

TRINIDAD AND TOBAGO

WORLD RANK:

109

REGIONAL RANK:

21

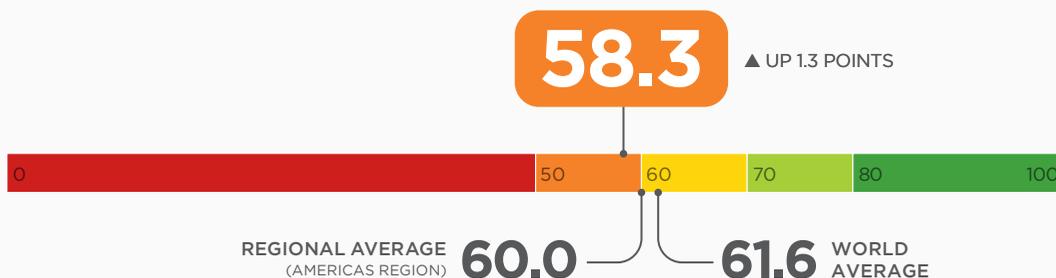
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Trinidad and Tobago's economic freedom score is 58.3, making its economy the 109th freest in the 2020 *Index*. Its overall score has increased by 1.3 point due to higher scores for **property rights** and **government integrity**. Trinidad and Tobago is ranked 21st among 32 countries in the Americas region, and its overall score is below the regional and world averages.

The economy of Trinidad and Tobago fell from the ranks of the moderately free in 2018 and remains in the mostly unfree category in 2020. Economic growth has been correspondingly slow.

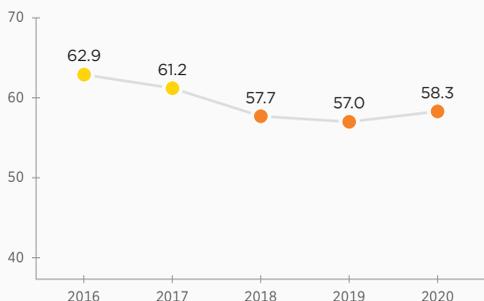
Two events in 2019 highlight the impediments to greater economic freedom in Trinidad and Tobago. The minister for public administration was dismissed in mid-August following her arrest on corruption charges. That was a blow to an already weak reputation for government integrity. In addition, a mid-year budget review for fiscal year 2018-2019 projected a wider fiscal deficit, which will likely further erode the country's already poor fiscal health.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -10.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.4 million

GDP (PPP):
\$44.4 billion
0.3% growth in 2018
5-year compound annual growth -1.5%
\$32,254 per capita

UNEMPLOYMENT:
2.8%

INFLATION (CPI):
1.1%

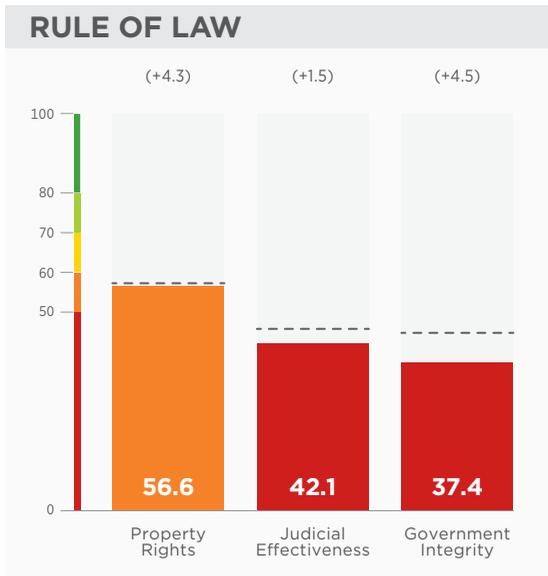
FDI INFLOW:
-\$436.1 million

PUBLIC DEBT:
45.3% of GDP

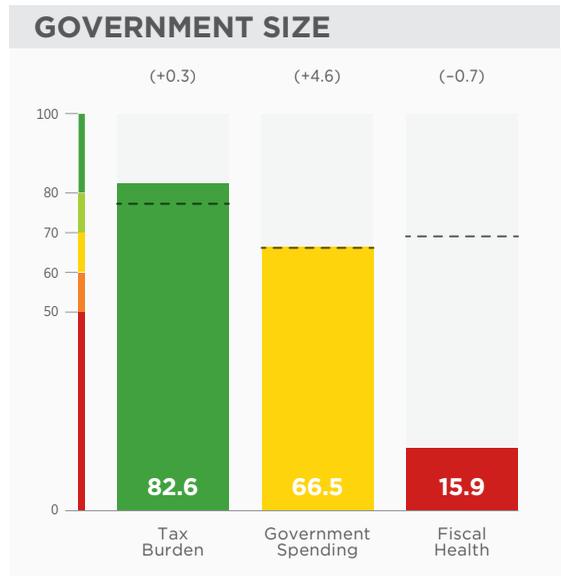
2018 data unless otherwise noted. Data compiled as of September 2019

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 was elected to a five-year term in 2015 with a sizeable parliamentary majority, but his government must contend with weak economic growth and rising crime. 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 non-energy subsectors, and tourism has the potential for significant growth.

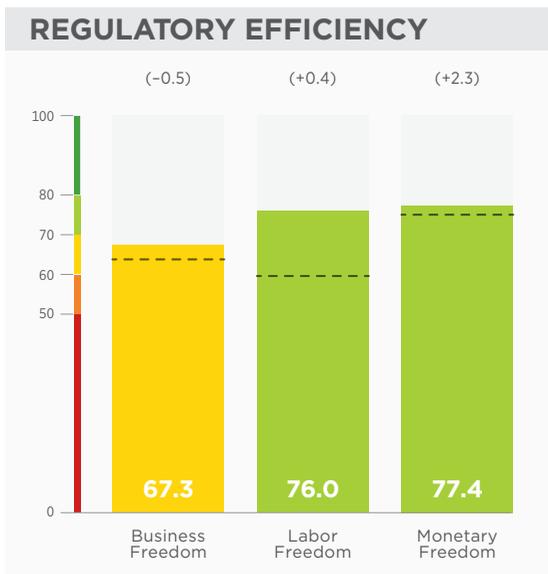
12 ECONOMIC FREEDOMS | TRINIDAD AND TOBAGO



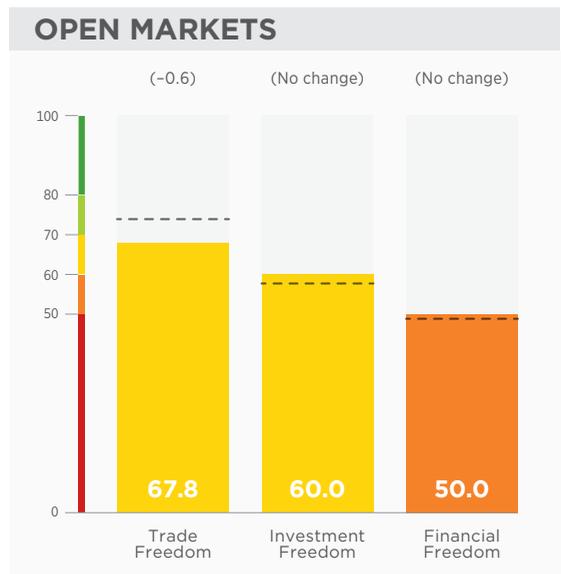
Property rights are protected under the constitution. Secured interests in property are recognized, but enforcement is hobbled by inefficient regulations and complicated registration. The independent judicial system, based on English law, is competent and procedurally and substantively fair. High levels of violent crime, much of it drug-related, have contributed to a backlog of cases and delays. Corruption remains pervasive.



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 22.2 percent of total domestic income. Government spending has amounted to 33.4 percent of the country's output (GDP) over the past three years, and budget deficits have averaged 9.7 percent of GDP. Public debt is equivalent to 45.3 percent of GDP.



There is respect for contracts, but the regulatory system can lack transparency and clarity. The flexible labor market facilitates the matching of jobs to available workers. Accountants and lawyers are abundant, but there is a shortage of unskilled workers. Increased costs for fuel subsidies that put additional financial strain on the government in 2019 are projected to increase again in 2020.



The total value of exports and imports of goods and services equals 150.0 percent of GDP. The average applied tariff rate is 8.6 percent, and lingering nontariff barriers undercut the benefits of trade flows. The overall investment framework is open, but foreign ownership of land is limited. Financial regulations have been modernized, and there is little state influence in the financial sector. Various financing options are available.