4.6	1.3
Oranges ²	1 063.0	1 065	750	0.1	-29.5
Grapefruit ³	586	703	178	20.0	-74.7
Timber ⁴	9.5	8.5	8.0	-10.5	-5.9
Rice (million ks.)	10.9	8.1	3.6	-25.5	-55.0
Corn (million ks.)	21.4	21.4	17.6	-	-17.4
Red kidney beans (million ks.)	1.7	1.8	1.8	26.3	25.6
Honey ('000 ks.)	219.5	200	247.0	-8.9	23.5
Stock-raising production					
Beef (million ks.)	1	0.9	1.1	-9.1	25.0
Poultry (million ks.)	2.4	2.5	2.5	5.7	-
Pork (million ks.)	0.2	0.1	0.2	-25.0	25.0
Fish products ⁵ (million ks.)	0.7	0.6	0.8	-6.7	28.6

Source: Central Statistical Office.

¹'000 42 lb. boxes. ²'000 30 lb. boxes. ³'000 80 lb. boxes.

⁴Thousand of board feet. ⁵Exports.

The sugar industry has been affected by declining world sugar prices and therefore of declining export earnings despite a good performance in increasing sugar-cane production. In 1982 sugar-cane production increased by 9.0% while sugar production and exports increased by 8.5% (see Table 4). yet, sugar export earnings declined by 23%. For 1983 there was a

Table 4
BELIZE: DOMESTIC EXPORTS BY VOLUME

	1981	1982	1983	Growth rates	
				1982	1983
Sugar (tonnes)	91.9	99.7	110.9	8.5	11.2
Molasses (tonnes)	27.8	35.6	35.2	27.7	-1.1
Bananas ('000 42 lb. boxes)	551.0	523.0	531.0	-5.1	1.5
Citrus (containers '000 gals.)	1.2	1.4	1.0	16.6	-28.6
Sawn wood ('000 board feet)	1.5	2.5	1.7	66.7	-20.0
Fish products (million ks.)	0.7	0.6	0.8	-6.7	28.6

Source: Central Statistical Office.

continuation of this picture since world sugar prices continued to decline. As a result sugar exports increased a further 11%, but earnings only by 4% from the low of 1982. Thus we see that although sugar-cane production and yields continue to increase, and in 1983 sugar production was at its highest ever, earnings have not kept pace. Currently Belize sells about 70% of its sugar either to the EEC or to the US under the GSP.

Since Belize is now restricted by a quota to the US the balance of her production now has to face the vagaries of the world market and a current price which is well below the cost of production.

The increased yields are attributed to the replanting of fields with smut-resistant varieties of sugar-cane, control of frohoppers and improved crop care, but since any increase beyond limits of about 70,000 tonnes must be sold at remunerative prices, questions are raised as to the wisdom of expanding sugar acreages further.

Citrus is the second major agricultural activity, producing oranges and grapefruit and exporting citrus concentrates primarily to the EEC and to CARICOM. Approximately two-thirds of the acreage allocated to citrus is planted in oranges, the remainder being allocated to grapefruit which is grown mainly by small holders. There are in excess of 300 citrus growers with a seasonal employment of 700 additional workers. Citrus production has increased steadily from 1976 to 1982 which recorded a 50% increase over 1976. In 1983, however, production declined to 928,000 boxes, only slightly above the 1976 figure (ref. Table 3). While a poor crop is responsible for most of the 30% decline in orange production, protracted price negotiations between the growers and the processors during the period of grapefruit harvesting caused that crop to go unprepared, with a resultant decline of 75% in grapefruit sent for processing. Despite the significant fall in citrus production, exports declined by less than 30% in volume, and the industry was rescued somewhat in terms of earnings, which actually increased by 2%, by an average price increase of citrus concentrates of 32 percent.

Banana production which provides the third main product of the Agricultural sector has shown a downward trend since 1979, from 842,000 boxes to 523,000 in 1982 - a decrease of 37.9%. For 1983 production registered a small increase. Banana prices have fluctuated but for 1982 and 1983 recorded increases of 2.8% and 12.8% respectively. Total export earnings from banana declined in 1982 but improved somewhat in 1983 to record an increase of 14%. Declining production in recent years is due to crop disease and inefficient small producers. The Banana Control Board is currently evaluating many of these producers and where potential exists, proposes to upgrade their skills.

The banana industry at present operates below the break-even point which is estimated to require an expansion of acreage from 1,600 in 1982 to 4,000 and expansion has started at Bladen Trio. It also suffers from a lack of productivity on existing farms for managerial and agronomic reasons. Currently a major inefficiency is the need to transfer bananas by barge to Honduras for shipment since the low volumes from Belize render direct shipment uneconomic and irregular. Since Belize enjoys a protected market in the United Kingdom, expansion of production seems to be viable if adequate levels of productivity can be achieved.

Rice has shown a significant decrease in production for 1982 and 1983 following a peak in production in 1981. The decline is attributable in part to a 37% reduction in acreage of the country's largest rice producer in 1982 and finally its closure due to financial problems in 1983. At the same time severe penalties were imposed on farmers delivering wet paddy which provided a disincentive to producers in some areas of the country.

Corn production increased by 25% between 1977 and 1981. For 1982 production remained stable but registered a decline in 1983. In fact in 1981 and 1982 there was an oversupply of corn on the local market with the result that the guaranteed price was reduced from 24 cents prevailing in 1981 and 1982 to 12 cents in 1983. The sharply reduced supply subsequently caused the guaranteed price to be repressed at 20 cents by the end of 1983.

The production of red beans increased by 80% between 1976 and 1981 while acres under cultivation increased by 58%. For 1982 and 1983 further increases of about 25% for each year respectively were registered in production. The home market is now self-sufficient in this commodity allowing a small amount for export where markets exist, within CARICOM. Experiments continue to identify improved varieties and to increase productivity.

Honey production has been identified as having a good export potential, particularly to the United Kingdom. Production declined by 9% in 1982 despite a concerted effort to increase the number of hives. The decline is attributable to the side effect of insecticides used to control leafhoppers on sugar-cane, and heavy rainfall in 1982. Production for 1983 rose by more than 23%, however, and efforts to increase honey output are continuing.

Livestock production is still basically geared to production for the local market and local needs for fresh beef, pork and chicken are satisfied by local production. Some processed pork is still imported however and efforts to break into the export market, particularly for beef, have been sporadic. Production and managerial techniques are still small-scale with rough grazing for cattle and small-scale production for pigs being the norm. Production figures for pork are not comprehensive, since they do not include pigs slaughtered on the farms. There has however, been a tendency for pork production to stagnate around a mean which is determined by domestic consumption, with variations around this mean attributable to changes in the price of corn. One therefore sees an increase in pork production in 1983 reflecting the oversupply and therefore fall in prices of corn. Livestock production is currently faced with two options, to explore the possibilities for beef exports which will require more productive arrangements in the industry or to develop the dairy industry to substitute for the large imports of dairy products. Both options will be management and technology intensive.

(ii) **Forestry.** Products derived from Belizean forests may be divided into Rosewood logs, cedar lumber, mahogany lumber, other hard woods, and chicle with mahogany lumber providing the bulk of export earnings. Cedar production has been declining due to depletion of cedar forests. Production of timber generally has declined since 1981 by 10% and 6% in 1982 and 1983. Export volumes increased by 66% in 1982 although earnings increased by only 50% due to lower prices. For 1983 declines were registered in production - 6%, export volumes - 20%, and earnings - 25 percent.

(iii) **Fishing.** Exports of fish are divided between shell fish (60% of the total in 1983) and scale fish, and together contribute in excess of 11% of merchandise exports. In the former category the major exports are lobster and conch, followed by shrimp and crab claws. Fish exports

declined by volume and value in 1982 with decreases of 6.7% and 12.5% respectively. For 1983 increases of 28.6% and 14% were recorded. Consumption on the local market is mainly of whole scalefish with small quantities of lobster, shrimp and conch. Fish prices on the local market are controlled so that the first priority is given by fishermen to the export market which is not regulated. Domestic consumption, while not accurately recorded, is estimated to be about one quarter of the quantity exported.

(b) Services trade

Tourism is still a small-scale highly specialized industry in Belize catering mainly for scuba divers and persons interested in exploring early Mayan civilization. The existing tourist facilities are usually locally-owned small hotels and guest houses with an average of less than 10 rooms or 16 beds. While this means that the full potential of the industry is not realized since economies of scale cannot be obtained from charter packages it also means that the industry is outside the mainstream of the world tourist business and is therefore less vulnerable to its vicissitudes. This is illustrated by the fact that visitor arrivals increased by 4.8% between 1981 and 1982 and declined by less than 1% in 1983 (see Table 5).

Table 5
BELIZE: SELECTED TOURISM INDICATORS

	1981	1982	1983
Total stopover visitors	64 219	67 337	66 914 ¹
Total no. of hotels and guest houses	144	141	141
Avg. no. of hotel & guest house rooms	1 352	1 377	1 377
Avg. no. of hotel & guest house beds	2 192	2 256	2 256
Avg. hotel & guest house room occupancy rate (%)	72.8	75.0	74.5
Average length of stay (nights)	5.6 ¹	5.6 ¹	5.6 ¹
Total visitor expenditure ²	15.3 ¹	17.7 ¹	18.6 ¹

Percentage of total visitor arrivals

United States	36.8	39.0	...
Canada	3.4	2.5	...
United Kingdom	2.5	4.5	...
Other Europe	14.7	8.0	...
Other	42.5	46.0	...

Source Belize Tourist Board.

¹Tourist Board Estimates.

²Millions of Belize dollars.

When it is realized that Belize is adjacent to Mexico and that recent Mexican parity changes have had a severe impact on tourism in the rest of the region it is clear that the Belize tourist product is at present highly specialized and does not compete directly with the adjacent resort areas in the Caribbean.

At present the bulk of tourists originate in the United States; in 1982 the percentage was 39%, with neighbouring Mexico and other Central American countries ranking second. Both groups will provide the mainstay of the industry for the future although changes in the value of the Mexican peso will perhaps for some time inhibit the flow of Mexican tourists, some of whom crossed the border to purchase cheaper goods in Belize. The percentage of EEC visitors declined from 17.3% in 1981 to 12.5% in 1982. Similarly the visitor count for Canadians declined from 3.4% to 2.5% between 1981 and 1982.

While being involved in tourism promotion for the first time in 1982, Government policy towards the expansion of the industry remains one of caution. Moreover, if the specialized nature of the industry is to be preserved, expansion will be relatively costly since of the nearly 100 Mayan sites, only two have been developed and access to them is difficult. The other major attraction, the 175 miles of coral reef containing over 150 islands and cays, will also require considerable infrastructure and services to ensure orderly tourism development.

It is estimated that tourism expenditures have been increasing and the industry has the potential to absorb workers that are unlikely to opt for agriculture or a rural lifestyle and are likely otherwise to swell the ranks of the urban unemployed. Bearing in mind the difficulties currently being experienced in expanding the export earnings of more traditional products, tourism will continue to improve its ranking on the list of options available to the country for future development.

3. The external sector

Belize manifests the same degree of openness of its economy which is often attributed to small island states. If this openness can be illustrated by the ratio of merchandise trade to GDP it will be noted that in 1981 trade was 179.5% of GDP measured in current prices although by 1983, this percentage had fallen to 127.4% (see Table 6). The reasons for

Table 6
BELIZE: INDICATORS OF THE IMPORTANCE OF TRADE
(Millions of dollars)

	1981	1982	1983
GDP (at current prices)	313.0	295.8	308.3
Total imports	323.9	262.8	237.6
Total exports	238.0	187.4	155.1
Imports (M) as percentage of GDP	103.5	88.8	77.06
Exports (X) as percentage of GDP	76.0	63.3	50.3
Merchandise trade (M + X) % of GDP	179.5	152.2	127.4

Source:

this reduction are attributable to a decline of the re-export trade to Mexico which diminished by 72% over the period as a result of the depreciation of the Mexican peso.

BELIZE

Belize, like many other Caribbean economies, also records an adverse balance on merchandise trade account, which remained fairly constant at 27% of GDP between 1981 and 1983; and depends on services and external capital flows to achieve external balance (see Table 7).

Table 7
BELIZE: BALANCE OF PAYMENTS
 (Millions of dollars)

	1981	1982	1983	Growth rates	
				1982	1983
Total imports	323.9	262.8	237.6	-18.9	-9.6
Domestic exports	235.4	195.0	212.6	-17.2	9.0
Re-exports	88.5	67.8	25.0	-23.4	-63.1
Total exports	238.0	187.4	155.1	-21.3	-17.2
Domestic exports	149.5	119.6	130.1	-20.0	8.8
Re-exports	88.5	67.8	25.0	-23.4	-63.1
Balance of trade	-85.9	-75.4	-82.5	-12.2	9.4
Travel	5.4	6.6	8.0	22.2	21.2
Investment income	-4.3	-10.2	-14.9	137.2	46.1
Other goods and services	26.4	25.3	23.8	-4.2	-5.9
Unrequited transfers	34.6	35.3	35.3	2.0	-
Total current account	-23.8	-18.5	-30.3	-22.3	63.8
Official capital	25.0	37.5	23.8	50.0	-36.5
Private capital	-5.6	9.4	-2.3	167.8	-124.5
Total capital account	19.4	46.9	21.5	141.7	-54.1
Balance on external account	-4.4	28.4	-8.8	...	...
Total international reserves	25.5	29.1	32.1	14.1	10.3

Source: Central Bank of Belize.

It will be noted that total imports and exports contracted in 1982 and 1983 (see Table 8). For 1982 domestic exports contracted at a faster rate than imports while in 1983 domestic imports grew faster than exports. In both years the border re-export business contracted quite significantly in 1983, as a result of a devaluation of the Mexican peso.

In the basket of imports, food and petroleum account for the major expenditures, a proportion that grew in 1983 (see Table 9). In 1982 as a result of the contraction in trade the balance of trade while adverse, was smaller than in the previous year and with large private and public capital flows a favourable balance of payments was possible (ref. Table 7). For 1983, however, the pattern changed. While exports increased, imports increased faster so that the merchandise deficit increased. Moreover, decreases were also recorded in private and public capital flows with the result that there was an overall deficit on external account for 1983.

Table 6
BELIZE: EXPORTS OF GOODS (f.o.b.)
 (Millions of dollars)

	1981	1982	1983	Growth rates	
				1982	1983
Total exports	238.0	187.4	155.1	-21.3	-17.2
Domestic exports	149.5	119.6	130.1	-20.0	8.8
Re-exports	88.5	67.8	25.0	-23.4	-63.1
Sugar	85.3	65.7	68.3	-23.0	4.0
Citrus concentrates	13.0	14.0	13.7	7.7	2.1
Timber	2.4	3.6	2.7	50.0	-25.0
Molasses	2.4	1.8	1.8	-25.0	-
Garments	22.1	12.7	16.5	-42.5	30.0
Fish products	14.4	12.6	14.4	-12.5	14.3
Bananas	4.3	4.2	4.8	-2.3	14.3
Others	5.5	4.9	7.9	-10.9	61.2

Source: Central Statistical Office, Ministry of Finance.

Table 9
BELIZE: IMPORTS OF GOODS (c.i.f.)
 (Millions of dollars)

	1981	1982	1983 ^P
Total imports	323.9	262.8	237.6
Domestic imports	235.4	195.0	212.6
Imports for re-export	88.5	67.8	25.0
Consumer goods			
Food	79.8	58.7	55.5
Beverages and tobacco	7.1	5.7	5.4
Crude materials	4.9	3.2	2.1
Petroleum products	51.3	45.5	44.7
Animal and vegetable oils	1.0	0.6	0.5
Chemicals	22.9	22.5	19.4
Manufactured goods	39.5	33.1	31.7
Machinery	57.5	48.9	38.8
Misc. manufactured goods	58.3	85.4	25.9
Miscellaneous commodities	1.6	9.2	13.6

Source: Central Statistical Office.

4. Monetary and fiscal policy

(a) Money supply

The money supply M_1 which remained constant between 1981 and 1982 registered an increase in early 1983 (see Table 10). Since the middle of 1983 it continued to fall, though remaining at 7.6% higher by December 1983 than that registered for December 1982. Quasi-money also showed an increase of 24%, due mainly to a growth in time deposits.

Table 10
BELIZE: MONETARY BALANCE
 (Millions of dollars)

	1980	1981	1982	1983	Growth rates	
					1982	1983
Money M₁	42.8	41.9	41.9	45.1	-	7.6
Currency outside Banks	17.5	19.0	20.6	21.5	8.4	5.3
Demand deposits	25.3	22.9	21.3	23.6	-7.0	10.8
Factors of expansion	85.6	157.5	190.0	214.1	20.6	12.7
Foreign assets (net)	27.9	23.6	26.5	28.1	12.3	6.0
Domestic credit:	110.3	133.9	163.5	186.0	22.1	13.8
Government (net)	27.6	38.0	55.2	68.0	45.3	23.2
Private sector	82.7	95.9	108.3	118.0	12.9	8.9
Factors of absorption	95.4	115.7	149.2	168.9	28.9	13.2
Quasi-money (savings and time deposits)	68.3	81.6	93.6	116.1	14.7	24.0
Other items (net)	27.1	34.1	55.6	52.8	63.0	-5.0

Source: Central Bank of Belize.

Net foreign assets continued to grow, though at a more moderate rate than in the previous year; the same holding time for domestic credit both to the public and private sectors.

The Development Finance Corporation (DFC) functions as a conduit for investment funds from abroad, mainly from the CDB and in 1983 from the Commonwealth Development Corporation (CDC) to small and medium size enterprises and for housing. The terms are usually more favourable than commercial rates.

Loans to agriculture which comprise 78% of total DFC disbursements for 1983 also increased significantly over 1982 (see Table 11). The major portion of the increase was allotted to 2,000 cane farmers and valued at \$3.8 million to replant and upgrade their fields. The other major disbursements in agriculture related to citrus with 44 projects approved and amounting to \$1.5 million.

Table 11
BELIZE: DFC CONCESSIONAL FUNDS
 (Thousands of dollars)

Sectors	1981	1982	1983	Growth rates
				1983
Agriculture	3 250	2 217	6 798	78.2
Industry	164	179	667	7.7
Tourism	370	111	535	6.1
Housing	542	402	-	-
Other	679	830	695	8.0
Total	5 005	3 739	8 695	100.0

Source: Development Finance Corporation.

After a period of rapid expansion of commercial credit averaging almost 20% for 1981 and 1982, the measure for 1983 only just kept pace with inflation (see Table 12). Credit to some productive sectors from the Commercial Banks declined. Loans to the Agricultural sector fell by 24%,

Table 12
BELIZE: COMMERCIAL BANKS' DISTRIBUTION OF LOANS
 (Millions of dollars)

	1981	1982	1983	Growth rates		
				1981	1982	1983
Government services	4 171	14 426	15 113	69.7	245.9	4.7
Public utilities	826	583	2 179	278.9	-29.4	273.7
Agriculture	24 086	22 702	17 189	0.1	-5.7	-24.3
Commercial fishing	416	531	875	-43.6	27.6	64.8
Forestry	2 687	2 776	978	-12.5	3.3	-64.8
Manufacturing	11 854	15 019	18 639	-5.1	26.7	24.1
Tourism	1 004	1 442	1 144	46.6	43.6	-20.6
Buildings & Construction	11 879	12 585	13 653	28.5	5.9	8.5
Real estate	1 214	1 383	3 140	30.1	13.9	127.0
Financial institutions	378	318	919	85.3	-15.9	189.0
Distribution	36 259	44 364	42 448	44.0	22.3	-4.3
Professional services	946	773	865	-13.3	-18.3	9.7
Transport	1 772	2 025	3 542	13.1	14.3	74.9
Entertainment	448	862	655	19.5	92.4	-24.0
Mining & exploration	24	1 852	4 991	...	...	169.5
Personal loans	10 945	10 703	14 261	14.2	-2.2	33.2
Total	108 909	132 344	140 591	18.5	21.5	6.2
Loans to residents	105 067	131 666	139 742	21.4	25.3	6.1
Loans to non-residents	3 842	678	849	-28.5	-82.3	25.2

Source: Central Bank of Belize.

Forestry by 64%, although this was more than compensated for by credit through the DFC and represents in fact a shift in the sources of credit i.e. from private banks to quasi public sources. Significant increases in credit were however registered in Real Estate, Public Utilities, Financial institutions, Manufacturing and Personal loans. Credit for Government services which had expanded significantly in the two previous years was contained for 1983.

(b) Fiscal Policy

Reflecting the decline in economic activity in 1982 and 1983 Government recurrent revenues declined in both years (see Table 13). At the same time expenditures for the two-year period have not grown in real terms. Capital expenditures, financed by overseas aid, increased dramatically in 1983 however.

The overall budget deficit which was reduced in 1982 again increased in 1983 and now stands at 9% of revenue. For 1981 77% of the deficit was financed by local borrowing while for 1982 that proportion fell to 70%. Figures available for 1983 indicate that this proportion has

Table 13
BELIZE: CENTRAL GOVERNMENT REVENUE AND EXPENDITURE

	Millions of dollars			Growth rates	
	1981	1982	1983	1982	1983
Revenue					
Customs & excise duties	39 271	32 500	35 000	-17.2	7.7
Taxation	27 033	30 500	28 000	12.8	-8.2
Interest & loan repayments	83	1 400	-	...	...
Other revenue	16 062	18 000	12 500	12.1	-30.5
Total recurrent revenue	82 449	82 400	75 500	5.9	-8.9
Capital II revenue					
(local sources)	1 178	1 400	8 900 ^F	-18.8	535.7
Capital III revenue					
(overseas sources)	10 232	19 000	18 000	85.7	-5.3
Total capital revenue	11 410	20 400	26 900	78.8	31.9
Total revenue	93 859	102 800	102 400	9.5	-0.4
Expenditure					
Recurrent	78 075	82 400	82 500	5.5	0.1
Capital II (local sources)	17 091	14 300	11 100	-16.3	-22.4
Capital III (overseas sources)	7 594	9 300	18 000	22.5	93.5
Total expenditure	102 760	106 000	111 600	3.1	5.3
Deficit (-)/surplus (+)					
Recurrent budget	+4 374	-	-7 000	...	...
Capital budget	-13 275	-3 200	-2 200	-75.9	-31.2
Overall	-8 901	-3 200	- 200	-64.0	187.5

Source: Central Bank of Belize.

increased.

(c) Wages and prices

Domestic inflation rates continued to fall and reflect international price trends (see Table 14). In 1981 prices grew by 11.4% whereas for 1982 the rate of increase fell to 9.6% and for 1983 to 6%. The most significant reductions were registered for food items.

Wage increases over the period 1982-1983 have tended to be moderate, the largest averaging 8% for the two-year period. A perusal of wage settlements seems to indicate that they are below the rates of price increase for the same period.

Table 14
BELIZE: EVOLUTION OF DOMESTIC PRICES

	1980	1981	1982	1983
Annual averages				
All items consumer price index	104.5	116.4	127.6	135.3
Food	106.7	115.1	121.2	124.6
Clothing and footwear	108.0	121.8	132.9	141.5
Household items, utilities, fuels	103.9	116.8	130.1	138.4
Miscellaneous	105.0	112.4	116.3	121.1
November to November variation				
All items consumer price index		120.4	131.6	136.0
Food		117.3	123.4	124.0
Clothing and footwear		125.8	136.9	142.7
Household items, utilities, fuels		121.6	134.9	138.4
Miscellaneous		113.8	117.6	122.0
Annual average variation				
All items consumer price index		11.4	9.6	6.0
Food		7.9	5.3	2.8
Clothing and footwear		12.8	9.1	6.5
Household items, utilities, fuels		12.4	11.4	6.4
Miscellaneous		7.0	3.5	4.1

Source: Central Statistical Office, Ministry of Finance.

PART XIII

NETHERLANDS ANTILLES

COUNTRY NOTES

NETHERLANDS ANTILLES

1. Recent economic trends: Introduction and summary

The Netherlands Antilles, like other small island economies in the Caribbean, displays a marked degree of 'openness'¹ in its economy (see Table 1). While this openness has provided the basis for a relatively high

Table 1
NETHERLANDS ANTILLES: MAIN ECONOMIC INDICATORS

	1980	1981	1982	1983
A. Basic economic indicators				
GDP at market prices (money unit)	2 435.9	...	...	...
Population (thousands)	253	257	261 ^e	265 ^e
Per capita GDP	9 628	...	...	...
Annual growth rates				
B. Short-run economic indicators				
Cur. val. of exports of goods	41.1	-2.6	-11.6	-12.5
Cur. val. of imports of goods	45.2	-3.0	-12.4	-10.1
Cons. price index Dec-Dec	16.0	8.6	4.7	2.2
Var. between annual averages	14.6	12.2	7.6	1.5
Money supply	11.4	18.1	14.0	5.1
Millions of Antillean Guilders				
C. External sector				
Trade balance (merchandise)	-1 315.5	-1 241.7	-991.8	-1 112.7
Bal. on cur. acc. transactions	31.6	160.6	293.7	-108.8
Var. in net internat'l reserves (- = increase)	-52.1	-96.1	-90.8	47.2
Total internat'l reserves (minus sold)	204.6	300.9	391.6	344.4

Source: ECLAC on the basis of official data.

standard of living, it is a benefit which is directly linked to the fortunes of its main trading partners and to the vicissitudes of the international economic system of which it is an integral part.

It is not therefore surprising that the general economic contraction which has been evident in the Caribbean since the beginnings of this decade, and began in some countries in the 70's, and which has been caused by the general and long lasting decline in international trade and economic

¹Openness is defined in this context to mean the relationship between imports and exports to Gross Domestic Product (GDP).

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activity, should now manifest itself also in the Antilles. Indeed, the most notable impression has been the capacity of the Antilles to resist these forces well into the decade of the 80's, and this derives from the fact that it drew much of its dynamism not only from the United States and the EEC as in most other Caribbean countries but also from oil producing countries as well and particularly from Venezuela. It was therefore able to derive income from groupings in counter-cyclical phases; and this strategy was able to work quite well until late 1982, before financial difficulties in Venezuela had the effect of reducing earnings by the Antilles from that source. Meanwhile, the economic recovery in the OECD countries has not so far been of long enough duration nor been of sufficient strength to compensate for the reduced earnings from Venezuela. It should also be noted that the continued appreciation of the US currency, to which the Antillean guilder has been tied in a fixed relationship since 1971, has dampened any impact which the EEC countries might have made to economic growth in the Antilles.

The OECD countries moreover had used the period of recession to adjust to a number of problems facing them at that time, notably in energy, so that it is unlikely that renewed economic activity will impact upon the Antilles in the same way as before. In sum, it is clear that while the Antilles are passing through a cyclical downturn in its economy there are underlying structural adjustments which will need to be made to ensure that performance in the late 1980's will compare with that which obtained in the earlier part of the decade.

In 1983 for the first time in recent years the economy of the Netherlands Antilles suffered a decline and is attributable primarily to the fact that in February 1983 Venezuela, in defence of its declining foreign reserves, devalued its currency and established exchange controls. In combination with other domestic deflationary policy measures this reduced Venezuelan imports by 61% and net expenditures on foreign travel by 69%. These developments impacted adversely on the flow of tourists to the Antilles, visitor arrivals from Venezuela decreasing by 67%, while drastically reducing the purchasing power of those who did travel.

Severely reduced deliveries of crude petroleum from Venezuela, as it attempted to forestall falling oil prices, reduced markets, and inappropriate refining plant forced the ailing oil refineries in Aruba and Curacao to further cut back production, and as a consequence employment, in an attempt to reduce operating losses. Other economic activities upon which the Antilles depend for foreign exchange also showed reduced performance, earnings from ship repair declined by 50%, ship handling by 61%, and the oil terminals by 18%. In view of the fact that all major economic activities involve international trade, an analysis of external financial flows can provide an accurate and up-to-date indication of economic structure and performance (see Table 2).

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Table 2
NETHERLANDS ANTILLES: BALANCE OF PAYMENTS - CASH BASIS
(NA.f Million)

	1980	1981	1982	1983	1982/83
Oil exports	10 663.3	10 346.3	9 160.6	8 088.3	-11.7
Oil imports	10 557.9	10 131.2	8 539.3	7 680.2	-10.1
Net	105.4	215.1	621.3	408.1	-34.3
Non-oil exports	225.0	254.2	214.4	118.9	-44.5
Non-oil imports	1 645.9	1 711.0	1 827.5	1 639.7	-10.3
Net	-1 420.9	-1 456.8	-1 613.1	-1 520.8	5.7
Trade balance	-1 315.5	-1 241.7	-991.8	-1 112.7	12.2
Transportation	1 010.5	942.4	632.6	464.5	-26.6
Bunker	587.4	563.6	357.8	297.4	-16.9
Storage fee	173.9	188.4	111.7	73.3	-34.4
Other	249.2	191.4	163.1	93.8	-42.5
Tourism	578.8	655.2	634.6	376.9	-40.6
Investment income	-422.6	-377.2	-220.8	-118.8	46.2
Government n.i.e.	115.8	146.4	240.2	335.7	39.7
Private remittances	-21.8	-43.0	-78.9	-80.3	1.8
Other services	13.4	70.8	100.1	52.3	-47.7
Services balance	1 274.1	1 394.6	1 307.8	1 030.3	-21.2
Unrequited transfers	73.0	7.7	-22.3	-26.4	18.4
Private	-45.3	-50.4	-64.7	-77.8	20.2
Government	118.3	58.1	42.4	51.4	21.2
Current account	31.6	160.6	293.7	-108.8	-137.0
Private capital	49.4	-136.0	-244.8	-35.8	-85.4
Securities	-17.7	-56.2	-40.9	-22.6	-44.7
Real estate	2.6	-0.3	0.5	-2.4	-580.0
Loans	33.4	-6.1	-6.8	9.1	174.7
Commercial bank's foreign borrowings	13.9	4.6	-10.9	-7.2	-32.1
Short-term capital	6.2	-78.0	-186.4	-12.7	-93.2
Government capital	31.9	53.1	19.4	34.1	75.8
Loans	46.0	38.9	26.4	25.5	-3.4
Other	14.1	14.2	-7.0	8.6	222.8
Capital account	-17.5	-82.9	-225.4	-1.7	99.2
Errors and omissions	38.1	22.5	18.4	63.3	244.0
Changes in internat'l reserves ¹	-52.1	-96.1	-90.8	47.2	...
Total funded debt ²	626.3	670.7	713.4	740.5	3.8

Source: Central Bank.

¹Increase: - sign

²To the Netherlands Government incurred by Antillean Central and Island Governments in millions of Netherlands Guilders.

(a) Balance of payments

As is typical in the Caribbean, the Netherlands Antilles is able to sustain a chronic deficit in its merchandise trade balance because it is usually able to generate a compensating surplus on the services account. For 1983, the basic structure of the balance of payments remained unchanged although the performance of all foreign income generating sectors, except

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the offshore financial sector, has declined since 1982. The resulting contraction in external expenditure was moreover not sufficient to achieve a balance and so the deficit had to be financed from accumulated foreign reserves which at the end of 1983 stood at NA.f385 million.

On merchandise account both exports and imports have declined (see Table 3), the fall in the latter not being sufficient to compensate for reduced exports, thus causing the merchandise trade deficit to grow by 12% over 1982.

Table 3
NETHERLANDS ANTILLES: Aruba and Curacao:
Imports and Exports by SITC Sections
(NA.f Million)

SITC Sections	Imports			Exports		
	1980	1983	% change	1980	1983	% change
0. Food	271.7	278.1	2.4	13.5	6.1	-54.8
1. Beverages & tobacco	22.7	32.2	41.8	...	...	...
2. Crude mat., inedible	9.5	11.4	20.0	12.9	23.4	81.4
3. Petroleum products	9 004.7	6 901.0	-23.4	9 136.3	7 801.8	-14.6
4. Animal & vegetable oils and fats	2.5	3.7	48.0	-	-	-
5. Chemical products	133.8	146.2	9.3	97.5	66.0	-32.3
6. Manufactured goods	207.2	206.7	0.2	4.2	4.8	14.3
7. Mach. & transp. equip.	262.4	336.9	28.4	11.4	20.2	77.2
8/9 Misc. & other articles	290.6	215.2	-26.0	7.8	9.1	16.7
Total	10 205.2	8 131.7	-20.3	9 283.7	7 931.5	-14.6

Source: Bureau of Statistics.

(b) Tourism

The downturn in tourism that has been evident in most Caribbean countries since 1980 seems to have passed its nadir as a result of increased prosperity in the OECD countries. The Antilles have, however, been operating on a somewhat lapsed cycle caused by the contribution of Venezuela which has had a dampening effect on the fluctuations experienced by those more strongly linked with the North American tourist market. Thus it was only in 1983 that the Antilles witnessed a decline in tourism of 7.3% over the previous year (see Table 4). While United States visitors increased by 24%, thus being consistent with trends in the rest of the Caribbean, the number of visitors from Venezuela declined by 67%. Since the Venezuelan tourist also came to the Antilles and particularly to Curacao for its good duty free shopping, merchants and hotels catering to this sector of the tourist trade were most severely affected by fewer Venezuelan tourists. For 1983, tourism revenues to Curacao were halved as a result.

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Table 4
NETHERLANDS ANTILLES: STAYOVER TOURISTS BY ORIGIN

Origin	1981	1982	1983	% change
U.S.A.	285 939	280 981	349 878	24.5
Venezuela	152 298	177 963	58 594	-67.1
Other La. Am. & Caribbean	83 610	93 201	98 599	5.8
Netherlands	19 159	18 206	18 123	-0.5
Other EEC	31 943	33 419	33 820	1.2
Rest of World	31 009	32 217	30 657	-4.8
Total	603 958	635 987	589 671	-7.3

Source: Central Bank.

The increase in arrivals from the United States, which should be sustained in 1984, reduced the decline to 7.3% from 22% which would have resulted had arrivals from the USA remained static. The prospect, however, of a rapid return of the high purchasing power of Venezuelan tourists is not good. Aside from economic factors which are not expected to change drastically in the short run the continuing development of Margarita Island as a free port tourist facility might reduce future spending by Venezuelans in the Antilles.

The decline in tourism was not, however, evenly spread throughout the islands, for while Curacao and Bonaire suffered a decrease of 36% and 27% respectively, St. Maarten had an increase of 23% (see Table 5).

As a result of these trends, hotel occupancy rates have declined to all the islands except St. Maarten.

The number of cruiseship visitors has declined by 18.7% between 1982 and 1983, and continues a trend which began in 1980. The increase in energy prices had tended to penalize long cruises, and the economic recession has reduced the number of persons able to travel in this way. While there has been an increase in cruiseship calls to St. Maarten, there has been a decline to all other islands. The number of cruiseship visitors, however, has declined to all the islands, including St. Maarten.

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Table 5
NETHERLANDS ANTILLES: SELECTED TOURISM STATISTICS

	1980	1981	1982	1983	Annual growth rate %		
					1981	1982	1983
Stay-over visitors ('000)	595	603.9	635.9	589.7	1.5	5.3	-7.3
Aruba	188.9	221.3	220.2	195.2	17.2	-0.5	-11.4
Curacao	178.6	166.2	174.4	111.0	-6.9	4.9	-36.3
Bonaire	22.8	25.9	28.0	20.2	13.6	8.1	-27.8
St. Maarten	204.7	190.5	213.3	263.3	-6.9	12.3	23.4
Cruiseship visitors ('000)	350.8	293.1	266.2	216.5	-16.4	-10.1	-18.7
Aruba	73.4	54.7	51.1	39.1	-25.1	-6.6	-23.5
Curacao	169.0	128.4	110.0	104.1	-24.0	-14.3	-5.4
Bonaire	2.9	12.0	6.8	0.3	313.8	-43.3	-95.6
St. Maarten	105.5	106.0	98.3	73.0	0.5	-7.3	-25.7
Cruiseship calls							
Aruba	110	79	84	63	-28.2	6.3	-25.0
Curacao	253	195	183	170	-22.9	-6.1	-7.1
Bonaire	5	23	10	1	360.0	-56.5	-90.0
St. Maarten	213	148	153	181	-30.5	3.4	18.3
Avg. length of stay (nights)							
Aruba	6.2	6.2	6.2	6.4	...	...	...
Curacao	4.8	4.2	4.5	...	...	...	...
Bonaire	4.7	4.6	4.5	...	...	...	...
St. Maarten	...	...	...	...	...	...	...
Hotel occupancy rate (%)							
Aruba	77.1	86.2	77.2	74.1	11.4	-10.4	-4.0
Curacao	70.6	72.5	64.9	47.5	3.7	-10.6	-26.8
Bonaire	...	...	...	...	...	...	...
St. Maarten	...	58.2	48.4	63.7	...	-16.8	31.6
Est'd. tourist expend¹, (NA f. million)	610.7	667.7	617.9	383.4	9.3	-7.5	-38.0

Source: Central Bank Quarterly Bulletin: Vol. I, 1984 and data supplied ECLAC.

¹Contribution to Balance of Payments measured on cash flow basis.

(c) Offshore oil refinings

The future of offshore oil refinings in the Caribbean is in some doubt. Refineries in the Netherlands Antilles which hitherto had been quite competitive are now being placed under severe pressure by a general reduction in economic activity and reduced demand for petroleum, energy conservation measures, policies designed to increase domestic production and refinings in the United States and shifts in consumption patterns to favour those refineries capable of producing lighter products and distillates. For the longer term, market pressures are forcing refineries to be located in closer proximity to the consumer, while political pressures are being brought to bear to locate them closer to the source of crude petroleum. In either scenario, intermediate refineries such as those in the Antilles are being placed under pressure. Both refineries therefore face an uncertain future.

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Oil refining capacity in the Netherlands Antilles is approximately 800,000 b/d and comprises two refineries, Shell Curacao N.V. with a capacity of 360,000 and Lago Aruba (EXXON) 440,000 b/d. The output of both refineries is oriented to provide products for the Eastern United States using heavy crudes from Venezuela.

The Shell Curacao facility has the capacity to process a variety of crudes and products and this versatility is being increased. It is nevertheless operating below capacity and has been losing money despite a programme of investment which for 1983 included the installation of a thermic cracker. Since it was necessary to further reduce operating costs, 15% of the labour force was made redundant in 1983.

Lago Aruba is a specialized refinery within the EXXON Corporation producing fuel oil on contract for sale in the Eastern United States. For 1983 deliveries of crude from Venezuela were however, limited to 180,000 b/d, well below its efficient operating capacity. Personnel reductions were once again necessary and stood at 25% less than 1982 by the end of 1983.

The production index for oil refining records a steady decline since 1973 when it stood at 149. Between 1975 and 1978 it remained relatively stable but has registered a steady decline since that time resting at 77 by the end of 1983 (see Table 6).

Table 6
NETHERLANDS ANTILLES: IMPORTS, EXPORTS AND NET OIL BALANCE
(NA.f Million)

	1978	1979	1980	1981	1982	1983
Oil exports	5 187.7	7 533.4	10 672.4	10 346.3	9 160.6	8 088.3
Oil imports	5 057.6	7 063.1	10 599.6	10 131.2	8 539.3	7 680.2
Net oil balance	130.1	470.3	112.8	215.1	621.3	408.1
Production index (1975 = 100)	100	92	91	88	78	77

Source: Central Bank Quarterly Bulletin, 1983, Vol. 3.

The refinery industry might set a new lease on life if domestic petroleum is found. Seismic exploration surveys are currently underway around the island of Curacao, Aruba and Bonaire. Exploration is also being conducted on the Saba Bank. However, drilling has yet to begin.

(d) Offshore financial sector

For 1983 the offshore financial sector continued its rapid growth despite the fact that negotiations with the U.S. Government regarding the withholding Tax Treaty continued to be intense, and widely publicized. The growth for 1983 which was reflected in the incorporation of over 2,000 new companies was therefore overshadowed by some apprehension for the future.

While criticised for its volatility and the lack of indigenous linkages which might transform a country into a bona fide financial centre, the

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employment effects for a small island such as Curacao are not inconsiderable, since it is estimated that 1,250 highly paid professionals are directly employed by the sector, with a corresponding amount employed indirectly. The operational expenditures made by the offshore sector which grew by 28% in 1983, are set out in Table 7, and consist mainly of payments domestically for rental and salaries.

Table 7
NETHERLANDS ANTILLES: OFFSHORE FINANCIAL SERVICES
(NA.f Million)

	1978	1979	1980	1981	1982	1983
No. of companies registered	...	19 334	24 335	28 455	31 814	33 919
Tax revenue	77	62.4	100.5	137.0	220.4	300
Operational expenditure	25.7	52.5	98.0	121.7	109.0	140.1
Total assets/liabilities	4 108.5	6 458.8	8 565.4	13 523.3	15 009	...
% change	...	57.2	32.6	57.8	11	...

Source: Central Bank.

But while the employment effects are beneficial it is the revenue effect of the offshore sector which has the greatest impact on the Antilles and upon the finances of the island of Curacao in particular. Tax revenues have mushroomed from NA.f million in 1978 to 300 million in 1983 and currently represent one-half of Curacao's revenue. Projections are for 350 million in 1984. This represents a considerable revenue for an island the size of Curacao and the equivalent of over NA.f 2,000 per capita for 1983. Viewed in another light, it is equivalent to over 60% of the total recurrent revenue of a country such as Barbados in the same year, and larger than the recurrent revenue of any OECs country.

Table 7 above gives some indication of the impact of the sector. Rows 4-5 relate to the balance sheet total for 44 offshore banks, and the offshore portion of the five domestic banks engaging in such transactions. It gives some indication of the growth of business conducted by the banking institutions for the period 1978-1982.

(e) Other services

Perusal of Table 8 shows that the other principal services are also declining in performance. The heading 'transportation' covers a constellation of transport-related services, primarily of ship handling, ship repairs, storage and transshipment revenues and the national airline, ALM.

Ship repairs has in the past been an important contributor to the economy. With the decline in international trade and stiff competition from shipyards in the Far East the ship repair facilities are experiencing severe economic difficulty. Earnings from this facility peaked in 1980 and have declined by 60% since then. In 1981 the shipyards provided for 1,200 workers full-time and 400 semi-skilled workers part-time. By 1982,

Table 8
NETHERLANDS ANTILLES: BREAKDOWN OF SELECTED TRANSPORTATION SERVICES
 (NA.f Million)

	1978	1979	1980	1981	1982	1983	%
Ship handlings	77.5	49.5	58.4	57.1	13.1	5.1	-61.0
Storage fees	152.2	191.0	174.8	183.9	108.2	88.2	-18.5
Maintenance	61.5	68.5	103.0	88.6	81.8	40.8	-50.1
Passenger fares	17.8	15.4	15.7	18.5	32.9	39.8	21.0

Source: Central Bank Quarterly Bulletin, Vol. 1984.

however they were in serious financial difficulty, the island Government of Curacao having taken over most of the shares and having provided large subsidies to keep the operation afloat. For 1983, this trend has increased and the subsidy needed to sustain the operation has increased. Efforts are being made however to increase the competitiveness of the shipyards. Salaries were reduced by 25% and approximately 100 workers made redundant in 1983. Nevertheless earnings derived from maintenance fell by 50% in 1983.

Ship handlings has also shown a drastically reduced performance since 1981 with reductions in excess of 60% in 1982 and 1983, and reflects the reduced shipping traffic through Curacao harbour. Despite the fact that harbour rates are highly competitive, the number of ships handled in 1983 fell by 26%. Further investments in Aruba and Curacao in new container facilities are however intended to increase the productivity and the capacity of the shipyards for the future.

Revenues from storage and transshipment have shown relatively smaller decreases of 41% in 1982 and 18% for 1983. Even in peak years they were operating well below capacity however, and the decline in recent years will have aggravated this problem. Moreover, due to competing facilities being created in the Gulf ports of the United States as well as a switch by that consumer from the Middle East to Mexico and the North Sea for its supplies of crude the prospects of rapid recovery in this activity are not good.

Revenue from passenger fares has been increasing steadily although the performance of the National Airline has been the cause of some concern, it having consistently recorded losses. Efforts to increase the efficiency of the airline and to reduce labour costs are nevertheless continuing.

(f) Other Domestic Activities

A number of economic activities are also conducted which are oriented primarily towards the domestic market, mainly in light manufactures aimed at import substitution and in agriculture. Neither of these activities however forms a significant portion of Gross Domestic Product.

In early 1983 the devaluation of the Venezuelan bolivar threatened the viability of many of their local industries which produced items such as soaps and detergents, paper products, soft drinks and some building materials, and which altogether accounted for approximately 800 jobs. An

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import surcharge was initially instituted, followed by quotas in an attempt to dampen the incidence of smuggling. In view of these factors and the generally reduced economic activity it is not expected that these activities would have increased their contribution to GDP in 1983.

The agricultural sector has made limited headway in meeting a portion of the demand for fresh vegetables, eggs, chicken, meat and pork. Protective policies are being pursued in the hope that the limited potential in the agricultural sector might be realized. Policies to become self-sufficient in a few vegetable products have been successful and will be extended to cover a wider range of items.

The ABC islands are able to satisfy 40% of local fish consumption from the domestic catch, the balance being imported as fresh fish from Venezuela, frozen fish from the United States and canned fish from Japan. The expansion of the domestic fishing industry is currently hampered by low technology and limited access to adjacent fishing grounds. But Agriculture, Fisheries and Mining together contributed less than 1% of GDP in 1980 and is unlikely to have increased significantly since that time, due basically to unfavourable climatic conditions.

2. Monetary and fiscal developments

(a) Monetary developments

For 1983 the domestic money supply grew by 15% and compares with a growth of 6% in 1982 (see Table 9). Credit to the private sector by

Table 9
NETHERLANDS ANTILLES: SOURCES OF MONEY CREATION
(NA.f Million)

	1982	1983	% increase	
			1982	1983
Domestic money creation:	43	123	6	15
by - Central Government ¹	38	3	31.0	2.0
Island governments	-62	-15	-258.0	-14.0
Private sector	95	134	11	14
Others	-28	1	-14	0
Money creation - abroad	104	-61	34	-15
Total money creation	147	62	14	5

Source: Central Bank.

¹Corrected to incorporate multi-annual balances.

commercial banks increased by 13% compared with an increase of 9% in the previous year, with emphasis, however, being placed on credit to the hotel and restaurant trades, to manufacturing, primarily the petroleum sector and the financial services (see Table 10). Credit growth to individuals fell from 13% in 1982 to 11% in 1983. By October 1983 the Central Bank, in recognition of the deteriorating balance of payments situation, had requested that no further growth be permitted in such credits.

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Table 10
NETHERLANDS ANTILLES: COMMERCIAL BANK LOANS BY SECTOR¹

Sector	1980	1981	1982	1983	% change
Manufacturing	39.4	49.3	81.9	115.8	41.0
Electricity gas and water	42.6	48.6	41.9	37.0	11.7
Construction	36.6	32.5	22.7	26.8	18.1
Trade	307.8	334.8	351.4	376.1	7.1
Hotels and restaurants	25.3	38.3	37.8	60.3	59.5
Transport, storage and communications	26.2	30.4	21.4	17.0	-20.1
Fin. ins., & real estate	36.4	37.4	45.6	56.4	23.7
Other services	19.5	26.4	33.3	33.4	-
Individuals	192.2	253.1	286.8	318.7	11.1
Total private sector	726.0	850.8	922.8	1 041.5	12.9

Source: Central Bank.

¹ Amounts relate to November of each year.

Central Government liquidity creation was modest, resting at NA.f 3 million in 1983 compared with NA.f38 million in the previous year. High tax receipts to the Governments of Curacao and Aruba from the offshore financial sector and the oil refineries resulted in large inflows to these islands. The increases were, however, only partly absorbed by central and commercial bank deposits which increased by only NA.f16 million in 1983 compared with a figure of NA.f62 million in 1982.

The levels of total liquidity creation, however, were somewhat less than reflected in the domestic sector since the external balance was in deficit by NA.f47 million (when converted for multi-annual plan balances it amounted to a reduction in liquidity of NA.f61 million).

Savings showed a decreasing growth rate for 1983, standing at 6% compared with 17% in 1982, and reflects declining levels of income and reduced access to credit (see Table 11). Time deposits registered a continued growth from 11% in 1982 to 27% in 1983. The quantum of notes and coins in circulation and demand deposits showed only small variations, the former declining by 2% and the latter increasing by less than 1 percent.

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Table 11
NETHERLANDS ANTILLES: MONEY SUPPLY

	1981 ¹	1982	1983	% change	
				1982	1983
Currency outside banks	161	167	163	3.7	-2.4
Demand deposits	280	319	321	14.0	0.6
Total money	441	486	484	10.2	-0.4
Time deposits	96	107	136	11.5	27.0
Savings	530	621	656	17.2	5.6
Total quasi money	626	728	792	16.3	8.8
Total liquid assets	1 067	1 214	1 276	13.8	5.1

Source: Central Bank.

¹Period refers to December.

(b) Fiscal developments

There is a complex division of tasks between the island and Central Government with respect to taxation. In general, taxation policy rests with Central Government, the island governments having responsibility for determining only a few minor taxes and fees. All direct taxes are collected however by the island governments, with the responsibility for collecting indirect taxes resting with Central Government. Some 25% of the income and profit taxes collected by the island governments of Aruba and Curacao have to be returned to the Central Government, and are reflected in the table in the row ERNA of Table 12, while 50% of the import duties, gasoline duties and excise taxes collected by the Central Government, relating to each island, have to be returned to the respective island governments. The transfers take place within six months of each fiscal year.

Total tax receipts of the Central Government registered a small decrease over 1982 due to reduced earnings from import duties, of 8%. Total revenues, however, increased by 22% because of transfers from island governments, which increased by 86% and reflected a good revenue position in the previous year. There were increases in the rate of taxation for foreign exchange transactions and for excise taxes but these came late in 1983 and would not have a significant impact on the revenue position.

Central government expenditures increased by 15% reflecting increased payments on domestic debt; increased personnel costs, including pensions; and support to the national airline which for 1983 was NA.f21 million.

The deficit of the Central Government on current account was NA.f68 million, a reduction of 9% from the previous year.

Thirteen million florins in Dutch development assistance were received by the Central Government, NA.f9 million of which was transferred to Bonaire and the Windward Islands, while NA.f4 million was spent on Central Government projects.

Table 12
**NETHERLANDS ANTILLES: REVENUES AND EXPENDITURES OF THE CENTRAL GOVERNMENT,
 ARUBA AND CURACAO**
 (NA.f million)

	Central Govt.		Aruba		Curacao	
	1982	1983	1982	1983	1982	1983
Income tax	-	-	10	7	34	34
Wage tax	-	-	73	88	188	180
Profit tax	-	-	183	161	286	380
Vehicle tax	-	-	3	4	9	10
Hotel tax	-	-	3	3	1	1
Import duties	108	99	-	-	-	-
Foreign exchange tax	16	17	-	-	-	-
Excise on liquor, beer and tobacco	39	41	-	-	-	-
Excise on gasoline	4	9	-	-	-	-
Other taxes	13	13	4	4	5	4
Total tax receipts	180	178	277	266	523	609
ERNA net	52	97	-	-	-	-
Other	6	15	10	10	21	16
Total revenues	238	290	287	276	544	625
Total expenditures	313	358	213	266	530	600
Balances	-75	-68	74	10	14	25

Source: Central Bank.

The revenue performance of the island of Aruba was weaker in 1983 than in the previous year, declining by 4% due to decreases in wage and profit taxes, and reflects the declining fortunes of the Lago Oil Refinery. At the same time expenditures increased by 25% due mainly to increased transfers to the Central Government compared to 1982, and increased public sector employment. Capital expenditure, financed by Dutch development aid focused mainly on the completion of the container terminal.

Revenues to the island of Curacao increased by 15% in 1983 and reflect the growth of the offshore financial sector. Wage taxes decreased by 4%, the result of declining domestic economic activity and increased unemployment in that island. Expenditures however kept pace with revenues, increased transfers to the Central Government and subsidies to a number of declining activities such as the Curacao dry dock facility and the government-owned hotels being primarily responsible, although increased public sector employment was also recorded. Development aid was used primarily for housing and a container port terminal.

(c) Prices, wages and employment

For economies as open as the Netherlands Antilles, inflation rates are determined mainly by the rates obtaining with the main trading partners. The growth in prices of 2.2% (see Table 13) between December 1982 and December 1983 is therefore to be seen in the light of inflation rates of less than 5% for the industrial countries as well as serious domestic attempts to moderate local wages and costs of production. Inflation has

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moderated over the previous year which was estimated at about 5.7%, using the discontinued index.

Table 13
NETHERLANDS ANTILLES: EVOLUTION OF CONSUMER PRICE INDEX
(Leeward Islands)
(October 1982 = 100)

Items	Weight	1982	1983
Annual averages			
Total	10 000	100.0	101.4
Food	2 257	100.0	100.5
Beverages and Tobacco	247	100.0	101.0
Clothing and footwear	861	101.2	104.6
Housing	1 866	99.7	100.8
Household supplies	975	100.2	101.4
Medical care	232	100.5	106.0
Transport and communications	1 896	99.7	101.8
Recreation and education	579	99.8	100.3
Other	1 087	100.0	101.6

% Variation December to December

Total	...	2.2
Food	...	0.9
Beverages and tobacco	...	2.2
Clothing and footwear	...	2.5
Housing	...	1.3
Household supplies	...	1.9
Medical care	...	6.2
Transport and communications	...	4.7
Recreation and education	...	0.4
Other	...	2.3

Annual average variations

Total	...	1.4
Food	...	0.5
Beverages and tobacco	...	1.0
Clothing and footwear	...	3.4
Housing	...	1.1
Household supplies	...	1.2
Medical care	...	5.5
Transport and communications	...	2.1
Recreation and education	...	0.5
Other	...	1.6

Source: Central Bank.

The greatest cost increases were registered for medical care and for transportation and communications with 6.2% and 4.7% respectively. Food prices which have the greatest weight in the overall consumption basket registered a moderate growth of less than 1 percent.

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In the prevailing economic climate a large portion of the burden of adjustment was borne by labour, both in terms of wage reductions, in the case of the shipyards, reduced fringe benefits and in redundancies in almost all the major industries. The speed and severity of these adjustments was mitigated in part by the relatively advanced welfare structures that exist in the islands. For these reasons, rapid adjustments are nevertheless necessary since a protracted recession will become a burden on revenues.

PART XIX

TRINIDAD AND TOBAGO

COUNTRY NOTES

TRINIDAD AND TOBAGO

1. Recent economic trends: Introduction and summary

The world recession and consequent declining demand for energy imports in the industrialized countries, brought down the price of OPEC marker crude from US\$34 (in 1982) to US\$29 per barrel at the end of 1983. This has significantly affected the economy of Trinidad and Tobago, which, particularly since the early seventies, has been dominated by the petroleum sector. This industry has been the major source of revenue for the Central Government, the major earner of foreign exchange and the most significant sectoral contributor to the Gross Domestic Product (GDP).

The primary impact of the softening of the international oil prices has therefore been felt in the industry itself, in the financial position of the Government and in the country's balance of payments, resulting in an additional blow to an economy already suffering from a decline in its domestic output of oil.

Consequently, the overall performance of the economy weakened and real GDP declined by 3.8% in 1983 (see Table 1). Agriculture followed its historical trend of decline, in spite of what seemed to be a recovery in 1982, the production again fell by another 2.7%. Conversely manufacturing increased by slightly more than 7%. Construction, however, declined 3.1% owing to a scale down in public investments and a tightening of liquidity in the financial system. Consequently the unemployment rate rose from 10.2 to 11% between 1982 and 1983 and at the same time the inflation rate soared from 12% to 17% a year.

After an increase of 44% in 1982, the money supply fell 8% in 1983 due mainly to net foreign outflows, resulting from the \$2,170 million deficit in the balance of payments. This situation, leading to tight liquidity conditions, raised the median prime lending interest rates from 11.5% to 12% in 1983. The fall in oil revenues also widened the gap between Government revenue and expenditure amounting to a fiscal deficit of \$2,860 million in 1983. The short-fall in revenue impacted adversely on capital expenditures and the public debt which increased by more than 20% in 1983 alone. The Central Bank accumulated reserves fell by almost \$2,860 million and the external debt increased to 8% of GDP (see Tables 2 & 2a).

Table 1
TRINIDAD AND TOBAGO: MAIN ECONOMIC INDICATORS

	1981	1982	1983
A. Basic economic indicators			
GDP at factor cost (\$m at 1970 prices)	2 805.8 ^r	2 904.0 ^r	2 792.6
Population (million)	1.14	1.16	1.18 ^e
Per capita GDP (\$ at 1970 prices)	2 461 ^r	2 503 ^r	2 366
Growth rates			
B. Short-run economic indicators			
Gross Domestic Product	7.3 ^r	3.5 ^r	-3.8
Per capita GDP	3.5 ^r	1.7 ^r	-5.5 ¹
Terms of trade	0.7	-18.1	1.0 ¹
Current value of exports of goods and services	-5.0	-10.2	-19.5
Current value of imports of goods and services	2.5	17.6	-23.4
Consumer price index (Dec.-Dec.)	11.6	10.8	15.8
Consumer price index (annual average variation)	14.3	11.4	15.2
Money supply	16.1	43.9	-8.2 ^{e 2}
Wages and salaries	18.4	18.0	22.0 ³
Rate of unemployment	10.4	10.4	11.1 ⁴
Current income of Government	7.1	-0.5	-7.1
Total expenditure of Government	22.1	51.1	7.4
Fiscal deficit as % of total expend.	...	24.9	29.1
Millions of dollars			
C. External sector^r			
Trade balance	1 216.7	-1 306.4	- 729.8
Bal. on current account	751.3	-1 785.8	-2 261.4
Balance on capital account	545.3	1 131.7	373.8
Var. in net internat'l reserves	1 342.8	646.7	2 160.3
External debt	1 074.9	1 338.1	1 550.9

Source: Central Statistical Office.

¹3rd Quarter of 1983.

²Quarterly Statistical Digest, March 1984, Table 5.

³Period Jan-Mar, 1982-1983.

⁴In mid-1983.

Table 2
**TRINIDAD AND TOBAGO: GROSS DOMESTIC PRODUCT, BY ECONOMIC
 ACTIVITY, AT FACTOR COST, CURRENT PRICES**

	Millions of dollars		Percentage breakdown		Growth rates		
	1982 ^P	1983 ^E	1980 ^r	1983	1981 ^r	1982 ^r	1982 ^E
Total GDP	19 034	20 074	100.0	100.0	14.2	5.0	4.8
Goods	10 019	9 563	...	...	...	...	...
Agriculture	472	511	2.3	2.5	12.0	13.4	8.2
Petroleum	5 505	4 624	42.1	23.0	-4.9	-13.4	-16.0
Manuf. (excl. petroleum)	1 140	1 412	5.6	7.0	15.6	12.0	23.8
Construction	2 902	3 016	11.3	15.0	31.8	23.2	3.9
Basic services							
Electricity & water	247	256	1.0	1.3	41.6	10.4	3.9
Trans. storage & comm.	2 214	2 739	10.7	13.6	12.9	15.3	23.7
Other services							
Comm. restaurant & hotels	1 959	2 256	9.3	11.3	n.a.	14.8	15.2
Fin. ins. & real estate	1 302	1 484	6.1	7.4	16.7	15.1	14.0
Government	2 178	2 580	7.4	12.9	73.2	7.3	18.5
Educ. cult. & comm. services	687	737	2.4	3.7	63.1	10.8	7.2
Personal services	427	458	1.8	2.3	20.4	23.3	7.2

Source: Review of the Economy 1983, Append. 23-35.

Table 2a
**TRINIDAD AND TOBAGO: GROSS DOMESTIC PRODUCT BY
 ECONOMIC ACTIVITY AT CONSTANT PRICES**

	Million 1970 dollars		Percentage breakdown		Growth rates	
	1982 ^P	1983 ^E	1980	1983 ^E	1982 ^P	1983 ^E
Total GDP	2 904	2 793	100	100	3.5	-3.8
Goods						
Agriculture	82	77	3	2.6	4.3	-6.2
Petroleum	305	276	12.8	9.9	-0.2	-9.5
Manuf. (excl. petroleum)	257	276	9.7	9.9	-0.7	7.6
Construction	455	462	15.6	15.8	4.1	-3.1
Basic services						
Electricity & water	84	92	2.6	3.3	17.9	10.3
Trans. storage & comm.	546	478	16.9	17.1	8.5	-12.4
Other services						
Distribution	464	479	15.6	17.2	3.3	3.2
Financial sector	310	291	10.7	10.4	5.0	-6.1
Government	234	223	8.1	8.0	-4.0	-4.7
Other	167	159	5.9	5.7	1.2	-4.8

Source: Review of the Economy 1983, Append. 26-28.

2. Trends in economic activity

(a) Growth of the main sectors

(i) **Agriculture:** After experiencing a 3.6% increase in 1982, due mainly to the performance of the domestic sub-sector which expanded 9.9%, agricultural production did not show a positive rate of growth in 1983. A decline of 2.7% was registered in 1983 in spite of the increase of 1.8% in domestic agriculture, insufficient to offset the decline in the export agriculture sub-sector.

Sugar production, following its trend, declined another 1.5% in 1983, to 77,400 tonnes from a peak of 254,600 tonnes in 1965 (see Table 3). The

Table 3
TRINIDAD AND TOBAGO: INDICATORS OF AGRICULTURAL PRODUCTION
(Tonnes)

	1981	1982	1983	1981	1982	1983
Production of main crop						
sugar (000)	92.6	78.6	77.4	-17.8	-15.1	-1.5
Vegetables						
Cocoa beans	3.1	2.2	1.7	29.2	-29.0	-22.7
Coffee beans	2.4	1.8	1.4	9.1	-25.0	-22.2
Oranges)						
Grapefruit)Citrus	4.7	1.8	2.5	-29.9	-61.7	38.9
Copra ¹	5.2	5.9	2.1 ⁵	-6.1	13.5	-27.6 ⁵
Stock-raising Prod.						
Beef and veal	1.8	1.4	0.6 ⁵	-10.0	-22.2	-17.4 ⁵
Pork	1.6	1.9	1.0 ⁵	-11.1	18.8	31.5 ⁵
Poultry ^{1 2}	25.6	37.5 ⁵	8.1 ⁵	9.3	46.5	1.3
Fish	1.9	...	...	-13.6	...	...
Eggs ³	3.6	2.0 ⁵	1.6 ⁵	2.9	-	-20.0 ⁵
Milk ⁴	7.1	8.0	5.8 ⁵	29.0	12.7	59.1 ⁵

Source: Central Bank Annual Report Table 1.7.

¹Review of the Economy 1983, Append. 33.

²Million birds.

³Million dozen.

⁴Million litres.

⁵Jan-June.

major factors accounting for the poor performance of sugar have been identified as: unfavourable weather conditions, unplanned fires and mechanical breakdowns. The sugar exports totalled 61,900 tonnes, an increase of 21.7% over the 1982 figure, nevertheless failing to meet the quota of 70,000 tonnes with the European Community.

Likewise, other export crops - cocoa, coffee, citrus-shared such problems as depressed international prices, shortage of labour, hazardous weather conditions and advanced age of existing trees. This latter accounts for the long-term decline of these crops. The production of cocoa beans, coffee beans and copra fell by 22.7%, 22.2% and 27.6% respectively

during the first half of the year, and exports of these items also continued to fall during the year; coffee exports alone fell by 45% over the period January to September of 1983 compared to the same period of 1982.

Noteworthy is the recovery of deliveries of citrus in 1983 amounting to 2,491 tonnes compared with 1,836 tonnes for 1982, an increase of 38.9 percent.

Whereas for historical reasons, the traditional agriculture tends to decline, the non-traditional domestic-market oriented agriculture continued to increase under the stimulus of subsidies. This domestic sub-sector, however facing its own problems was not capable of counterbalancing the declining growth rate of the export sub-sector.

The meat industry, in spite of continued attempts to expand its production, has been hampered by the limited land available for pasture. The production of beef and veal has declined for the third consecutive year by as much as 17.4% (ref: Table 3). Nevertheless, the production of meat increased by 8.2% as a result of increases in the production of mutton, poultry and pork.

The production of milk, after rising to a record 7,959 thousand litres in 1982, is expected to have risen above that level. During the first six months of 1983, the production was up 59.1% over the same period of 1982.

On the other hand, the fish industry has been declining some 12% annually, handicapped by the inadequacy of ancillary services such as berthing and storage, the lack of an effective internal marketing system and limited technological improvements.

The overall performance of this home-market-oriented production as opposed to traditional staple export agriculture is explained by the action taken by the Government - among others making more funds available for investment - as a means to ensure food supply, to provide a source for the budding agro-industries, to maintain employment, as well as to conserve foreign exchange.

(ii) **Mining.** In 1983, the output of the petroleum sector, (an average of 159,800 bbl/d), continued to decline from a peak of 230,000 bbl/d in 1978. The weakening of the market for crude oil and its products and the consequent fall in the world prices were additional impediments (see Tables 4 & 5). The level of crude oil output was 9.3 million cubic metres in 1983, a fall of 9.7% in relation to the previous year. To face this problem of declining output, a reduction in the Supplement Petroleum tax (SPT) was effected and incentives to increase the level of activity in land production were granted.

It is expected that these measures would boost drilling activity on the land-based operations and therefore generate an increase in the level of activity and the maintenance of employment opportunities. The overall drilling activity was down 27.6% in total annual depth drilled after a short-lived two-year increase.

Table 4
TRINIDAD AND TOBAGO: INDICATORS OF MINING

	Growth rates						
	1977	1981	1982	1983	1981	1982	1983
Index of output (1970 = 100)	161.4	232.9	227.3	...	-12.1	-2.4	...
Crude oil produced ¹	13.3	11.0	10.3	9.3	-10.9	-6.4	-9.7
Drillings activity ²	281	240	254	184	17.2	-6.1	-27.6
Asphalt production ³	44	30	29	43	-26.8	-3.3	43.3
Natural gas production ⁴	4.2	5.5	5.8	6.3	-1.2	5.5	8.6

Source: Ministry of Energy and Natural Resources.

¹Million Cubic metres. ²Thousand metres drilled.

³Thousand tonnes. ⁴Thousand million cubic metres.

Table 5
TRINIDAD AND TOBAGO: LOCAL CRUDE PETROLEUM
EXPORTS AND LOCALLY REFINED CRUDE, 1975-1982
(Million 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	4.8	38
1976	12.3	2.6	9.7	7.0	57	5.3	43
1977	13.3	2.6	10.7	7.9	59	5.4	41
1978	13.3	2.6	10.7	8.1	61	5.2	39
1979	12.4	2.7	9.7	7.0	56	5.4	44
1980	12.3	2.7	9.6	7.3	59	5.0	41
1981	11.0	2.5	8.5	6.0	55	5.0	45
1982	10.3	2.4	7.9	6.0	58	4.3	42
1983	9.3	2.2	7.4	5.0	54	43	46

Source: Ministry of Energy and Natural Resources.

As a result of this decline in exploratory drilling activity the country's proven crude oil reserve position has deteriorated to 489 million barrels at the end of 1983.

On the other hand, the production of natural gas increased by 8.6% during 1983 in comparison with the 1982 level of production to a total of 6,300 million cubic metres. An overall utilization of 81% of total production was attained. The major consumers of natural gas are fertilizer manufacturers, Trinidad and Tobago Electricity Commission and the oil companies themselves. However, idiosyncrasies in world marketing of natural gas have hindered its exports.

Refinery activity during 1983 declined 50.7% from 151 thousand barrels a day to 74 thousand barrels. This decline occurred because no crude oil was imported for refining during 1983 and a reduction in the volume of indigenous crudes which are refined locally was registered (see Table 6).

Table 6
**TRINIDAD AND TOBAGO: REFINERY THROUGHPUT,
 OUTPUT AND EXPORTS OF REFINED PRODUCTS¹**
 (Million cubic metres)

Year	Throughput	Output	Exports	Imports as a 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	12.4	7.0	62.9
1980	13.5	12.3	7.0	61.5
1981	9.9	11.0	6.0	61.9
1982	8.8	10.3	5.3	42.0
1983	4.3	9.3	4.8	-

Source: Ministry of Energy and Natural Resources.

¹Movements in stocks account for the apparent discrepancies in these data.

(iii) **Manufacturing.** Preliminary estimates indicate that during 1983 the manufacturing sector experienced one of the highest rates of growth of Trinidad and Tobago's economy, 7.6% over the previous year, with the leading sectors being the assembly-type and related industries as well as chemicals and non-metallic products (see Tables 7 & 8).

Table 7
**TRINIDAD AND TOBAGO: INDICATORS OF
 MANUFACTURING ACTIVITY**
 (1977 = 100)

	1978	1979	1980	1981	1982	1983
Index of manufacturing production - total¹	108.4	115.0	123.3	118.7	137.3	129.3
Food Processing	105.8	116.1	126.1	126.0	130.4	152.6
Drink and tobacco	96.3	93.4	110.3	104.4	129.9	120.6
Textiles, knitted goods and footwear	98.1	96.3	104.9	82.6	79.4	59.8
Printing, publishing and paper converters	97.7	116.6	122.6	135.1	128.9	99.7
Wood & related products	88.7	119.0	122.5	90.2	116.7	98.0
Chemical & non-metallic prods.	126.1	128.6	139.2	116.2	180.8	175.9
Assembly type & rel. industries	112.4	114.8	123.8	126.0	132.4	108.3
Misc. manufactures	103.8	120.9	107.2	124.6	97.6	103.8
Oil	86.3	82.6	86.8	64.1	45.4	37.8
Sugar ²	86.2	83.6	65.1	55.8	38.3	20.9
All industry index	99.0	101.4	107.2	95.4	99.8	92.0

Source: Central Statistical Office (Economic Indicators - Jan-Mar. 1984).

¹Excluding oil and sugar.

²2nd Quarter 1983.

Table 8
 TRINIDAD AND TOBAGO: OUTPUT OF SELECTED INDUSTRIAL PRODUCTS

	1981	1982	1983 ^P	Growth rates			
				1980	1981	1982	1983
Sugar ¹	93	79	77	-21.2	-17.7	-15.1	-2.5
Rum ²	4.6	4.0	2.5	53.4	-9.8	-13.0	-62.5
Beer and stout ³	31.0	36.7	34.9	15.6	-16.4	-18.4	-4.9
Cigarettes	...	...	...	...	...	...	...
Edible oil ³	24.0	10.5	8.8	...	198.8	-56.3	-16.2
Margarine, lard and butter substitutes ⁴	6.8	6.9	6.3	-40.6	54.5	1.5	-8.7
Soap ⁴	2.6	1.6	2.6	...	-21.2	-38.5	62.5
Fertilizers ¹	555	940	1 274	13.6	-19.2	69.4	35.5
Assembly Industries:							
Motor vehicles ⁵	13.4	15.0	20.0	-21.7	12.6	11.9	33.3
Radios ⁵	8.5	8.3	6.9	3.8	2.4	-2.4	-16.9
Televisions ⁵	13.3	18.2	21.2	21.9	3.9	36.8	16.5
Gas cookers ⁵	15.3	22.8	18.3	52.9	-34.6	49.0	-19.7
Refrigerators ⁵	14.9	28.4	20.0	30.3	-46.0	77.2	-29.6
Steel Products:							
Direct reduced iron	180	218	302.3	-	781.2	21.1	38.7
Billets	53	171	209.6	-	1 667.0	226.4	22.6
Wire rods	29	124	164.2	-	-	327.6	32.4

Source: Quarterly Statistical Digest - March 1984 (Tables 58-67) and Annual Report (for year ended 31 Dec. 1983) - Central Bank p. 15.

¹,000 tonnes ²,000 proof gallons ³,000 litres
⁴,000 kg ⁵,000

Demand for the output of assembly-type and related industries continued to be buoyant during the year where substantial increases in sales of motor vehicles were recorded (41.4%). Increased production of metal containers (37.8%, metal furniture (13.7%) and household appliances (20.5%) also contributed to the growth.

The performance of the Chemical and non-metallic sub-sector was even more impressive: the expansion of the productive capacity of the cement and fertilizer industries allowed increases of output of 76.3% and 32.4% respectively. Moreover, all other industries in the sub-sector recorded positive growth rates in 1983, in particular, pharmaceuticals, cosmetics and household chemicals.

The output of the food processing industries also increased as a whole. Dairy products and grain and feed mills were the main areas of growth while traditional industries recorded falling levels of output.

Other traditional sub-sectors such as textile and printing recorded negative growth rates partially offsetting the performance of the more dynamic industries.

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The crucial challenge to industry, it seems, will be to make itself export-oriented and cost-competitive in the international market. The current market conditions for steel and fertilizers are not very optimistic.

(iv) **Construction.** The construction industry has suffered from the downturn of the economy generated in the oil sector. After booms in the seventies, the rates of growth slowed down in 1982 to 4.1% and became negative in 1983, (-)3.1%. The reduced scale of activities under the public sector investment programme (down 21%) as well as the general tightening of liquidity in the country's financial system are the major factors responsible for the deceleration of growth in this sector (see Table 9).

Table 9
TRINIDAD AND TOBAGO: INDICATORS OF CONSTRUCTION ACTIVITY

	1981	1982	1983	1981	1982	1983
Index of output	285	286	...	7.5	0.4	...
Cement ('000 tonnes)						
Production	139	189	390	-25.3	36.0	106.3
Local sales	390	458	470	8.3	17.4	2.6
Bricks and Blocks:						
Production (million)	28.3	21.6	...	-3.4	-23.7	...
Local sales (million)	27.2	12.4	...	-5.2	-54.4	...
Employment	...	...	...	...	...	...
Commercial bank loans & advances outstanding (TT\$M)	445	463	519	35.3	4.0	12.1
Approved buildings plans:						
Number ('000)	3.4	3.2	3.2	-5.6	-5.9	0.0
Floor area ('000 sq.ft.)	7.1	5.9	6.6	20.3	-16.9	11.9

Source: Central Statistical Office.

During the year 1983, however, the production of cement about tripled with the coming into production of additional plant capacity at Trinidad Cement Limited, from 90,000 tonnes to 276,000 tonnes between January and September in 1982 and 1983 respectively. On the other hand, imports of cement for the same period were cut by two-thirds.

The overheated construction sector in the boom years has now to face the emergence of some excess capacity. In the process, however, the cost of construction has tended to stabilize.

(v) **Employment and unemployment.** The downturn of the economy of Trinidad and Tobago has caused the level of employment to decline for the first time in 1983 since the oil boom, bringing the number of persons without a job to fifty thousand (see Table 10). This is in sharp contrast with the experience of the 1970's when the number of new jobs exceeded the increase in the labour force.

The slow down in activity has been particularly felt in the oil sector (oil refining recorded a reduction of 11.8% in the level of employment) as well as agriculture, manufacturing and the sugar industry. Preliminary

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estimates indicate that 8,900 persons have been retrenched by individual establishments in both the public and private sectors. Only the chemical and non-metallic mineral products sector created significant additional employment.

Table 10
TRINIDAD AND TOBAGO: LABOUR FORCE EMPLOYMENT AND UNEMPLOYMENT
 (Thousands)

	Census						June	
	1970	1980	1975	1977	1979	1981	1982	1983
Non-inst'l population								
15 years and over	539	696	674	719	750	730	740	...
Labour force	366	382	391	428	446	436	444	442
Participation rate (%)	68	55	58	59	60	60	60	...
Persons with jobs	320	349	332	371	397	390	398	393
Unemployed	46	33	59	58	49	45	45	49
Percentage unemployed	12.5	8.8	15.0	12.0	11.0	10.4	10.2	11.1

Source: Central Bank: Annual Report Table 2.

The available data for 1982 show that the composition of employment by major areas are: services (34.1%); construction (18.5%); manufacturing (12.2%) and agriculture (10.6%). Consequently, the oil sector crisis, the worsening situation of Government's financial position, the slow down in construction following the downturn of the economy and the agricultural stagnation in 1983 are the major factors that explain the unemployment level recorded in 1983.

3. The external sector

The sluggish performance of the domestic petroleum sector since 1977 was initially offset by the increase in oil prices. In 1982, however the reduction in the OPEC price brought about reverses in the balance of payments account.

In 1982, the trade deficit amounted \$1,360 million. Data for 1983 indicate the continuity of the deficit, however, at a reduced level (see Table 11). The lowering of the trade deficit was due to the more stringent measures adopted by the Central Bank; the induced reduction in imports that accompanies recession and the efforts to raise non-oil export earnings.

Export earnings fell accompanying the fall in exports of mineral fuels. The loss was partially offset by the increase in exports of chemicals and iron and steel products.

On the import side noteworthy is the reduction in the imports of mineral fuels of about \$2,000 million which was a direct result of the contraction of refining activity in the petroleum sector (see Table 12).

The petroleum sector accounted for 86% of total exports during 1983, followed by an increasing participation of chemicals, reflecting the development of energy-based industries. On the other hand, petroleum

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accounted for only 3% of all imports in 1983, a much lower level than the figure of 22% of all imports in 1982. The structure of both non-oil imports and exports remained unchanged, nevertheless the proportion of capital goods and intermediate goods in the import bill has declined, reflecting the slowdown in economic activity.

Table 11
TRINIDAD AND TOBAGO: SELECTED EXPORTS
(Millions of TT dollars)

	1982	1983 ¹	Percentage breakdown		Growth rates		
			1980	1983	1981	1982	1983 ²
Total domestic exports	7 154	2 914	100	100	-10.3	-17.9	-20.
Main tradit'l exports							
Petroleum products	3 747	1 063	53	36	-18.4	-10.2	-48.7
Crude petroleum	2 680	1 469	40	50	-1.4	-30.8	18.9
Natural asphalt	7	2	-	-	-66.7	509.0	-12.5
Sugar	52	...	1	...	-3.4	-20.0	...
Rum	14	3	-	-	-8.7	16.7	-60.6
Cocoa beans	11	6	-	-	2.9	-38.9	-46.8
Coffee beans	5	2	-	-	-49.3	25.0	-54.8
Citrus & citrus Juices	-	-	-	-	-16.0	-	-
Main non-trad'l exports							
Petrochemicals	47	7	1	-	7.8	-69.7	-76.9
Fertilizers & amonia	223	201	1	7	-9.1	64.0	96.0
Iron & steel	-	-	-	-	...	...	-

Source: Central Statistical Office: Quarterly Economic Report, Table 6.

¹Preliminary figures (Jan-June 1983).

²Compared to Jan-June 1982.

Table 12
TRINIDAD AND TOBAGO: FUNCTIONAL CLASSIFICATION OF IMPORTS
(Millions of TT dollars)

	1970	1980	1981	1982	1983
1. Consumer goods	210	1 742	1 923	2 277	2 344
non-durables	106	1 067	1 221	1 339	1 652
durables	104	675	702	938	692
2. Raw material and intermediate goods	789	4 089	4 007	3 870	1 506
of which:					
fuels (upa)	(530)	(2 694)	(2 720)	(2 195)	(153)
construction materials	...	(581)	(567)	(877)	(707)
3. Capital goods	102	1 478	1 163	2 343	1 849
4. Other commodities	86	317	406	384	497
Total	1 087	7 626	7 499	8 874	6 196
Total excl. fuels (upa)	557	4 932	4 779	6 679	6 043

Source: Central Bank: Quarterly Statistical Digest, Table 56

Central Statistical Office: Quarterly Economic Report, Tables 11-17.

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The United States of America is Trinidad and Tobago's major extra-regional trading partner, absorbing 53% of Trinidad and Tobago's exports and originating 45% of its imports between January-July 1983. The share of exports to the European Community has slightly increased to 17.6% in 1983 (from 15.1% in 1982). The share of exports to Latin America declined sharply from 8.0% in 1982 to 2.9% in 1983. The share of exports to the CARICOM market fell slightly and Jamaica, Barbados and Guyana dominated the regional trade.

Trinidad and Tobago's terms of trade have been heavily influenced by changes in the price of oil in international markets. After peaking in 1981, the country's terms of trade weakened in 1982 (-14.3%) and worsened in 1983 (-60%) when the OPEC oil price was established at a lower level (see Table 13).

Table 13
TRINIDAD AND TOBAGO: FOREIGN TRADE INDICATORS

	Growth rates							
	1976	1977	1978	1979	1980	1981	1982	1983
Export of goods								
Value	38.9	-2.7	-7.4	28.6	57.3	-10.3	-17.9	-20.7
Volume	17.2	-6.3	-9.4	-2.5	-3.6	-10.7	2.3	12.5
Unit value	15.6	9.0	0.5	31.4	59.7	10.3	-4.2	-5.0
Imports of goods								
Value	48.8	-10.1	8.8	7.0	51.0	-1.7	18.3	-22.2
Volume	37.8	-17.6	3.7	12.1	13.6	-6.6	-1.8	15.3
Unit value	17.9	3.0	4.4	13.3	50.1	13.0	13.2	13.8
Terms of trade								
Net	-2.0	5.9	-4.4	16.7	6.4	0.7	-18.1	-16.5
Income	14.7	-0.9	-13.4	14.0	2.6	-12.1	-14.3	-6.0
Purchasing power of export of goods								
	18.0	-5.7	-11.4	13.5	4.8	-19.6	-28.3	-25.3

Source: Central Statistical Office: Quarterly Economic Report, Table 7.

(ii) **Balance of Payments.** Trinidad and Tobago has shown for the second consecutive year a negative balance of payments, the 1982 deficit of \$646 million has increased to \$2,161 million in 1983 (see Table 14). This deterioration of the external balance resulted from a reduction on the surplus on the capital account and from the worsening of the deficit on the current account.

The current account deficit increased from \$1,839 in 1982 to \$2,262 million in 1983 as a result of the rapid deterioration on the services account. The major factors responsible for this were the net outflows of investment income and payment for other services and the fall in the surplus on transportation.

On the other hand, although the capital account still remained positively balanced, the surplus in 1983 has significantly declined from \$1,132 million in 1982 to \$374 million in 1983. This has further contributed to the deterioration of the overall balance of payments. The

major factor was the sharp decline in direct investment, resulting from the reduced levels of re-investment in the oil industry.

Table 14
TRINIDAD AND TOBAGO: BALANCE OF PAYMENTS
(Millions of TT dollars)

	1979	1980	1981 ^f	1982 ^f	1983 ^f
Merchandise balance	360	1 434	1 217	-1 360	-730
Export of goods f.o.b.	3 957	6 205	5 989	5 307	5 455
Imports of goods c.i.f.	3 597	4 771	4 772	6 667	6 185
Services (net)	-337	-332	-248	-227	-1 214
Transportation	317	470	305	229	151
Travel	44	28	-37	-93	-203
Investment income	-588	-722	-316	-186	-574
Other services	-110	-107	-201	-177	-588
Unrequited transfers (net)	-110	-157	-218	-252	-318
Balance on Capital Account	995	542	610	1 132	374
Private	861	378	695	900	206
Official	134	164	-85	231	168
Basic balance	908	1 487	1 361	-707	-1 888
Allocation of SDR's	26	26	26	-	-
Errors and omissions	-47	-14	-36.4	61	-273
Global balance (reserve movements)	887	1 499	1 351	-646	-2 161

Source: Central Bank: Review of the Economy 1984, Append. 88 p.147.

(iii) **External indebtedness.** The deficits in the balance of payments have been primarily financed by drawdowns on the Central Bank's foreign reserves which decreased from \$7,218.9 million at the end of 1982 to \$5,119.5 at the end of 1983. Nevertheless, the Government raised an amount equivalent to \$731 million of loans on the external market. As a result the ratio of foreign debt service to export of goods and services which stood at 2% in 1982 climbed to 7% by the end of 1983.

4. Prices and wages

(a) Prices

The year 1983 was marked by resurgence of inflationary pressures resulting from the removal of Government subsidies on several items, increases in a number of indirect taxes and import duties - offsetting a decline in import cost - as well as wage increases higher than the gains in productivity and a decline in real output. Consumer prices, as measured by the Index of Retail Prices, increased by 16.7% in 1983 compared with an increase of 11.6% in 1982 (see Tables 15, 16 & 16a).

The items of Food and Transportation were most affected by fiscal policy in 1983, increasing 21.5% and 40.0% respectively. Worthy of note was the change of base in 1982 with the weighting diagram showing a higher weight for housing and a significantly lower weight for transportation. This is a result of increases in cost of these items, especially housing, as well as increases in real income.

Table 15
TRINIDAD AND TOBAGO:
INDICATORS OF EXTERNAL INDEBTEDNESS
(Millions of TT dollars)

	1979	1980	1981	1982	1983 ^e
Total ext. public debt	898	1 048	1 075	1 338	1 546
Debt servicing	102	492	179	198	600
Amort. & sinking fund	15	408	44	45	...
Interest payments	87	84	135	153	...
Debt servicing as a % of total exports	1.9	6.0	2.1	2.8	7

Source: Review of the Economy 1984, Review of Fiscal Measures 1984,

Table 16
TRINIDAD AND TOBAGO:
EVOLUTION OF CONSUMER PRICE INDEX
(September 1975 = 100)

	Weight	1979	1980	1981	1982	1983
Annual averages						
Total - all items	1 000	153.6	180.5	206.4	230.0	268.5
Food	334	140.6	167.8	195.6	222.3	...
Drink and tobacco	64	158.2	188.8	216.4	255.7	...
Housins	93	166.6	196.0	226.0	227.4	...
Clothings	180	148.4	161.8	182.1	197.7	...
Transportation	111	184.0	228.2	252.3	286.4	...
Percentage variation December to December						
Total - all items		19.6	16.6	11.6	10.8	13.1¹
Food		22.9	17.9	12.0	12.8	...
Drink and tobacco		19.3	17.5	14.3	18.5	...
Housins		21.8	18.5	11.4	-1.7	...
Clothings		13.0	7.2	11.8	7.5	...
Transportation		24.2	26.5	8.0	13.3	...
Annual average variation						
Total - all items		14.7	17.5	14.3	11.4	16.7
Food		13.8	19.3	16.6	13.6	...
Drink and tobacco		11.6	19.3	14.6	18.2	...
Housins		20.2	17.6	15.3	0.6	...
Clothings		8.8	9.0	12.5	8.6	...
Transportation		27.3	24.0	10.6	13.5	...

Source: Central Statistical Office: Quarterly Economic Report, Table 19,

¹ January 1983 to January 1984.

Table 16a
TRINIDAD AND TOBAGO:
EVOLUTION OF CONSUMER PRICE INDEX
 (September 1982 = 100)

	Weight	1983
Total - all items	1 000	115.2
Food	351	121.5
Drink and tobacco	47	113.9
Housing	138	103.5
Clothing	189	105.5
Transportation	86	140.0

Source: Central Statistical Office; Trinidad and Tobago Gazette, Vol. 23 No. 297.

(b) Wages

The Index of Minimum wage rates, which covers production and ancillary workers in all sectors of the economy, indicates that 1983 wages rose 16.9% in nominal terms. The highest rates of increase were recorded for employees in electricity and textile industries. Although the minimum wage rates increased in 1983 on the average less than in 1982, the wage increases were still higher than the increase in productivity. The strength of trade unions, shortage of skilled labour and the possibility of passing on to consumers the increases in wage costs explain the rapid increase in wages during the past few years (see Table 17). However the current economic situation and the consequent rising level of unemployment are expected to weaken these factors, slowing down additional demands. The real growth rates of wages have been declining, being very close to zero in 1983.

Table 17
TRINIDAD AND TOBAGO:
EVOLUTION OF WAGES AND SALARIES
 (Index 1976 = 100)

	1980	1981	1982	1983	1981	1982	1983
Minimum wage rates							
Nominal	215.5	281.4	336.0	392.7	30.6	19.4	16.9
Real	129.7	148.5	158.8	159.0	14.5	6.9	0.1

Source: Central Statistical Office; Quarterly Economic Report, Table 34.

5. Monetary and fiscal policy

(a) Monetary developments

After an expansion of 43.6% in 1982, the level of money supply (M-1A) declined by 8.1% in 1983 (see Table 18). The main explanatory factors were the sharp increase in net foreign exchange outflows and the effect of some Governmental measures such as the increase in marginal reserve requirements.

Table 18
TRINIDAD AND TOBAGO: MONETARY BALANCE
(Millions of dollars at year-end)

	1981	1982	1983	Growth rates			
				1980	1981	1982	1983
Money supply	1 717	2 465	2 265	24.5	16.1	43.6	-8.1
Currency outside banks	533	726	809	13.5	14.1	36.2	11.4
Demand deposits	1 184	1 739	1 456	30.4	17.0	46.9	-16.3
Factors of expansion	6 725	9 663	9 855	20.0	21.5	43.7	2.0
Foreign assets (net)	7 780	7 092	4 682	...	20.0	8.8	-34.0
Domestic credit (net)	-1 055	2 571	5 173	...	...	...	101.2 ¹
Government (net)	-4 798	-2 878	-1 260	...	...	...	...
Official entities	308	577	763	87.6	35.7	87.3	32.2
Private sector	4 069	4 872	5 670	21.2	22.4	19.7	16.4
Factors of absorption	5 008	7 198	7 591	18.4	23.5	43.7	5.5
Quasi-money	3 692	4 931	5 655	10.1	23.0	33.6	14.7
Time deposits	2 089	2 630	3 238	7.2	26.7	63.9	23.1
Savings deposits	1 605	2 301	2 417	13.9	18.6	43.4	5.0
Other items	1 950	2 267	1 936	50.7	26.7	16.2	-14.6

Source: Quarterly Statistical Digest, Central Bank, March 1984, tables 6 and 7.

¹Non-comparable.

As a result of the downturn in the economy, the whole financial system came under severe pressure, with the consequent contraction of the monetary base which fell by 6.4% in 1983. The subsequent tightening of credit conditions in the economy has pressured the interest rates upward in the course of the year: bank credit increased 6.9% in the second half of 1983 compared to 17% in the first half and an annual average of 250% in the period 1977-1981. The median prime lending rate rose from 11.5 to 12.0% while the median rate paid on deposits¹ rose from 7.88% to 8.88% reflecting a relative scarcity of funds (see Table 19).

¹For six months.

Table 19
**TRINIDAD AND TOBAGO: COMMERCIAL BANKS -
 DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR**
 (Millions of dollars - year-end)

	1978	1979	1980	1981	1982	1983
Business loans	1 063	1 341	1 661	1 896	1 945	2 365
Agriculture	60	51	91	80	62	72
Manufacturing	417	411	499	546	574	714
Construction	100	249	329	445	456	518
Transportation	57	97	133	187	216	253
Distribution	318	389	454	540	532	698
Professional services	111	144	155	98	105	110
Personal loans	953	978	1 154	1 422	1 826	1 883
Other ¹	245	329	466	743	1 107	1 442
Total	2 261	2 648	3 381	4 061	4 878	5 690

Source: Central Bank of Trinidad and Tobago, Quarterly Statistical Digest, Table 18.

¹Includes Central Government and State Enterprises.

Activity in the stock market tended to slow down with 24,566 transactions made totalling \$353.5 million for January-November 1983 compared to 26,521 transactions with a market value of \$499.3 million for the same period of 1982. The Composite Index of Stock Market values fell by 38%. This downturn reflected the performance of the domestic economy and the tight liquidity position of commercial banks.

(b) Fiscal developments

At the end of 1983 a strong deficit in the budget balance was registered in the Central Bank fiscal operation. Total revenues amounted to \$6,482 million - a fall of 5% from the 1982 level (see Table 20), reflecting the decline in oil prices and the reduction in activity of the major oil companies as well as the reduction from 35% to 15% of the Supplemental Petroleum tax on land operations. Given the contribution towards Government revenues of the Petroleum sector, almost half of total revenues, the three above-mentioned factors, led to revenue losses of an estimated \$870 million in 1983 which were only partially compensated by revenues from other sources.

The Government recurrent expenditure, however, continued to increase and in spite of the reduction of 20.6% on capital expenditure, the overall balance recorded a deficit of \$2,857 million in 1983, 14.2% of GDP, up from 13.9% registered in the previous year.

In order to finance the deficit on its fiscal operations, net borrowings on both the local and external markets of \$268.6 million and \$208.1 million respectively were made, although the bulk of the fiscal deficit was financed by accumulated reserves of \$2,380.6 million.

As a result of the worsening of the fiscal deficit, measures for lowering the subsidies on basic food items, petroleum products and cement have been taken and further tax increases are expected to be implemented.

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Table 20
TRINIDAD AND TOBAGO: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of dollars			Growth rates		
	1981	1982 ^r	1983 ^p	1981	1982	1983
Recurrent revenue	6 819	6 825	6 482	58.3	0.1	-5.0
Income tax ¹	5 019	4 978	4 340	16.3	-0.8	-12.8
Royalties	604	535	438	31.0	-11.4	-18.1
Customs and excise	464	540	587	40.8	16.4	8.7
Purchase tax	116	145	227	28.0	25.0	56.6
Other	616	627	890	...	...	...
Recurrent expenditure	3 565	5 894	6 496	22.1	65.3	10.2
Wages and salaries	1 474	2 971	2 495	...	101.6	-16.0
Goods and services	334	394	703	-18.4	18.0	78.4
Interest	179	161	272	-0.6	10.1	68.9
Transfers and subsidies	1 638	2 368	3 027	23.4	44.6	27.8
Current surplus	3 254	931	-15	122.0	-71.4	...
Capital receipts	32	-	2	...	...	...
Capital expenditure	3 120	3 584	2 845	43.6	14.9	-20.6
Total revenue	6 851	6 825	6 484	58.9	-0.4	-5.0
Total expenditure	6 685	9 478	9 341	22.3	41.8	-1.4
Fiscal surplus/deficit	166	-2 653	-2 857	-82.0	...	...
Fiscal surplus/deficit as percentage of GDP	0.9	(13.9)	(14.2)	...	...	...

Source: Central Bank, Annual Report, Tables 1.19-1.21.

¹Taxes on income plus Corporation tax.

