
SUMMARY

1. Since its previous Trade Policy Review in 2012, the economy of Trinidad and Tobago has undergone three years of recession, due mainly to contractions in real economic activity in the energy sector (including oil and gas). During the period under review, real GDP growth averaged around -1% annually. Against this background, GDP per capita declined to around USD 16,000 in 2017, compared with around USD 19,000 in 2012. Government revenue, which is highly reliant on the petroleum sector, shrunk considerably, mirrored by an increase in the fiscal deficit and the net public sector debt. Nevertheless, during this period, unemployment remained relatively static, and inflation declined. The real effective exchange rate appreciated during the same period, due mainly to higher domestic prices compared with those in the country's main trading partners.

2. Trinidad and Tobago registered a current account surplus in 2017, at 7.4% of GDP, down from 12.9% in 2012. Mineral products (including fuels) remain the largest export category; their share declined over the review period, from 56% in 2012 to 45.5% in 2017. The United States is Trinidad and Tobago's top trading partner, for both imports and exports. Over the review period, investment inflows were volatile, with most foreign investment destined for the petroleum industries.

3. It was against this economic backdrop that Trinidad and Tobago embarked upon renewed efforts to diversify, and enhance the competitiveness of, its economy, as well as to take other necessary reforms. Its priorities are set out in various strategy documents. The main plan guiding Trinidad and Tobago's overall social and economic development is Vision 2030: the National Development Strategy of Trinidad and Tobago 2016-30. Additionally, Trinidad and Tobago released an Aid for Trade Strategy, as well as sector-specific policies to: develop e-commerce; create a modern special economic zones regime; encourage ICT development; reinvigorate the yachting industry; and build a more robust national quality system.

4. Trinidad and Tobago grants at least MFN treatment to all its WTO trading partners. Over the review period, it accepted the 2005 Protocol Amending the TRIPS Agreement and the 2014 Protocol concerning the Trade Facilitation Agreement. It was not involved in any dispute settlement cases as either complainant or respondent; it was involved in one new case as a third party. While several notifications were submitted to the WTO in various areas, some are not up-to-date, or are outstanding.

5. Trinidad and Tobago is a member of the Caribbean Community (CARICOM) and, as part of it, has regional trade agreements (RTAs) in force with the Dominican Republic, Colombia, Cuba and Costa Rica. It is also a signatory to the CARIFORUM-EU Economic Partnership Agreement which is being provisionally applied. Since 2012, a partial-scope trade agreement between Trinidad and Tobago and Panama entered into force. A similar agreement was signed with Guatemala.

6. Trinidad and Tobago's rules on FDI have not changed over the review period. No investor-state disputes were brought against Trinidad and Tobago. Efforts are being made by the Government to improve the country's business environment, which appears to be being held back by various factors, such as the workforce's skills, bureaucracy and corruption. Apparently, e-commerce, while growing, is still not widely used by retailers or at a business-to-business level; however, a concern about the impact of increased consumer purchases of goods online from abroad prompted the Government to introduce a 7% Online Purchase Tax (OPT) in 2016. According to the authorities, the OPT is intended to curb foreign exchange outflows and revenue leakage, and help local manufacturers and service companies compete with overseas retailers.

7. Changes to customs procedures over the review period included the mandatory submission of advance passenger and cargo information. The requirement to use customs brokers' services remains in place, and the electronic submission of customs declarations is now, in practice, mandatory. Additionally, in 2012, the Government launched its Single Electronic Window System (TTBizLink), which is envisaged to be fully implemented by 2021; it enables individuals and businesses to perform various operations online. The import- and export-related e-services now operational include import and export permit and licence applications, and applications for import duty concessions and origin certificates. These services have contributed to significant delivery-time improvements. This notwithstanding, port inefficiencies have so far prevented Trinidad and Tobago from improving its international rankings for trading across borders. A pilot "voluntary compliance

programme" was launched, which allows participants to print out their own cargo release orders. Around 30-35% of imports are physically inspected.

8. Trinidad and Tobago applies the CARICOM Common External Tariff (CET), with certain exceptions. The simple average applied MFN tariff in 2018 was 9.1%, which is considerably lower than the simple average bound tariff of 57%. The applied MFN rate exceeded the corresponding bound rate on 59 tariff lines in 2018, up from 50 in 2011; this increase is due to a change in the HS nomenclature. The authorities indicated that the broken bindings issue is being considered in the context of a CARICOM review of the CET and rules of origin. As per WTO sectoral definitions, average applied tariffs on agricultural products (17.9%) are higher than those on non-agricultural products (7.3%). During the review period, Trinidad and Tobago used flexibilities under the CET to make tariff adjustments. In 2013, it introduced new import surcharges on nine poultry products, in addition to those already in place. Over the review period, new taxes introduced on imports included the OPT and an environmental tax on tyre imports, introduced in December 2017.

9. A new anti-dumping investigation was launched in 2014 into the alleged dumping of aluminium extrusions originating from China; this resulted in the imposition of final duties in February 2016. No other investigations were initiated, no anti-dumping measures were being applied to any other products, and no countervailing duty investigations were taken during the review period. Trinidad and Tobago continues to have no safeguard legislation.

10. Trinidad and Tobago does not levy export taxes on any goods. There has been a considerable reduction in the cost and time taken to export, since the previous Review. The country continues to operate free-trade zones, with a view to generating employment, attracting investment, and accessing overseas markets. However, due to the poor performance of the zones and other shortcomings, consideration is being given to establishing a new special economic zones regime. The Government is the sole provider of export credit insurance through EXIMBANK. A new export facilitation agency (ExporTT) was set up in 2013 to provide services to exporters in the non-energy sector.

11. Trinidad and Tobago has an excise tax, which applies to domestically-produced goods only. New developments in the taxation area include: the reduction of VAT from 15% to 12.5%; the application of new import surcharges to nine poultry tariff headings in 2013; the establishment of a uniform royalty rate of 12.5%, applicable to oil, gas and condensates; the standardization of corporate tax to 30% for all companies (apart from commercial banks, which are subject to a rate of 35%); and the introduction of a 7% OPT and an environmental tax on tyre imports. The Government provides a myriad of incentives to businesses based in the country. In the 2018 Budget Statement, the Minister of Finance proposed to re-establish certain export allowances to manufacturers; this has not been implemented in practice. In 2018, the EXIMBANK launched the Forex Facility, with an initial capitalization of USD 100 million, to secure foreign exchange for exporters of manufactures.

12. There were no changes to Trinidad and Tobago's procedures for standard-setting; details of all voluntary standards and technical regulations are available online, and notifications to the WTO are up-to-date. During the review period, no specific trade concerns were raised in the WTO TBT Committee regarding Trinidad and Tobago's measures. A National Quality Policy and its implementation plan were issued in 2018 to help businesses better exploit commercial opportunities.

13. There were no changes to the laws governing Trinidad and Tobago's SPS regime, although legislative reforms, drawn upon CARICOM model laws, are being considered. No specific trade concerns were raised in the WTO SPS Committee over the review period, and no WTO notifications were made. The authorities stated that Trinidad and Tobago's SPS measures are based on international standards. A National Biosafety Policy was issued in 2014, the objective of which is to develop an appropriate and transparent administrative, regulatory and legislative framework to govern the development and use of modern biotechnology products, including living modified organisms and their intended use in food, feed and processing.

14. A Fair Trading Commission was established in 2014 to monitor and enforce provisions of the Fair Trading Act; the Commission has not yet been able to receive or investigate complaints, as the relevant provisions of the Act have not yet been proclaimed. A National Consumer Policy 2018-23 was approved by the Cabinet in 2018, and the Government is preparing a consumer protection bill.

Price controls remain in place for petroleum, the transmission and distribution of electricity, water and waste water rates, and public transport fares, while minimum guaranteed prices apply to rice and milk.

15. Trinidad and Tobago notified to the WTO in 2010 that the Cocoa and Coffee Industry Board (CCIB) was a state trading enterprise, which facilitated the purchase of cocoa from farmers and the sale thereof. In 2014, a new company replaced the CCIB, and the state trading arrangement under the CCIB was discontinued. It would appear that, after the restructuring of Petrotrin, a new entity – Paria Fuel – will be responsible for the importation of fuel. The State continues to maintain a significant economic presence, through fully or partially state-owned enterprises (SOEs), in the areas of energy, agriculture, manufacturing, and services. Many SOEs receive significant subsidies from the Government. The Government has been exploring PPP projects to revitalize the loss-making SOEs.

16. Trinidad and Tobago is neither a party to, nor an observer of, the Plurilateral Agreement on Government Procurement. Open tenders are advertised both locally and internationally; they are open to anyone, irrespective of nationality. Preferences are provided to SMEs. The public procurement system is undergoing a major overhaul, as a new Act is to repeal and replace the existing legislation.

17. There were no significant changes to Trinidad and Tobago's intellectual property rights (IPR) protection system since its previous Review. The only legislative change was the promulgation of the Trade Marks Act, 2015, which contains, *inter alia*, provisions on non-traditional marks. Compulsory licences are allowed under the Patents Act and the New Plant Varieties Act; there have been no applications of compulsory licences since the previous Review. Parallel imports are allowed under patent and trademark legislation, but not under copyright legislation. The first geographical indication was filed in 2017, concerning cocoa and cocoa products. IPR enforcement is the responsibility of the police and the Customs and Excise Division. The Intellectual Property Office (IPO) develops and administers IPR policy. It launched a public awareness and education campaign, Building Respect for IP, to reduce the demand for pirated and counterfeit products. It also organized IP Clinics to inform entrepreneurs and innovators of the various IP aspects of their businesses, as well as the next steps needed to acquire those rights and leverage them for improved competitiveness.

18. Agriculture constituted only 0.5% of GDP in 2017, but was an important component of trade, accounting for 10% of total merchandise exports and 13% of total merchandise imports in the same year. Government support includes minimum guaranteed prices, investment incentives and input subsidies, and low-interest loans. Trinidad and Tobago is a net fish importer: the fisheries sector is mainly artisanal. Dominated by marine fisheries, the fisheries sector accounted for a very tiny share of GDP and employment. At the border, the simple average MFN tariff rate on fish and fishery products (29.6% in 2018) is not only higher than that on non-agricultural tariff lines (7.3%), but is also higher than that on agricultural tariff lines (17.9%).

19. Manufacturing, comprising mainly petroleum and chemical production and food, beverages and tobacco production, accounted for less than one fifth of GDP. More incentives are being provided to the sector, in particular the Forex Facility, established to enable exporters of manufactured goods to obtain foreign exchange.

20. The oil and natural gas sector is the main pillar of Trinidad and Tobago's economy, but it suffered a dramatic decline over the review period, due to falling energy prices. Mining and quarrying accounted for 21.6% of GDP in 2012 and this fell to 9.7% in 2016, recovering slightly thereafter. In response to the crisis and other key challenges, particularly falling production, domestic supply shortages and external trends, government measures have included fiscal reforms and asset sales. The state-owned company Petrotrin was restructured, and its refining arm is being shut down. Renewed efforts are being made to enhance local content, participation and ownership in the energy sector. The State continues to have a full or partial equity stake in various energy companies. Electricity prices are regulated, and a petroleum subsidy remains in place to ensure low and stable consumer prices.

21. The services sector accounted for nearly 60% of GDP in 2017, up from 46% in 2010. In terms of export value, the main services subsectors are travel, transport, insurance and technical

trade-related and other business services. Trinidad and Tobago continues to have a deficit in services trade, and import values are double those of exports.

22. Despite the economic recession, the financial services sector remained stable. It accounts for about 8% of GDP and 10% of the work force. Banks are well-capitalized and profitable; both the return on equity and the return on assets went up during the review period, and the non-performing loan ratio declined. Commercial banks, operating a high interest rate spread, obtain profits mainly from interest margins. Liquid funds of commercial banks declined, but remained on a healthy level, probably caused by banks using liquid assets to meet large withdrawals from government-related entities. According to the Central Bank's Financial Stability Report, these withdrawals might be the consequence of the Government's fiscal consolidation efforts, and lower subsidies to some public bodies. More than a quarter of loans and investments from commercial banks go to the State or SOEs. The insurance sector remained resilient, despite large claims after the 2017 hurricane. A new Insurance Act, 2018 is to come into force once its implementing regulations are finalized.

23. Penetration rates for mobile and fixed telephony, as well as mobile and fixed Internet, have posted growth over the review period. While the sector is open to foreign investment, the State continues to have an indirect equity stake in one of the main operators providing both fixed and mobile telephony services. Mobile and fixed telecommunications rates are amongst the lowest in the Caribbean region. Since 2012, new pro-competitive regulations were issued to require accounting separation and number portability. Additionally, a universal service scheme was operationalized.

24. The legal and regulatory regimes for air and maritime transport did not change over the review period. As before, foreign investment opportunities are more restricted in the air transport sector than in maritime. Over the review period, the Port Authority of Trinidad and Tobago was restored to profitability after several years of operating at a loss; however, the Inter-Island Ferry Service that it runs still needs to be heavily subsidized. Trinidad and Tobago is looking to develop the segment of vessel repair and maintenance, through policy and infrastructure reforms; this would supplement the customs duty exemptions that are already available for the sector.

25. The tourism sector continues to be dominated by arrivals from North America and the Caribbean. Various incentives remain in place to support tourism projects and upgrade the tourism infrastructure; the only change to these was to circumscribe the types of vehicles that may be imported at preferential rates for use in the tourism transportation industry. In 2012, a new development fund was set up to assist operators on the island of Tobago to meet their loan repayments during periods of low occupancy.