TRINIDAD AND TOBAGO

Trinidad and Tobago’s economic freedom score is 57.0, making its economy the 112th freest in the 2019 Index. Its overall score has decreased by 0.7 point, with declines in judicial effectiveness and trade freedom exceeding improvements in government spending and fiscal health. Trinidad and Tobago is ranked 22nd among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Increased revenues from oil production have helped the government’s fiscal consolidation efforts, but further progress will require asset sales, expenditure restraint, and tax reform. Economic diversification is a long-standing goal, and Trinidad and Tobago’s relatively well-regulated and stable financial system has already made it a regional financial center. 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

- **ECONOMIC FREEDOM SCORE**: 57.0 (▼ DOWN 0.7 POINT)
- **REGIONAL AVERAGE (AMERICAS REGION)**: 59.6
- **WORLD AVERAGE**: 60.8

**RELATIVE STRENGTHS**: Tax Burden and Labor Freedom

**HISTORICAL INDEX SCORE CHANGE (SINCE 1996)**: -12.2

**CONcerns**: Fiscal Health and Government Integrity

**FREEDOM TREND**

**QUICK FACTS**

**POPULATION**: 1.4 million

**GDP (PPP)**: $43.0 billion

-2.6% growth in 2017

5-year compound annual growth -1.3%

$31,367 per capita

**UNEMPLOYMENT**: 4.8%

**INFLATION (CPI)**: 1.9%

**FDI INFLOW**: $178.7 million

**PUBLIC DEBT**: 41.3% of GDP

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. Under the constitution, the next general election is not due until 2020, but the government can call one before then. Dr. Rowley has struggled to adapt the country to fluctuating international oil and gas prices, which have a direct impact on government revenues. 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.

2019 data unless otherwise noted. Data compiled as of September 2018.
The regulatory system lacks transparency and clarity, and inconsistent enforcement of regulations injects uncertainty into entrepreneurial decision-making and holds back lasting economic development. The relatively flexible labor market facilitates the matching of jobs with available workers. The government budgeted an additional $100 million in 2018 to fund domestic fuel subsidies in response to global oil price increases.

The combined value of exports and imports is equal to about 100 percent of GDP. The average applied tariff rate is 8.3 percent. As of June 30, 2018, according to the WTO, Trinidad and Tobago had one nontariff measure in force. Overdependence on oil and gas continues to hold back private-sector development. About 84 percent of the country’s adults have access to an account with a formal banking institution.