

TRINIDAD AND TOBAGO

WORLD RANK:

112

REGIONAL RANK:

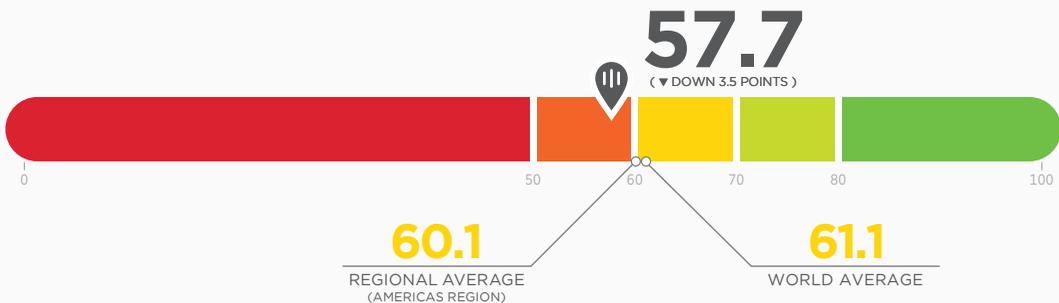
22

ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Trinidad and Tobago's economic freedom score is 57.7, making its economy the 112th freest in the 2018 *Index*. Its overall score has decreased by 3.5 points, with a steep decline in **fiscal health** and smaller declines in **trade freedom** and **government integrity** overwhelming improvements in scores for the **labor freedom**, **tax burden**, and **monetary freedom** indicators. Trinidad and Tobago is ranked 22nd among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Economic diversification is a long-standing government goal, and Trinidad and Tobago's relatively well-regulated and stable financial system has already made it a regional financial center. Significant foreign reserves and a sovereign wealth fund bolster public finances. However, wasteful government bureaucracy and an inefficient and nontransparent investment regulatory framework hamper economic development. The judiciary is relatively independent and stable, but corruption and ineffective protection of private property rights undermine investor confidence.

ECONOMIC FREEDOM SCORE



NOTABLE SUCCESSES:

Monetary Stability, Labor Freedom, and Trade Freedom

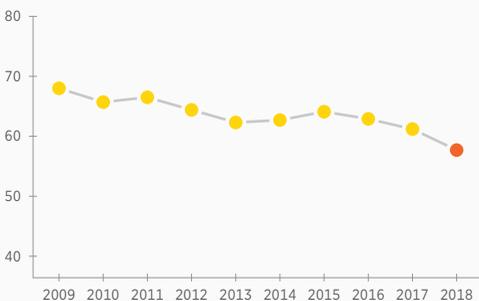
CONCERNS:

Rule of Law, Fiscal Health, and Financial Freedom

OVERALL SCORE CHANGE SINCE 2014:

-5.0

FREEDOM TREND



QUICK FACTS

POPULATION:

1.4 million

GDP (PPP):

\$43.6 billion
-5.1% growth in 2016
5-year compound annual growth -0.5%
\$31,870 per capita

UNEMPLOYMENT:

3.9%

INFLATION (CPI):

3.4%

FDI INFLOW:

-\$60.4 million

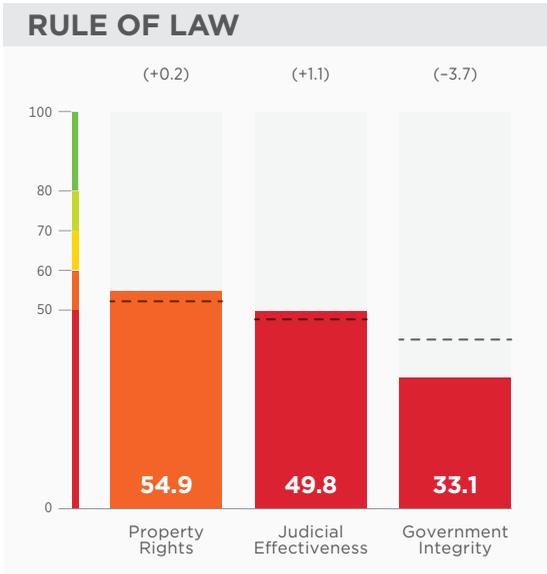
PUBLIC DEBT:

61.0% of GDP

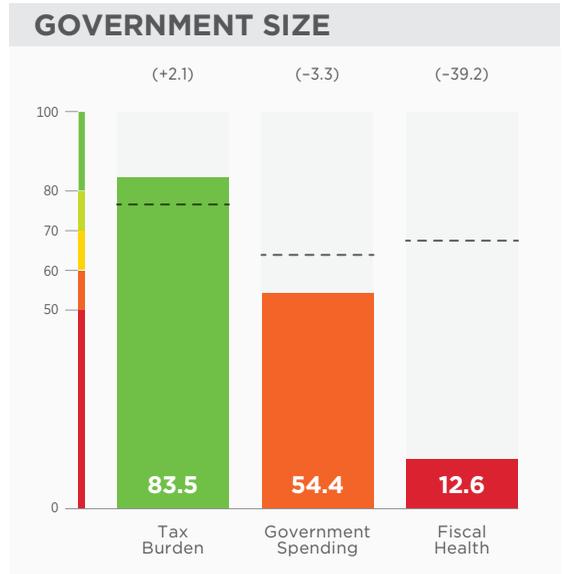
2016 data unless otherwise noted. Data compiled as of September 2017

BACKGROUND: Trinidad and Tobago is one of the Caribbean's wealthiest nations. Hydrocarbons account for more than 40 percent of GDP and 80 percent of exports. Prime Minister Keith Rowley of the center-left People's National Movement took office in 2015. The next general election is not constitutionally due until 2020, but the government can call one before then. Rowley has struggled to adapt the country to much lower international oil and gas prices, which have caused a huge decrease in energy-related revenue and dragged the economy into recession. Oil production has declined over the past decade as the country has focused on natural gas. Financial services and construction have been among the strongest nonenergy subsectors. Tourism has the potential for significant growth.

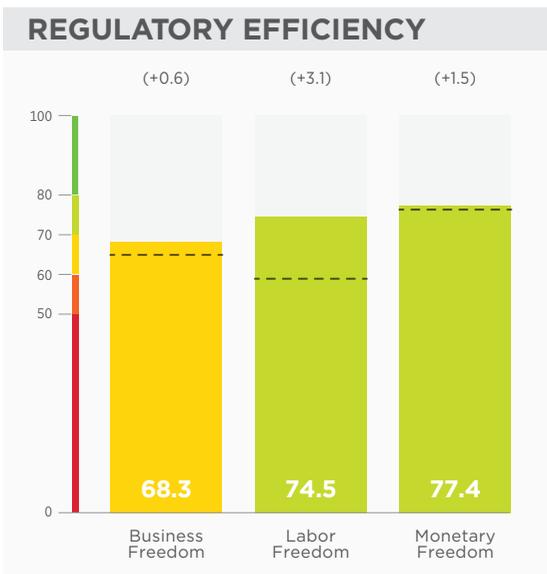
12 ECONOMIC FREEDOMS | TRINIDAD AND TOBAGO



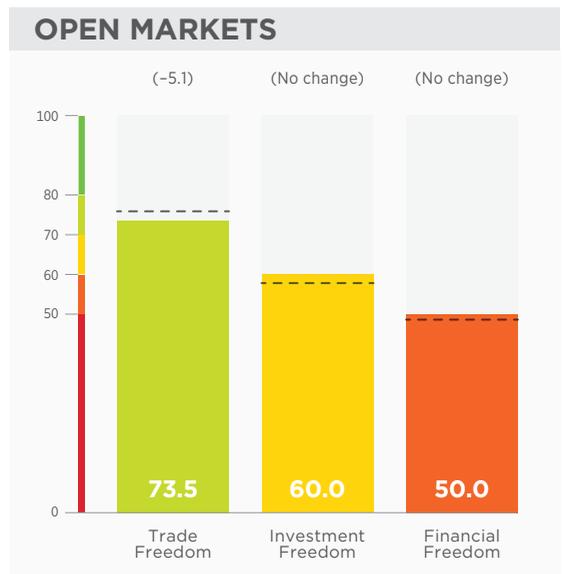
Property rights are protected, and secured interests in property are recognized and enforced. The judiciary is independent but somewhat politicized and slow due to a large case backlog. Rising crime rates and very high levels of violent crime, much of it drug-related, have led to delays in the judicial system. Corruption and mismanagement under successive governments stretch back to colonial times.



Both the top personal income tax rate and the standard corporate tax rate are 25 percent. Other taxes include value-added and property taxes. The overall tax burden equals 20.0 percent of total domestic income. Over the past three years, government spending has amounted to 39.0 percent of total output (GDP), and budget deficits have averaged 8.2 percent of GDP. Public debt is equivalent to 61.0 percent of GDP.



Lack of regulatory transparency and other institutional weaknesses are obstacles to business formation and operation. There are surpluses of skilled workers, including accountants and attorneys, but shortages of unskilled workers. Fuel subsidies have been reduced, and the government has announced its intention to phase out these subsidies completely.



Trade is significant for Trinidad and Tobago's economy; the combined value of exports and imports equals 99 percent of GDP. The average applied tariff rate is 8.3 percent. Nontariff barriers impede some trade. Government openness to foreign investment is above average. The financial system has regained stability after strain caused by a large financial group's collapse. Banking remains relatively well capitalized, and the number of nonperforming loans is declining.