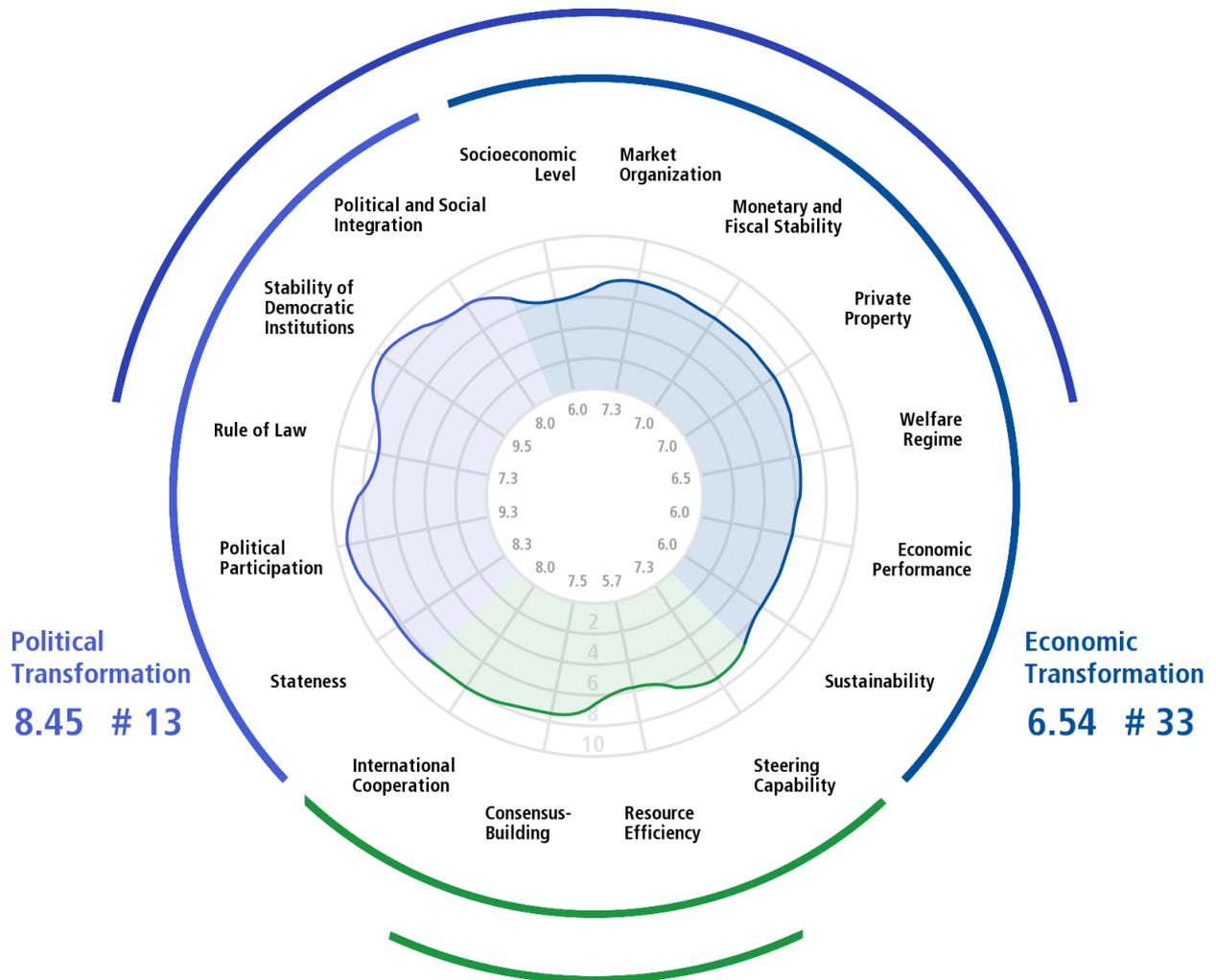


Trinidad and Tobago

Status Index

7.49 # 18

on 1-10 scale out of 137



Political Transformation
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Governance Index

6.02 # 26

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2020 Country Report – Trinidad and Tobago. Gütersloh: Bertelsmann Stiftung, 2020.

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Key Indicators

Population	M	1.4	HDI	0.799	GDP p.c., PPP \$	32228
Pop. growth ¹	% p.a.	0.4	HDI rank of 189	63	Gini Index	-
Life expectancy	years	73.2	UN Education Index	0.728	Poverty ³	% -
Urban population	%	53.2	Gender inequality ²	0.324	Aid per capita	\$ -

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

The general elections of September 7, 2015 resulted in a defeat for the incumbent People's Partnership government comprised of the United National Congress (UNC), the Congress of the People (COP), the National Joint Action Committee (NJAC) and the Tobago Organization of the People (TOP). The People's National Movement (PNM) returned to power after being defeated on May 24, 2010, with a new leader in the person of Keith Rowley, who had served as leader of the opposition in the 2010 to 2015 parliament. Rowley was appointed prime minister and Kamla Persad-Bissessar, the former prime minister, was appointed leader of the opposition. The PNM won 23 seats in the 41-member parliament, while the UNC won 17 seats and the COP won one seat. This was the sixth turnover of power in Trinidad and Tobago after a general election since independence in 1962, confirming that Trinidad and Tobago is a functioning democracy that has a strong commitment to democratic principles and practices.

Traditional security challenges from illicit gun and drug trade continue to threaten peace and security and to divert government attention and resources from socioeconomic development and other aspects of the governance of the country. Overall, this will have adverse effects on the country's potential for achieving the SDGs. The appointment of the new commissioner of police in August 2018 has brought with it a tougher approach to crime-fighting in the country. New Commissioner of Police Gary Griffith has adopted a hands-on approach and is on the ground with his forces rather than the bureaucratic approach of staying in the office and receiving reports. From a quantitative standpoint, there has not been any marked change in the murder rate. However, there has been a qualitative difference in the way that fighting crime is approached. The public seem to appreciate this. Citizens have expressed the view on social media and elsewhere that criminals can no longer act with impunity and that they now feel safer than they felt previously.

Another important development relates to Trinidad and Tobago being one of the highest sources of Islamic State (IS) group recruits in the world. This poses potential threats to peace and security and governance. Although many Trinidadian jihadists have been killed in Iraq and Syria, there is

the threat that those who return could radicalize others or find local or regional jihadi projects. The approach the government adopts to the returning jihadists will be pivotal.

The country continues to struggle with inadequate democratic accountability, corruption at the highest levels and a lack of convictions for wrongdoing. There are many cases of alleged crimes by business and political actors and some of these persons have neither been prosecuted nor convicted. The government needs to demonstrate to the population that the system is fair and just. Otherwise, high-level corruption will continue unabated and low-level criminals will feel justified in their illicit actions, which in the long-term poses a threat to democracy, governance, investment prospects and the general development of the country.

On the economic front, Trinidad and Tobago still has an undiversified economy and lacks economies of scale, while overdependence on oil and gas continues to hold back private-sector development. The country has been slowly recovering from a deep recession since 2015. In 2017, the economy continued to contract, albeit at a slower pace, given increased recovery in gas production; however, non-energy sector growth remained weak in most sectors such as construction, financial services and international trade.

The government's decision to close the Petrotrin refinery in November 2018 – due to high debt, astronomical losses over the last five years, taxes and royalties owed to the government, among other reasons – and its plans to restructure the company have been considered a significant development in the country. This illustrates a trajectory in government policy to clamp down on inefficiency and ineptitude, even in the face of the threat of defeat at the polls in 2020. It indicates that the government favors promoting and fostering competitiveness and prudent business practices through privatization. There is additional evidence that free-market economics are entering the domestic economy with a weakened trade union movement. Additional evidence of the neoliberal policy agenda is Trinidad and Tobago's participation in the trade liberalization agenda, in the WTO and a myriad of free trade agreements with regional and extra-regional partners.

History and Characteristics of Transformation

Trinidad and Tobago has been a stable democracy since independence, albeit with some political turbulence in the almost six decades since 1962. Trinidad and Tobago were initially Spanish colonies and then separate British colonies from the beginning of the 19th century (unified in 1899). One legacy of colonialism is the unique structure of the population: while the indigenous population was almost wiped out, the era of slavery brought an enormous influx of black Africans. After the abolition of slavery in 1833, the British hired workers from their “East Asian” (South Asian) colonies, mainly from India. Today, about 38% of Trinidadians and Tobagonians identify themselves as having Indian descent, about 36% as having African descent and the remaining about 24% as having “mixed” ethnic heritage (minorities are Indian, European, Chinese and Arab).

After the failure of the West Indies Federation – a union of British colonies initiated in 1958 designed to achieve joint independence from Britain – Trinidad and Tobago declared its independence as a sovereign nation in 1962. Elizabeth II remained head of state until 1976, when the country became a republic, but maintained the Judicial Committee of the Privy Council as its final appellate court. The most important politician in the first phase of independence was Eric Williams, a renowned Caribbean historian who is widely regarded as the “father of the nation.” Williams had already participated in politics before independence and became the first prime minister, before independence (1959–1962) premier, then until 1981 prime minister.

William’s party, the People’s National Movement (PNM), dominated the political scene until 1986, when the victory of the National Alliance for Reconstruction (NAR) – an alliance composed of PNM dissidents and other opposition parties – brought the first change of government. Since then, there have been five changes of government with peaceful transfers of power after general elections: in 1991 (back to the PNM), 1995 (to the United National Congress, the UNC, allied with the NAR), 2001 (back to PNM), 2010 (to the People’s Partnership government, an alliance led by the UNC) and 2015 (back again to the PNM).

A major incident was the coup attempt by an extremist black Muslim group, Jamaat al Muslimeen, which seized parliament and the national television broadcasting service in 1990 for six days in an effort to overthrow the NAR government. While the attack failed, the group ended up receiving an amnesty that was negotiated during the crisis.

The dominant economic philosophy for a long time was one of state control, which emerged in the early 1970s under the PNM led by Eric Williams. In its Chaguaramas Declaration the PNM rejected both liberal capitalism (with its concomitant penetration and takeover of the economy by multinational corporations) and communist organization of the economy and the society and proposed a third way – popular at that time in many developing countries – with strong state participation in the economy and a focus on national sovereignty.

The first steps to implement this model were the creation of the National Petroleum Marketing Corporation (NP) in 1972 and the nationalization of the Shell Oil refinery in Point Fortin on Independence Day in 1974, which created TRINTOC. This policy was deepened during the oil boom of the 1970s with the creation of the National Gas Company (NGC) in 1975 and continued during the downturn in the 1980s when the Texaco refinery was nationalized in 1985. The state oil company Petrotrin that was formed in 1993 to replace TRINTOC epitomized the Williams model. There was also supposed to be a special role for trade unions and their participation in economic activity.

In the past few decades, however, the Williams model has gradually been set aside as that model only seemed to work when the state had money to sustain its dominant role. Trinidad and Tobago developed an undiversified economy without economies of scale, while overdependence on oil and gas further impeded private sector development. Neoliberal market restructuring began in the 1980s, when the country was forced to accept neoliberal policies embedded in structural adjustment loans from the IMF in the wake of declining oil prices and the adverse effects this had on the economy. While high oil prices in the 1970s induced considerable state-financed development, their decline in the 1980s shook the economy – and the economic model – fundamentally. During the recession years (1985–1989), GDP fell by 30% in real terms. Though the government had accumulated substantial reserves, these were rapidly exhausted by 1987, resulting in stabilization agreements with the IMF until 1993, when oil prices recovered. In the late 1980s, a program of privatization was set up and continued through the 1990s.

The market restructuring process had the effect of weakening labor, as is generally the case. The recent conflict between the trade unions and the government surrounding the closure of Petrotrin is indicative of ongoing tensions and divergencies in Trinidad and Tobago over how the economy should be managed. While the government alluded to grave inefficiencies and unsustainable modes of operation, the unions have argued that corruption and mismanagement caused the decline of Petrotrin. The government timed its closure of Petrotrin to coincide with its signing of a natural gas agreement with the Venezuelan government on August 25, 2018.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The state's monopoly on the use of force is established nationwide in principle, but is challenged by criminal groups and armed gangs, resulting in an increasing homicide rate over the past several years.

The Trinidad and Tobago Defense Force and the Trinidad and Tobago Police Service are the only two state authorities that exercise a monopoly of the use of force. However, this has been challenged by criminal elements in parts of the country where the police have difficulties with restoring or maintaining law and order, such as in some areas east of Port of Spain – Betham and Laventille. Criminals act with impunity because of low detection, prosecution and conviction rates. The government itself admits there are “numerous challenges in its effort to reduce crime, including an overburdened legal system, bureaucratic resistance to change, unemployment in marginal areas, disenfranchised youth, the negative influence of gangs, drugs, weapons and an economic recession.”

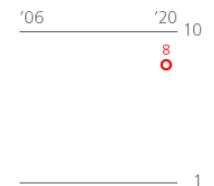
The increasing number of private security personnel compared to the number of police and the unregulated and unsupervised nature of the sector also threaten the state's monopoly on the use of force. There is little trust in the police to provide security. Private citizens and the business community are turning to private security for protection.

According to InSight Crime, 2018 was the second deadliest year in the country's history with 516 homicides, resulting in a homicide rate of 37.5 per 100,000 people, the fifth highest in Latin America and the Caribbean after neighboring Venezuela, El Salvador, Jamaica and Honduras. The situation has continued to deteriorate in recent years due to an increase in the availability of illegal firearms and spillovers from neighbors. InSight Crime also reports that at least 83% of the murder cases from 2017 remained unsolved.

Question
Score

Monopoly on the
use of force

8



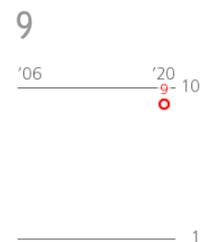
In addition, the threat from organized gangs and criminal networks that have mushroomed may increase with the return of ISIS fighters to Trinidad and Tobago. The recruitment of disaffected youth by gang members into criminal activities in Trinidad and Tobago is a matter for the attention of the state.

In principle, a large majority of the population accepts the nation-state as legitimate. All individuals and groups enjoy the right to acquire citizenship without discrimination. Notwithstanding, due to its British colonial history with first African slaves and then Indian contract workers brought to the islands, Trinidad and Tobago is divided along ethnic and racial lines that impact views of the state. Political parties, and by extension governments, are seen to (crudely) represent racial groups. The UNC is seen as the Indian party and thereby became the Indian government when they came to power. The PNM (even with some East Indian members in parliament) is seen to represent the interests of Afro-Trinidadians. In a nutshell, although citizens mix otherwise, sharp divisions along ethno-political lines remain. This is compounded by that fact the economic sector is largely dominated not by Afro-Trinidadians, but instead by Syrians, whites and people with East Indian heritage. There are reports of favors and preference given to a particular race when “their” government is in power. In addition, some people identify with their place of ancestry or origin. Some Indo-Trinidadians identify with India as much as they do Trinidad and some Afro-Trinidadians identify with Africa and aspire to return to Africa. Relative to the population, Trinidad and Tobago has the highest percentage of ISIS fighters in the world; though few in absolute terms, this phenomenon casts some doubt on the integration capacity of the nation-state. Threats will arise whether the state puts returning ISIS terrorists on trial or whether the state simply permits them to blend back into society.

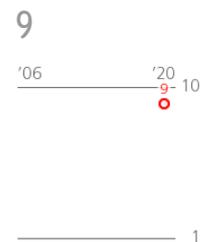
Although religious dogmas have no direct influence on the state and its legal system, Christian churches wield considerable influence in society, which de facto has an impact on politics, in particular with regard to issues such as abortion and homosexuality. Activist groups have only recently begun challenging the state on these issues.

Trinidad and Tobago is a multicultural and multireligious society, without barriers to religious expression or freedom of religion. There is an Inter-Religious Organization (IRO) that was formed in 1973, which provides a single forum with a rotating chairmanship for the participation of all major religious groupings in the society. Despite its cosmopolitan nature, Trinidad and Tobago does not suffer from the religious strife often apparent in other multireligious societies.

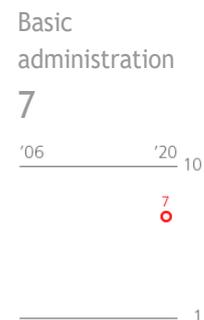
State identity



No interference of religious dogmas

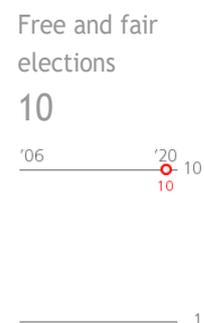


The administrative structures of the state provide most basic public services throughout the country, but their operation is to some extent deficient because of resource challenges, corruption and inefficiency. The bureaucracy is established in the tradition of the British colonial tradition of a career civil service that is appointed, promoted, transferred and disciplined by an independent Public Service Commission. However, these structures do not always function as they need to, and access to services is not always equitable to the poor and vulnerable because of nepotism, favoritism and corruption, including bribery. In 2015, 95% of the population had access to an improved water source, and 92% had access to improved sanitation facilities, (i.e., both on a similar level to Cuba).



2 | Political Participation

Most elections since independence in 1962 have been both free and fair. There have been six changes of government since then with peaceful transfers of power after general elections in 1986, 1991, 1995, 2001, 2010 and 2015 (the last general election). The Elections and Boundaries Commission (EBC), which is tasked with organizing elections, is generally trusted by the public to fulfill its mandate.

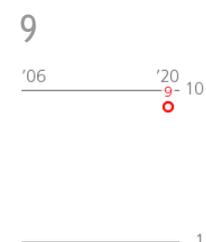


The 2015 elections resulted in defeat for the incumbent People's Partnership government comprised of the United National Congress (UNC), the Congress of the People (COP), the National Joint Action Committee (NJAC), and the Tobago Organization of the People (TOP). The People's National Movement (PNM) returned to power after being defeated in 2010. In 2015, six election petitions were filed to challenge results in six constituencies because the Elections and Boundaries Commission (EBC) had extended the close of the poll from 6 pm to 7 pm in Trinidad because of inclement weather, but not in Tobago. One petition was dismissed on technical grounds related to the service of documents to the member of parliament who won the seat. The other five were eventually dismissed because the Court of Appeal held that, even though the EBC was wrong to extend the time in the manner in which it did, it would not alter the result by voiding the election and allowed it to stand.

However, a matter of concern remains the transparency and accountability of campaign funding processes. Following the 2015 elections, the Caribbean Community (CARICOM) and the Commonwealth Election Observation Missions recommended measures to tackle these issues and to ensure that adequate training is provided to polling officials.

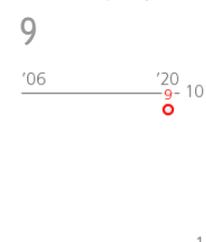
Democratically elected political representatives have the effective power to govern. No individual or group holds de facto veto power. There are no known cases of an economic, military or political actor or group exercising veto power over political democratic procedures. Trinidad and Tobago and the rest of the Anglophone Caribbean generally have a legacy of stable democracies with functioning and vibrant opposition parties that act as guardians of democracy and democratic procedures. This includes monitoring elections and nominations of top officials. However, economic interests exercise influence by granting favors to the political elite, who can in turn receive privileges that alter the state's agenda. A case in point was when Jack Warner accused Kamala Persad-Bissessar of accepting favors from him during the 2010 election campaign.

Effective power to govern



Freedom of association and assembly are not challenged in Trinidad and Tobago. Guaranteed in Section 4 of the constitution, Section 14 of the constitution specifies the provisions for enforcing these freedoms. Groups are able to operate free from unwarranted state intrusion or interference in their affairs. In 1970, a major constraint was imposed on association and assembly. Holding public meetings requires permission from the commissioner of police. This does not target any particular groups and became law in 1976 by virtue of provisions in Section 6 of the 1976 constitution.

Association / assembly rights

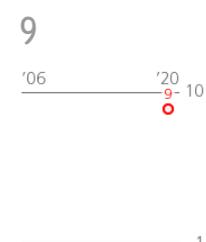


No government has used intimidation, harassment or threats of retaliation to prevent citizens from exercising their constitutional rights to association and assembly.

The commissioner of police uses transparent and non-discriminatory criteria to evaluate requests for permits to associate and/or assemble. The commissioner of police may refuse permission if, in his opinion, the event poses a threat to national security.

Freedom of expression is guaranteed against interference or government restrictions. Individuals, groups and the press can fully exercise these rights. These guarantees are specifically listed in section 4 of the constitution, including a specific reference to freedom of the press in section 4(k). The existence of the right to challenge the state on the grounds of infringement on human rights contained in section 4 and 5 of the constitution, by way of an originating motion before the courts as provided in section 14 of the constitution, has been used from time to time to secure those rights.

Freedom of expression



There is a combination of state and privately owned media outlets, which for the most part allow for plurality of perspectives. In fact, according to the BBC, the privately owned, TV 6 dominates media ratings. However, it has been reported that media houses perceived to be pro-government receive a larger share of state advertising.

Trinidad and Tobago ranks high in freedom of press indices, such as Reporters Without Borders' 2018 World Press Freedom Index (39 out of 180 countries) or Press Freedom in the World 2018 (41 out of 199 countries) – in both cases, at a similar level to the UK.

3 | Rule of Law

There is a clear separation of powers with mutual checks and balances. Though checks and balances are occasionally subject to interference, restoration of balance is sought, primarily by the judiciary that is relatively strong. As a Westminster-Whitehall democracy, Trinidad and Tobago has a separation of powers that only has one overlap, which is between the legislature and the executive. The prime minister is chosen from among elected members of parliament in the House of Representatives. Other ministers are chosen from among either elected members of parliament or the nominated senators.

In fact, there is relative dominance of the executive over parliament. This is due, on the one hand, to the fact that a large number of members of parliament from the ruling party also hold government functions, and, on the other hand, to the organizational discrepancy between the two powers and the resulting de facto weakness of parliament's oversight function vis-à-vis the government. Despite improvements in recent years, the effectiveness of oversight, though constitutionally guaranteed and de facto operating, is considered moderate. Supervision is perceived as insufficiently independent, also due to relatively high party discipline.

While the constitution stipulates that executive authority is vested in the president, in fact he is a head of state with merely limited powers (just as the powers of the Queen of England are de facto rather limited). According to the constitution, the "general direction and control of the government" is "vested collectively" in the cabinet. Acts by the president must be conducted "in accordance with the advice" of the cabinet or the prime minister (see Sections 78 (2), 79 (1), 80, 82 of the constitution). The cases in which the president may act on his/her own initiative, or is required to act only "after consultation" with the prime minister and the leader of the opposition, are set out in Sections 80 and 83. Nevertheless, there have been recent incidents when the president's interpretation of his powers gave rise to conflict between the president and the prime minister. There have also been criticisms of political bias by the president, with the leader of the parliamentary opposition describing successive presidents as "tools" of the ruling party.

The judiciary is largely independent, but at times subject to political pressure and corruption. The justice system is sufficiently differentiated, composed of higher and subordinate courts (Courts of Summary Criminal Jurisdiction, Petty Civil Courts, Family Court). The Supreme Court of Judicature consists of the High Court and the Court of Appeal, both headed by the chief justice. The mechanisms for judicial review of legislative and executive acts are strengthened by the fact that the Judicial Committee of the Privy Council in the United Kingdom is the final court of appeal. The Supreme Court's chief justice is appointed by the president after consultation with the prime minister and the parliamentary opposition leader. The remaining judges are appointed by the Judicial and Legal Services Commission (JLSC), headed

Separation of powers

8

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Independent judiciary

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by the chief justice and five members with judicial experience; all judges serve for life with mandatory retirement at age 65.

The final decisions of the judiciary are independent to the extent that there are no allegations of political interference at the level of the Privy Council, unlike allegations that made in respect local courts. There have been calls for the Caribbean Court of Justice, located in Port of Spain, to replace the Judicial Committee of the Privy Council as the final court of appeal. This could greatly diminish the segregation of judicial elites from the outcomes of court appeals because of weak social separation between judicial and executive elites in local society.

The allegations against Trinidad and Tobago's Chief Justice Ivor Archie, which began in 2017 and have continued since, specifically relate to the Archie seeking housing benefits from the executive for people he had recommended to the prime minister in 2015. The absence of any specific and detailed answers to date on these matters is problematic, which makes the case for retaining the Privy Council as Trinidad and Tobago's final court of appeal absolutely essential for preserving transparency requirements. In 2018, the Privy Council dismissed an attempt by the chief justice to end the judicial investigation into his private life and alleged commercial transactions.

In addition, there was a major discrepancy in the composition of the JLSC that was identified in the case of Attorney General of Trinidad and Tobago v. Maharaj (2019) UKPC 6. That judgment was delivered in February 2019 and pertained to a matter that commenced in June 2017, in which the proposed appointments of two new judges by the president on the advice of the JLSC was challenged on the grounds that the JLSC was improperly constituted. The Privy Council overturned the decision of the Court of Appeal of Trinidad and Tobago and declared that the JLSC had been improperly constituted for almost a decade. The decision did not address the question of judges who were sworn into office after the Court of Appeal's decision in June 2017. Whether or not there will be future litigation on these matters remains unknown.

As for the functioning of the judiciary, the judicial system is often perceived as corrupt and suffering from judicial inefficiencies and has a huge backlog of pending cases and judicial inefficiencies. In addition, a 2018 study by the Judicial Education Institute on procedural fairness in the judiciary concluded that the four main categories investigated – voice, neutrality, respectful treatment, and trustworthy authorities – do exist to some degree in the court systems of the judiciary, but that the procedural fairness of these four elements is “alarmingly low.”

Despite frequent reports of corruption, officeholders who break the law and engage in corruption are not adequately prosecuted, but occasionally attract adverse publicity.

The law prescribes criminal sanctions for acts of corruption by civil servants, but the government has not effectively implemented the law. Reports of government corruption have repeatedly surfaced, such as ministers using their office for personal gain; the 2017 to 2018 Global Competitiveness Report ranked corruption as the third-greatest impediment to doing business in the country. According to the U.S. State Department, U.S. firms have identified corruption as an obstacle to foreign direct investment (FDI), specifically in government procurement where processes are not perceived as fully transparent. There are clear disclosure rules for public officials, but compliance is rare. While the Integrity Commission, which is entrusted with the monitoring and transparency of the disclosures, engaged in a number of investigations, it rarely referred cases to law enforcement agencies.

Over the years, allegations of corruption by prominent politicians from both sides of the political aisle have been made in the news. In December 2018, the Law Association sent a formal request to the prime minister to invoke Section 137 of the constitution to have the president appoint a tribunal to investigate Chief Justice Ivor Archie regarding allegations made by the Law Association against him. At the time of writing, no action had been taken by Prime Minister Keith Rowley. An interesting case is that of former FIFA/CONCACAF Executive Jack Warner, who was a member of parliament in the People's Partnership government at the time he was accused of corrupt management of football. His extradition to the U.S. for trial is ongoing. He made allegations implicating the People's Partnership government and its leader, Kamla Persad-Bissessar, which have not been investigated.

Civil rights are codified by law and mostly respected by state institutions. Section 4 of the constitution guarantees basic fundamental human rights and freedoms, without discrimination by reason of race, origin, color, religion or sex, including (a) the right of the individual to life, liberty and security of the person; (b) the right of the individual to equality before the law and the protection of the law; (c) the right of the individual to respect for his private and family life; and (d) the right of the individual to equality of treatment from any public authority in the exercise of any functions. In addition, Section 5 details comprehensive habeas corpus and due process rights. Trinidad and Tobago still retains the death penalty, though it has not been applied since 1999. There are, however, calls for enforcement of the death penalty due to increased murder rates in recent years.

Residents are generally protected by mechanisms established to prosecute, punish and redress violations of their rights. The establishment of an Equal Opportunity Commission in 2008 raised the profile of anti-discrimination activity on the part of the state. However, racial disparities persist. Discrimination and violence against the LGBTI community are not addressed adequately. The High Court of Justice in

Prosecution of
office abuse

5

'06 _____ '20 10

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Civil rights

8

'06 _____ '20 10

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Trinidad and Tobago ruled on April 12, 2018, that the country's laws criminalizing same-sex intimacy between consenting adults were unconstitutional (though the attorney general seeks to appeal this decision). Rape and sexual harassment of women are still major problems.

There have been reports in the press of police abuse and excessive use of force (but steps are taken to investigate and sanction those responsible). Conditions in prisons are for the most part inadequate, due to overcrowding and poor sanitation. Part of the problem stems from deficiencies in the judicial system, leading to a significant backlog for trials and lengthy pretrial detentions.

4 | Stability of Democratic Institutions

The ensemble of democratic institutions is effective and mostly efficient. As a rule, political decisions are prepared, made, implemented and reviewed in legitimate procedures by the appropriate authorities. The executive, the legislature and the judiciary all function in a manner that permits the daily discharge of the duties that they are expected to perform, despite corruption and a certain weakness of parliamentary oversight of the executive. There are controversies from time to time, which is normal in a healthy democracy. These controversies have never led to the overthrow of the democratically elected government.

All democratic institutions are accepted as legitimate by all relevant actors. The registration of political parties with the Elections and Boundaries Commission (EBC) over the years has demonstrated a healthy culture of political competition and participation in the electoral process. A review of Trinidad and Tobago's electoral records for since independence reveal active political participation in every single general election, including the one in 1971 when some opposition parties called for a "no vote" campaign to protest the use of voting machines. In 1976, the ballot box was re-introduced and used ever since. The first past-the-post system has been used since the introduction of electoral politics in 1925.

5 | Political and Social Integration

The party system is fairly stable and socially rooted: low fragmentation, moderate voter volatility and moderate polarization. The People's National Movement (PNM) has been the main political party in Trinidad and Tobago since 1956. The Democratic Labor Party (DLP) was formed in 1961 and was the main opposition party until 1971. The PNM and the DLP were socially rooted among the African-descent population and the Indo-descent population, respectively. In 1976, the United Labor Front (ULF) and the Democratic Action Congress (DAC) were established. The former had its main base of support in the central and southern parts of Trinidad, while the latter had its main base of support in Tobago. In 1985, the ULF, the DAC and the

Performance of democratic institutions



Commitment to democratic institutions



Party system



Organization for National Reconstruction (ONR) – which formed in 1981 as a breakaway faction from the PNM that also attracted some Indian-descent support, came together to form the National Alliance for Reconstruction (NAR).

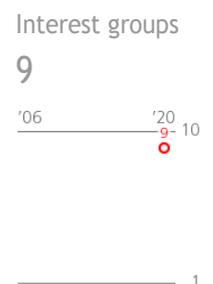
The 2015 elections resulted in a defeat for the incumbent People’s Partnership government comprised of the United National Congress (UNC), the Congress of the People (COP), the National Joint Action Committee (NJAC) and the Tobago Organization of the People (TOP). The People’s National Movement (PNM) returned to power after being defeated in 2010. The PNM won 23 seats in the 41-member parliament, while the UNC won 17 seats and the COP won one seat. Accordingly, the effective number of parties in parliament is a mere 2.05, indicating rather low fragmentation.

Polarization exists, but overall not along ideological lines (i.e., liberal/conservative; left/right). Instead, parties are for the most part polarized along ethnic/racial lines (as indicated above). As a result, there are allegations that there is favoritism toward a particular ethnic group when “their government” is in power. The previous government under Kamla Persad-Bissessar was a coalition of four parties with Indo-Trinidadian and Afro-Trinidadian followings; the UNC (Indo-Trinidadian following) was the largest.

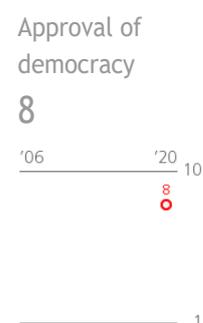
Political parties have not been explicitly based on religion in the contemporary era and none has sought to especially advance the concerns of a particular religious groups. At the same time, indirectly, parties are divided along religious lines by virtue of the fact that ethnic groups dominate particular religious groups (e.g., Indo-Trinidadians (Muslim, Hindu, Presbyterian) and Afro-Trinidadians (Protestant)).

There are no reports on clientelism.

There is a broad range of interest groups that reflect competing social interests, tend to balance one another and are cooperative. These range from long-standing ones like the Trinidad and Tobago Chamber of Industry and Commerce to the Trinidad and Tobago Field Naturalists Club to special or single-issue groups that arise from time to time, depending upon current issues. A variety of groups that are political in nature (such as human rights advocacy groups) also exist and freely engage in debate. There are also long-standing trade unions such as the Oilfields Workers’ Trade Union (OWTU) that formed in 1937 and the All-Trinidad Sugar and General Workers’ Trade Union (ATSGWTU) that formed the same year. Today, the OWTU is the dominant partner in the Joint Trade Union Movement (JTUM), while the ATSGWTU belongs to a different umbrella group called the National Trade Union Center (NATUC).

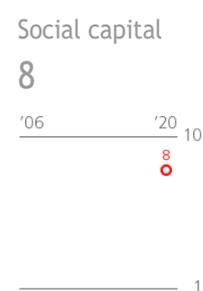


Approval of democratic norms and procedures is high. There are no recent comparable data on support for democracy. The most recent Latin American Public Opinion Project (LAPOP) report on the country dates from 2010. It concludes that democracy was considered the only legitimate form of government for Trinidad and Tobago and that the existing constitutional mechanisms and procedures were unconditionally accepted by the citizenry. There are no hints that approval of democratic norms and procedures has changed since. This may also be confirmed by the fact that there have been subsequent elections and six changes of government in Trinidad and Tobago since independence in 1962.



The World Value Survey (wave six: 2010–2014) demonstrates that trust in democratic institutions was moderate at about 30%, with the exception of political parties: government 34.9%, parliament 25.9%, courts 31.2%, civil service 31.9%, political parties 21.8% and police 28.0%. The armed forces were trusted slightly above average (40.0%), while the 29.4% of respondents trusted the press.

There is a fairly high level of trust among the population and a substantial number of autonomous, self-organized groups, associations and organizations. There are several types of voluntary and autonomous organizations of cultural, environmental or social associations that co-exist peacefully. They hold divergent perspectives on issues, but this does not result in conflict or violence. In the 2018 Legatum Prosperity Index, the country ranked 32 out of 149 countries for social capital, which measures the strength of personal relationships, social network support, social norms and civic participation. Though by far the highest rank in the region, it had dropped 14 places compared to 2017.



II. Economic Transformation

6 | Level of Socioeconomic Development

Poverty and inequality are moderate and slightly structurally ingrained. Trinidad and Tobago’s Human Development Index value was stagnant during the review period, but still represents the sixth-highest in the region at 0.784 in 2017. This puts the country in the high human development category at 69 out of 189 countries. Life expectancy at birth and expected years of schooling remained stable over the period at approximately 71 and 13 years, respectively. There is still a sizable population living in poverty, 16.7%, according to the most recent official estimates.



Trinidad and Tobago’s GII value was 0.324, ranking it 73 out of 160 countries in the 2017 index and indicating medium gender inequality. However, the female HDI value was 0.794 in contrast with 0.784 for males, resulting in a GDI value of 1.013

and placing it into Group 1. The overall loss in HDI due to inequality (IHDI) was not calculated in 2017, but was about 15% throughout the decade until 2016 – comparable to Chile (2017) or Turkey (2013–2017).

Economic indicators		2015	2016	2017	2018
GDP	\$ M	25121.5	21746.4	22250.5	23410.4
GDP growth	%	1.8	-6.5	-1.9	0.7
Inflation (CPI)	%	4.7	3.1	1.9	-
Unemployment	%	2.2	3.0	2.8	2.8
Foreign direct investment	% of GDP	0.7	-0.1	-2.1	-0.8
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	1855.6	-859.4	1107.7	1607.5
Public debt	% of GDP	27.2	37.8	43.0	45.1
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-1.4	-	-	-
Tax revenue	% of GDP	26.4	-	-	-
Government consumption	% of GDP	-	-	-	-
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	3.2	3.4	-	-
R&D expenditure	% of GDP	0.1	0.1	-	-
Military expenditure	% of GDP	0.9	1.0	1.0	0.8

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Trinidad and Tobago has an undiversified economy and lacks economies of scale, while overdependence on oil and gas continues to hold back private sector development. Market competition has a solid institutional framework, but the rules are not consistent or always uniform for all market participants. The institutional framework for market competition is provided by the Trinidad and Tobago Fair Trade Act of 2006, which provides for the establishment of a Fair Trading Commission to promote and maintain fair competition in the economy and related matters. Part II of the act provides for the creation, powers and functions of the Fair Trading Commission and Part III speaks to mergers, anti-competitive agreements or practices and monopolies. However, the regulatory system lacks transparency and clarity. Inconsistent enforcement of regulations injects uncertainty into entrepreneurial decision-making and holds back lasting economic development. According to Doing Business 2019, Trinidad and Tobago ranks 105 out of 190 economies on the ease of doing business, a deterioration from 102nd in 2017, mainly because of an increase in the corporate income tax rate. The current rank is significantly worse than its 2012 rank of 68 (out of 187), mainly because other countries have more rapidly progressed and surpassed Trinidad and Tobago. Starting a business takes 10.5 days and seven procedures with a cost of 0.7% of GNI per capita, resulting in rank of 76 out of 190 countries.

According to the U.S. Department of Commerce, the investment climate in Trinidad and Tobago is generally open and most investment barriers have been eliminated. But major issues affecting companies include an ongoing foreign exchange shortage, inefficient government bureaucracy, crime, a poor work ethic in the labor force and corruption. The U.S. Department of Commerce also warns against occasional opacity in decision-making process for tenders and the subsequent awarding of contracts, partly due to the large number of tendering agencies, each with their own procedures. Moreover, some foreign investors have reported problems competing with state-owned enterprises or locally based companies with political influence. Doing Business 2019 ranks Trinidad and Tobago at 174 out of 190 countries for enforcing contracts, largely because of the long duration of proceedings (1,340 days).

According to an IDB study in 2017, the informal sector amounts to about 30% of GDP. Other estimates range from 20% to 25% of GDP in 1999 to 2000, and around 30% since 2010 up to 31.4% of GDP in 2015.

Market
organization

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Competition laws to prevent monopolistic structures and conduct exist, but are enforced inconsistently. A Fair Trading Act was enacted in 2006 and a Fair Trading Commission was appointed in 2014. The Fair Trading Act created an institutional framework for the enforcement of competition policy addressing: (i) the abuse of monopoly power whereby a dominant position means control of more than 40% of market share; (ii) anti-competitive mergers; and (iii) anti-competitive agreements. The act explicitly prohibits resale price maintenance, price-fixing, collusion, cartels and bid rigging. However, it does not apply to certain sectors such as securities, telecommunications and banking.

The Fair Trading Commission has authority to: (i) promote and maintain effective competition; (ii) ensure that all legitimate business enterprises have an equal opportunity to participate in the economy; (iii) prevent anti-competitive conduct; (iv) take action against anti-competitive practices. The powers of the commission include the power (i) to carry out investigations, (ii) to summon and examine witnesses, (iii) to call for and require the production of and examination of documents and (iv) to direct any business to take certain measures steps to rectify certain situations. The commission also has powers to take any business or individual to court for anti-competitive practices.

According to the TTFTC, as of 2018, only those parts of the act addressing the establishment, powers and functions of the Fair Trading Commission have been implemented, which includes the appointment of commissioners and other key staff. Given this state of affairs, no cases have been reported by the TTFTC at the time of this writing (Jan. 2019). According to the Global Competitiveness Index 2017 to 2018, Trinidad and Tobago ranked 65 out of 140 countries in intensity of local competition, 105th in the extent of market dominance and 117th in the effectiveness of anti-monopoly policy.

Foreign trade is widely liberalized, with uniform, low tariffs and few non-tariff barriers.

Most trade barriers have been eliminated, with only a small number of products requiring import licenses or subject to import surcharges; a VAT of 12.5% is imposed on dutiable goods. Apart from basing its relative wealth on energy exports – which make up about 40% of GDP – Trinidad and Tobago is also the world's largest exporter of ammonia and methanol and the sixth largest exporter of liquefied natural gas.

Trinidad and Tobago has signed several free trade agreements that have facilitated increasing liberalization of the economy, including the CARIFORUM – EU Economic Partnership Agreement in 2008. Trinidad and Tobago is a member of CARIFORUM. Trinidad and Tobago has also signed free trade agreements with Cuba, Dominican Republic, Venezuela, Panama, Colombia, Guatemala, El Salvador and Costa Rica. The removal of non-tariff barriers (technical barriers to trade) has

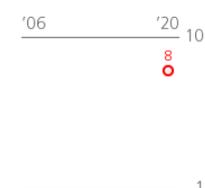
Competition policy

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Liberalization of foreign trade

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been ongoing in the Caribbean Community (CARICOM) (Trinidad and Tobago is a member state) to meet the requirements of the Agreement on Technical Barriers to Trade and fulfill WTO commitments. Liberalization of the economy is further facilitated via the CARICOM Single Market and Economy (CSME). The CSME seeks to implement free movement of goods, people, services and capital within CARICOM, though this effort has stagnated for years.

The banking system is solid, considered well-capitalized and profitable, and oriented toward international standards with functional banking supervision and minimum capital equity requirements. Capital markets are open to domestic and foreign capital with sufficient resilience to cope with sudden stops and capital flow reversals. According to the IMF (September 2018), non-performing loans-to-gross loans decreased from 5.3% in 2012 to 2.9% in 2017. The regulatory capital to risk-weighted assets diminished slightly from 24.6% in 2012 to 21.0% in 2017.

While the financial system remained stable through the deep recession that began in 2015, vulnerabilities remain. The IMF notes some signs of weakening in asset quality and robust growth in private sector credit in 2018 from banks and non-banks, high gross indebtedness of the household sector (35.5% of GDP), high sovereign exposure (more than 20% of banking sector assets) and equity exposures in subsidiaries and affiliates (42% in the region). The IMF also warns that an increasingly complex and interconnected financial system within and across borders, cross-border presence of banks and insurance companies, and gaps in the oversight framework for credit unions and mutual funds call for careful monitoring of systemic risks.

In 2018, the insurance bill was enacted, aiming to equip the central bank with the powers required to more effectively supervise and regulate the sector and protect the interests of policyholders. Moreover, the implementation of Basel II/III continues to be a key strategic priority for the central bank to enhance the robustness of the capital framework for licensees and financial holding companies. A further weakness is the country's anti-money-laundering deficiencies, which keep it on the Financial Action Task Force (FATF) list of jurisdictions with strategic deficiencies, also implying potential fallout for financial institutions.

Banking system

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8 | Monetary and fiscal stability

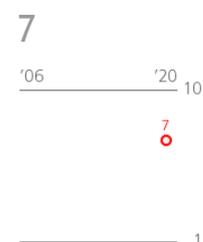
Monetary stability is a recognized objective of economic policy, but has not been consistently pursued. The central bank (CBTT) is largely independent, but at times compromised due to political influence. Its mandate is “the promotion of such monetary, credit and exchange policies as would foster monetary and financial stability and public confidence and be favorable to the economy of Trinidad and Tobago.”

In the course of economic deceleration and weak aggregate demand since 2015, headline inflation fell from 5.7% to a historic low of 1.9% in 2017. The CBTT does not explicitly target inflation and has not historically set its policy rates in response to inflation. The bank has a mandate to “maintain, influence and regulate the volume and conditions of the supply of credit and currency’ and to “maintain monetary stability, control and protect the external value of the monetary unit.” Between 2009 and 2014, the CBTT gradually cut its policy rate despite double-digit inflation as it instead focused on supporting lending growth. Since 2014, the bank has maintained a cycle of interest rate increases to prevent capital flight and to protect the Trinidadian dollar (TTD) against the background of low oil prices and interest rate hikes by the U.S. Federal Reserve.

The Trinidadian dollar has considerably depreciated over the past several years. The real effective exchange rate (base 2010) was 117.1 in 2014 and – after a hike in 2015, 129.7 – reaching 125.3 in 2017. Following a liberalization of the foreign exchange market to remove exchange controls in 1993, Trinidad and Tobago adopted a de jure floating exchange rate regime with the value of the Trinidadian dollar determined in response to changes in supply and demand conditions in the foreign exchange market and the intervention policy of the bank. According to its homepage, the CBTT labels its foreign exchange system as a managed float and intervenes in the foreign exchange market to contain undue volatility in the exchange rate, assessing a number of variables including current economic conditions, competitiveness of the exchange rate, short-term imbalances and the level of international reserves. The IMF classifies the exchange rate as a stabilized arrangement, as the CBTT applies restrictions to the exchange rate by restricting the maximum market buy and sell rates and prohibiting foreign exchange transactions above the maximum rates. While the IMF suggests the introduction of stronger market elements, the CBTT is cautious about the possible effects on inflation.

In recent years, the bank has devalued the TTD only slightly, despite the substantial decline in energy prices, which significantly reduced the inflow of hard currency. Although this has helped to keep inflation moderate, it is likely to have had a significant negative impact on economic activity.

Monetary stability



The government's budgetary policies generally promote fiscal stability, but are prone to ad hoc permissive policy changes. The government's announced fiscal policies in the annual national budget are subject to variation halfway through the year when the minister of finance conducts his mid-year review. This can lead to the announcement of new fiscal policy measures and a variation of appropriation or a supplementary appropriation being approved by parliament.

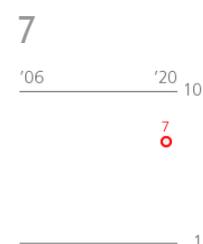
Trinidad and Tobago is dependent on its energy export sector and thus on international gas and oil prizes. To buffer possible oscillations, the country instituted the Heritage and Stabilization Fund (HSF, replacing the former the Revenue Stabilization Fund in 2007), a resource-revenue fund to mitigate the impact of revenue losses due to falls in the prices of oil or natural gas and to help maintain expenditures during these periods. According to the IMF, the HSF has well-defined objectives, a sound governance structure and a relatively conservative investment portfolio.

Confronted with shrinking revenues during the review period, the government continued its fiscal consolidation efforts through spending cuts. However, public gross debt continued to rise from 40.4% of GDP in 2014 to 57.6% in 2016 to 60.9% in 2017, thus approaching the government's soft target of 65% of GDP. In its 2018 report, the IMF concludes that the country's external position has been weaker than the level consistent with medium-term fundamentals and desirable policies, though gross international reserves would provide significant financial buffers, along with the HSF whose assets remained stable at about 25% of GDP. While the government succeeded in reducing expenditures significantly by 2.2% of GDP through spending cuts, lower revenues due to the economic slowdown in the non-energy sector and increased interest payments had a negative impact. The central government's overall balance continued to be strongly negative at -12.0% in 2016 and -11.0% in 2017, though with a more positive outlook, due to rising energy prizes.

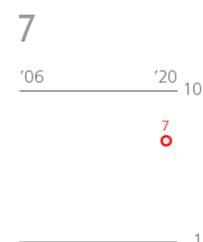
9 | Private Property

Property rights and regulations on acquisition, benefits, use and sale are well-defined, but occasionally there are problems with implementation and enforcement. The judicial system is largely independent, seen as competent and generally fair. However, there are huge backlogs and a low level of court specialization, making the resolution of legal claims time-consuming. The 2018 Doing Business Report ranks Trinidad and Tobago 174 out of 190 countries for enforcing contracts due to the length of time required to resolve a dispute (1,340 days) and 158th concerning registering property. According to U.S. government information, there is no court or division that deals exclusively with commercial cases. The Industrial Court deals exclusively with cases relating to labor practices. A further problem results from the dual system of land titles, the Old "English" Law or Common Law Title System

Fiscal stability



Property rights



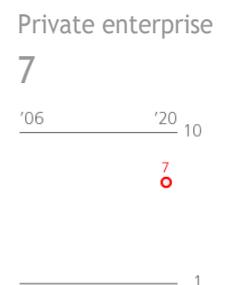
governed by the Conveyancing and Law of Property Act and the registered land title system governed by the Real Property Act of 1946. For various reasons, about 75%–80% of land remains under the more complicated Common Law System, which is seen as unreliable for recording secured interests.

The legal framework for protecting intellectual property rights is considered strong, but suffers from weak enforcement, due to – among other problems – to the police’s dominant focus on drugs and gangs.

Private companies are viewed institutionally as important engines for economic production, but are sometimes insufficiently protected by existing legal safeguards. Overall, it has become more difficult to do business in Trinidad and Tobago. According to the 2019 Doing Business scores, the country is ranked 105 out of 190 economies. Trinidad and Tobago’s rank declined from 63rd in 2012 and 102nd in 2017.

According to the IMF, public bodies – comprised of about 110 state-owned enterprises (SOEs) and statutory bodies (SBs) – play a significant role in the economy and operate in the gas and oil industry, infrastructure development, banking and financial services, manufacturing, transport and communication, training, tourism, agriculture, information technology and the provision of social services. According to U.S. government information, private enterprises have the same access to financing as SOEs, while SOEs are subject to the same tax burden and tax rebate policies as their private-sector competitors. They are also subject to hard budget constraints under the law and these are enforced through the allocations that are disbursed on a quarterly basis.

In addition, public-private partnerships (PPP) are increasingly encouraged to involve private, especially foreign investment in state enterprises with the explicit aim of further reducing capital expenditures and waste, improving infrastructure services and expanding the resources and professional expertise used to develop and implement national development projects. According to the Ministry of Planning and Development, as of January 2019, the Caribbean Development Bank identified seven projects in Trinidad and Tobago that are in advanced stages of PPP implementation, including the Tobago Airport, the Tobago Cancer Care Center, Tobago’s Low Income Housing Projects, the new wing of the Port of Spain General Hospital, wind and solar power production projects, the integrated solid waste system and the Waste to Energy Project.



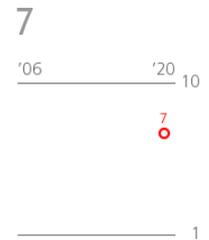
10 | Welfare Regime

Social safety nets are well developed, but do not cover all risks for all segments of the population. In principle, the system is rather comprehensive and combines social insurance and mandatory occupational and social assistance systems for pensions and health. The Pensions Act of 1934 (last amended in 2015) regulates pensions, gratuities and other allowances to be granted to public service officers in Trinidad and Tobago. Health care is provided free of charge to everyone, including non-nationals. Health centers, district health facilities and hospitals provide different services and levels of care. However, there are widespread complaints that treatment at public health institutions is slow and the institutions are poor and overburdened. Many people therefore opt for private health care.

Legislation affecting the working population includes the Minimum Wage Act, the Occupational Health and Safety Act, the Workmen's Compensation Act and the Maternity Protection Act. There is no unemployment insurance, but job-seekers receive assistance in finding a new job. The health and safety regulations controlled by the Occupational Safety and Health Agency (OSHA) apply to all workers, regardless of nationality.

The role of the state in providing welfare to senior citizens has increased both in terms of value and its real share of the actual national budget. In its review of the Social Sector Investment Program 2017, the government lists approximately 100 social programs and support of more than 100 NGOs that provide economic and social support to citizens in need. However, approximately 16.7% of the population lives in poverty. The government recognized the need for a social mitigation plan to address the negative social impacts of the economic downturn that began in 2015, particularly because of the large role the energy sector plays in the country's ability to provide welfare. The National Social Mitigation Plan 2017 to 2022 focuses on seven main welfare issues (including unemployment/basic needs, health, education and poverty prevention). The government has embarked on an attempt to remove corrupt practices associated with the national Food Card system. People not in need are being removed from the Food Card register.

Social safety nets



Equal opportunity is largely achieved. Women and members of ethnic, religious and other groups have near-equal access to education, public office and employment. There are a number of legal provisions against discrimination, although their implementation is at times insufficient. The legal framework for equal opportunity is provided by the Equal Opportunity Act of 2000 (amended in 2001), instituting the Equal Opportunity Commission aimed at eliminating discrimination, promoting equality of opportunity and good relations between persons from different ethnic and religious backgrounds. However, this legislation has not resulted in shifts toward a more equitable access among ethnic groups to the economic resources of the country such as ownership of land and business.

In Trinidad and Tobago, 30.1% of parliamentary seats are held by women, and 74.4% of adult women have reached at least a secondary level of education compared to 69.1% of their male counterparts. For every 100,000 live births, 63 women die from pregnancy-related causes. The adolescent birth rate is 30.1 births per 1,000 teenagers aged 15 to 19. Female participation in the labor market is 51.0% compared to 73.7% for men.

In a National Survey On Public Perception Of Equality and Discrimination in Trinidad and Tobago, conducted by the Equal Opportunity Commission, the core finding was that “of those surveyed, 92% of respondents believed discrimination is a problem in Trinidad and Tobago with 57% defining it as a “very big problem” and 35% defining it as “somewhat a problem.” Of the 14 types of discrimination listed in the survey questionnaire, discrimination based on ethnicity/race was perceived to be the most prevalent form of discrimination. This was followed by discrimination based on political views or class status. Respondents also confirmed that discrimination based on educational level, sexual orientation and HIV/AIDS status played a role.

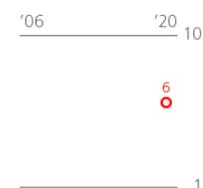
11 | Economic Performance

Trinidad and Tobago has been slowly recovering from a deep recession that began in 2015. In 2017, the economy continued to contract, albeit at a slower pace, given increased gas production, while lethargic activity in construction, financial services and international trade, accompanied by foreign exchange shortages and weak investor confidence and public investment dampened growth outside the energy sector.

GDP per capita (PPP) is still the highest in the region at \$31,578, comparable to Estonia and Slovakia, though slightly down since 2015. Real GDP declined by 6.1% in 2016 and 2.6% in 2017. Output in the energy sector rose by 1.1% in 2017, while a decline in the non-energy sector (3.6%) continued, though it was less severe than in 2015 and 2016. Conditions in the labor market worsened in 2017: the unemployment rate increased to 4.9% in 2017, up from 4.1% in 2016 and 3.4% in 2015.

Equal opportunity

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Output strength

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Domestic inflation declined in 2017. Headline inflation averaged 1.9% in 2017 (the lowest level on record), down from 3.1% in 2016 and 4.7% in 2015. The overall fiscal deficit rose to \$12.6 billion (8.5% of GDP) from \$8.0 billion in the period from 2016 to 2017. Non-energy revenues fell 17.9%, mainly because of lower non-tax revenue and capital revenues. Nevertheless, there has been progress in fiscal consolidation through spending cuts. Total public debt was 62.8% in 2017, compared to 60.1% in 2016 and 68.4% in 2015.

While the country's external position remains weakened, given the fall in trade and foreign exchange shortages, international reserves and the Heritage and Stabilization Fund continue to provide financial buffers. Gross official reserves amounted to \$8,369.8 million at the end of December 2017, equivalent to 9.7 months of prospective import cover, a reduction from 10.5 months in 2016 and 11.8 months in 2015.

12 | Sustainability

Environmental concerns have been taken into account through the National Environment Policy (NEP). Regulations are partly in place, but adherence to them is determined by growth efforts and enforcement is spotty. Yet, the government is aware of the environmental situation and challenges and what measures to take.

The government's own draft report in 2017 made clear it was facing challenges implementing the NEP. This was also apparent from the Complaints Database at the Environmental Management Authority (EMA). The government admits that "environmental management in the country is not keeping pace with development." The environment in Trinidad and Tobago is progressively deteriorating as a result of human development patterns, while counteractive measures are not keeping pace with the rate of expansion and development.

The first NEP of 1998 has been revised over the years to keep up with ongoing developments. The current version is from 2006. Additionally, there are several related policies in place: the Draft National Wildlife Policy, the National Tourism Policy, the National Climate Change Policy, the National Protected Areas Policy, the National Forest Policy, the National Biodiversity Strategy & Action Plan and the National Policy and Programs on Wetland Conservation for T&T 2002.

Although the government seeks to enforce some laws, such to protect wildlife, building codes are not well enforced. The country faced severe flooding toward the end of last year that stemmed from poor garbage disposal, indiscriminate littering and dumping of garbage (including large appliances) in rivers and a general lack of concern for the environment. The other contributor to the massive flooding was indiscriminate construction in flood-prone areas (including near rivers) and hillsides, making the areas more vulnerable to flooding and landslides.

Environmental
policy

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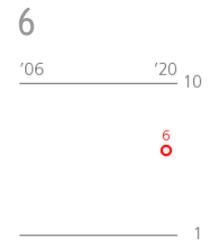
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The country's education policy ensures a nationwide system of sound education and training, though the research and technology sector is not advanced. In the U.N. Education Index for 2017, Trinidad and Tobago ranks 36 (out of 133 BTI countries considered) and sixth in the region, ahead of Costa Rica, with a score of 0.722. No official data on the literacy rate for Trinidad and Tobago is available; it is estimated at 99%.

Public expenditure on education – as a share of total government expenditures – increased from about 7% in 2012 to about 10% in 2015 to 2017 – there are no current data as to percentage of GDP. There are problems with the quality of education. Besides gender disparities in the education system (with female enrollment and educational attainment exceeding that of males), there is a persistent brain drain despite improvements in the provision of tertiary education. There are insufficient research centers and systems in place for graduates with science and technology skills to continue working in the sector and to keep pace with advances in technology. Trinidad and Tobago continuously plays catch-up with regard to new, changing technologies that increasingly drive international trade and development, ultimately making it more difficult to be globally competitive. The most recent data available (2014) show that expenditure in R&D is negligible at 0.1% of GDP.

Education policy /
R&D



Governance

I. Level of Difficulty

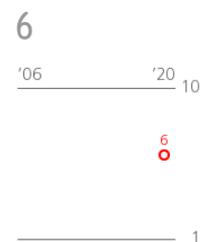
The structural constraints on governance are moderate. Some existing structural factors affecting the ability of the government to govern include its geographic location close to Venezuela and between cocaine-producing South America and consumers in North America and Europe, leading to its susceptibility to serve as a corridor for the gun and drug trades. Tremendous resources are needed protect its coastline borders. The country consists of two islands, which also poses challenges to the government in managing climate risks. There is an estimated HIV/AIDS rate of 1.2% among adults (2016).

Trinidad and Tobago is dependent on oil and gas exports, and thus exposed to prize volatilities on world energy markets.

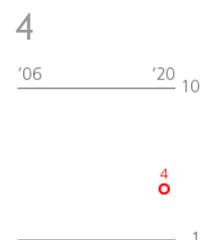
Traditions of civil society are fairly strong. The presence of a wide range of civil society groups provides an effective backdrop for public debate. Civil society organizations are entrenched in Trinidad and Tobago's society. There are a variety of civic groups created to meet specific needs at the community and national levels. They also serve as liaisons between the public and private sectors, individuals and communities. They work in alleviating poverty, providing support to sickly and impoverished children, aiding women's empowerment, promoting gender equality and justice.

Radical political actors have limited success in mobilizing along existing cleavages. Society and the political elite, however, are divided along social, ethnic or religious lines. There were major violent incidents in 1970 as part of the Black Power Revolution. Today, Trinidad and Tobago has no violent incidents based on ethnic and religious differences but there are tensions and struggles that sometimes play out in the press or on social media.

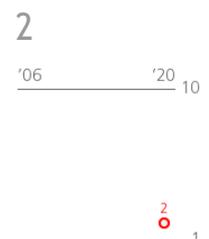
Structural constraints



Civil society traditions



Conflict intensity



II. Governance Performance

14 | Steering Capability

The government sets long-term strategic priorities, but sometimes postpones them in favor of short-term political benefits. It shows deficits in prioritizing and organizing policy measures. This arises in part due to the five-year or shorter cycle of terms of office. The system of government is not consensual, but rather majoritarian.

In a multi-racial, multireligious and multicultural society like Trinidad and Tobago, this majoritarian system, which fosters a “winner-takes-all” mentality, is incompatible with long-term policy implementation because of an absence of national consensus on what is best for the country. Elections are always important for all parties.

Elected in 2015, Prime Minister Rowley devised Vision 2030 as a strategic plan for 2016 to 2030 based on the SDGs 2030 Development Agenda. Vision 2030 builds on the previous Vision 2020, adding new topics such as climate change and renewable energy. For 2017 to 2019, the government has a well thought out strategic plan. It aims at providing an orderly long-term development process, inclusive of the SDGs. Trinidad and Tobago’s approach to implementation of the 2030 Global Development Agenda will begin with the unfinished business of the Millennium Development Goals (MDGs), in areas such as maternal mortality, where the country has already made great strides, containment of HIV/AIDS and reducing the incidence of non-communicable diseases (NCDs).

The government certainly has the financial capacity and human capital to “prioritize and organize its policy measures.” At the same time, there is a culture and tradition of inefficiency in government institutions. Changes can take place, but it takes a very long period of time.

The government fails to implement some of its policies because of its inability to obtain special majorities to support legislation. This is due to the absence of political consensus or trade union resistance because of disagreement over a policy’s approach or because of failed negotiations with other entities. In addition, there is a lack of administrative capacity, from oversight, accountability and the autonomy of the independent institutions to public sector performance management, capacity-building and devolution of certain powers of the central government. In principle, the Ministry of Planning and Development is responsible for monitoring the implementation of Vision 2030, but it has not published any reports on its work to date.

A classic example of a failed policy is the government’s highly touted intention in 2016 to develop a place called No Man’s Land in Tobago into a Sandals Resort. This

Question
Score

Prioritization

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Implementation

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attracted a fair amount of discussion and became the subject of a court matter involving the government and a civil society activist, who took the government to court to extract from it the Memorandum of Understanding (MOU) that it signed with Sandals Resorts. On the day before the judge was due to rule in the matter in November 2018, the government provided the MOU. That created more controversy once the contents were revealed.

By January 2019, Sandals announced that it was pulling out of the agreement, citing “adverse publicity” as its reason. This was a policy failure for the government.

The government sought to bring an end to “child marriages” by presenting a marriage bill to parliament that required a three-fifths majority. It started in the Senate where the government does not have a special majority. The government depended on independent senators to deliver that majority and they did.

However, the government removed the three-fifths majority requirement during the bill’s committee stage and passed it with a simple-majority requirement on January 17, 2017. The opposition publicly protested. However, when the bill came to the House of Representatives, the opposition supported it there. On June 9, 2017, it was enacted. This was a policy success for the government.

The government demonstrates a general ability for policy learning, but its flexibility is limited. Learning processes inconsistently affect the routines and the knowledge foundation on which policies are based.

For example, the controversial Income Tax (Amendment) bill 2018 was passed in the House of Representatives on November 30, 2018, after the government deleted all of the clauses that required opposition support to attain a three-fifths majority. The government argued that it had to pass the bill by that date in order to prevent Trinidad and Tobago from being blacklisted by international financial institutions. The opposition argued that that was not the date, no blacklisting would take place and the bill could go to a joint select committee. The bill without the special majority clauses was passed in the Senate on December 4, 2018 with the needed simple-majority requirement. The government had argued that the country’s financial system would be threatened by any delay in passing a bill that would meet the demands of The Global Forum. However, the opposition argued the bill constituted an overreach on the part of the government that would threaten citizens’ constitutional rights by exposing their private income tax information. The reality is that the country has not had its financial system threatened with the enactment of the watered-down version of the bill.

A positive sign has been that the Ministry of Planning and Development will produce a new National Performance Framework (NPF) in keeping with the National Development Goals and the SDGs. Each ministry and department will be required to produce ministry-level performance frameworks (MPF) that are aligned the NPF.

Policy learning

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15 | Resource Efficiency

The government makes efficient use of most of the available human, financial and organizational resources. The issue of efficient use of government resources usually has a marker in annual reports from the auditor-general and the ombudsman. In terms of strict accounting, most public money is usually used in a proper manner. However, there are always debates about value for money. This can be seen in parliament's Public Accounts Committee reports. Since 2014, annual estimates are subject to public review in the House of Representatives with the government answering questions from the opposition about heads of expenditure. The ombudsman's reports reveal the extent to which the state is guilty of misadministration in relation. It is obvious that there are challenges associated with "efficient use" of resources. The 2018 report recorded human resources deficit especially in the public health sector.

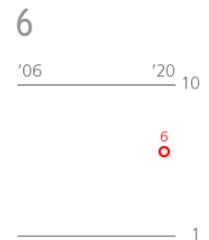
Concerning the use of budget resources, the picture is rather mixed. Since the 2015 crisis, there has been an ongoing large fiscal deficit and public debt has grown tremendously (though it is still manageable). The state's fiscal situation is buffered by the Heritage and Stabilization Fund (HSF, replacing the Revenue Stabilization Fund in 2007). The HSF has well-defined objectives, a sound governance structure and a relatively conservative investment portfolio.

The bureaucracy is established along the lines of the British colonial tradition, a career civil service that is appointed, promoted, transferred and disciplined by an independent Public Service Commission. However, the length of time needed to take action and the availability of funding to fill positions, when coupled with protracted wage negotiations, have tended to compromise efficiency. According to an Inter-American Development Bank 2018 study on state capacity in Trinidad and Tobago, the country received 42 points out of 100 in civil service development, scoring especially low in structural consistency and functional capacity, but extraordinarily high in merit (80 points).

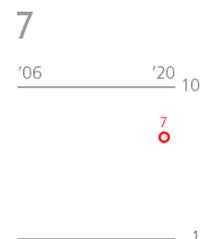
The government tries to coordinate conflicting objectives, but friction, redundancies and gaps in task assignments are significant.

The source of the friction comes from the structure of the political system itself, which cannot embrace a consensual approach to politics because a philosophy of majoritarianism is ingrained in the psyche of the dominant political party (the PNM), which has held power for 40 of the 57 years since independence. While political transitions have been smooth, when the PNM is in opposition, it has been far fiercer than the UNC. The former views itself as the natural party of government, whereas the UNC has been accustomed to being the party of opposition when its predecessors, the ULF and the DLP, are added to the equation.

Efficient use of assets



Policy coordination



There was consensus on the passage of the Foreign Account Tax Compliance Act (FATCA) bill in 2017 when both the government and opposition members of parliament supported legislation that required local financial institutions to report to the United States Internal Revenue Service all the financial information of United States citizens in the country. There were divided views on this from September 2016 until the eventual passage of the legislation in March 2017, after a Joint Select Committee of parliament considered the legislation. There were conflicting views between the government and the opposition over the Anti-Gang Act 2017, which was defeated in December 2017. However, the legislation was revived in 2018 and passed after the government acceded to the opposition's request for a sunset clause. The government initially wanted four years and the opposition wanted two years. The bill was eventually passed in May 2018 with a two-year sunset clause and enacted the same month.

The government has been faced with internal conflicts that it has dealt with using dismissals. One example was the firing and rehiring of cabinet members, like Marlene MacDonald. She was dismissed as minister of housing and urban development in 2016 due to an Integrity Commission investigation and fired again in July 2017 from her post as minister of public utilities, but in March 2018 appointed again as minister of the Ministry of Public Administration and Communications.

The government is only partly willing and able to contain corruption. The few integrity mechanisms implemented are mostly ineffective.

There is an Integrity Commission that receives statements on the assets, liabilities and income of a wide range of public officials. The commission was conceived in the 1976 constitution, but not activated until 1987. In 2000, there were amendments to its powers and functions as well as an increase in the number of officials. However, it remains one of the most ineffective institutions in the country. There are allegations of corruption against a large number of public officials, while the commission takes little action.

Every year, the commission publishes a list of people who have not shared their returns with the commission, which goes back several years. It is a policy of public shaming, but there are no adverse prosecutorial outcomes for anyone whose name appears on the list.

There is no party financing legislation so the connection between party donors and policy outcomes remains an area of darkness.

The Freedom of Information Act (FOIA) aims to ensure public access to information on government activities. Formally, any citizen or non-national can request a copy of any document from a public authority, such as a government ministry, department or statutory body. Though some public authorities and documents are exempt from the act, even exempted documents can be released when it is in the public's interest to

Anti-corruption
policy

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do so. Finally, citizens can apply for access to official documents or to review their personal information held by any public authority. In practice, however, government bodies seem reluctant to provide information. Time for responses to FOIA requests has often been longer than the prescribed period, and several state agencies have refused to disclose information for reasons of alleged confidentiality.

16 | Consensus-Building

All major political actors agree on consolidating democracy. But at times, there is significant controversy over strategic priorities. Even though there are disagreements about the level or degree to which democracy is practiced, there are no disagreements about whether or not democracy should be the norm. Even when there is wrongdoing, it is never because the parties do not agree on democratic norms.

Both political parties have called for constitutional reform, though nothing has been implemented, despite public statements. The PNM administration of the late Prime Minister Patrick Manning (2002–2010) placed emphasis on constitutional reform and wanted to move from a parliamentary system to an executive presidency.

A working document was presented the House of Representatives in 2009 and public consultations were held between October 2009 and April 2010. Parliament was dissolved in April 2010 and there was a change of government in May 2010. The proposals were never implemented.

The People's Partnership government undertook constitutional reform with a Constitution Commission in 2013 and constitution reform legislation in 2014. That legislation sought to introduce (i) term limits for the prime minister, (ii) the right of constituents to recall their members of parliament and (iii) the introduction of a second ballot system to replace the first past-the-post electoral system. That legislation was passed with amendments in the Senate in September 2014. The Senate's amendments were never brought for ratification to the House of Representatives by the time parliament was dissolved in June 2015.

There is a general consensus on stabilizing and reforming the market economy, but some controversy over strategic priorities persists. Recent market economy reforms have largely been driven by IMF reform packages. Both sides have a policy approach that favors a market economy, but their electoral rhetoric suggests otherwise.

The market economy is generally accepted as a norm, not necessarily because actors believe this is how the economy should be managed, but because they operate in an interdependent world in which a neoliberal framework is the prevailing model. Therefore, they embrace it to engage and participate effectively in the global economy. Many firms would opt out of market competition if they had a choice.

Consensus on goals

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The PNM have a guiding policy document called “The Chaguaramas Declaration” that was enacted in 1970. It calls for state control of the economy. However, in August 2018, the PNM government announced that it was closing the Petrotrin refinery and introduced a few new companies to handle different aspects of what Petrotrin previously did. The effects of that market-driven policy cannot yet be assessed as the refinery was only closed on November 30, 2018.

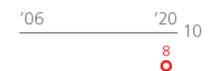
The People’s Partnership government embarked on a policy of divesting the state’s shares from First Citizens Bank (FCB). This ended in controversy. Not all employees of the bank took up the offer and a senior bank official acquired those shares for himself, which caused tremendous controversy and was the subject of an investigation by the Securities and Exchange Commission in 2014. To this day, no one knows what the outcome of that investigation was and where the report has gone.

Currently, there are no influential anti-democratic actors that can use their influence to severely disrupt the democratic process, with the one exception of the role of money and money-laundering. There have been many calls for campaign finance reform in order to limit the influence of money on politicians and policy outcomes. If this is not done speedily and effectively, there is the threat of money from criminal activities funding elections by virtue of the high level of criminal activities and corruption in the country.

The main cleavages in society are socioeconomic and ethnic divides, with religious cleavages playing a minor role. Overall, the political leadership prevents cleavage-based conflicts from escalating. However, it is apparent that the leaders of both major parties encourage cleavage-based conflicts at times. It has been well reported in the media and elsewhere that both major political parties use race to appeal to their bases, which consist of particular ethnic groups. For example, Kamla Persad-Bissessar, leader of the opposition, appealed to Afro-Trinidadians to “blank” the PNM. In response, Prime Minister Keith Rowley asked her to show him what she has done for black people in Trinidad. The rhetorical discord continues, but the potential conflicts do not escalate. In addition, the society is politically conscious and fully aware of these political strategies. Notwithstanding, this is something the country should watch because conflicts could erupt if continuously fed.

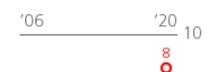
Anti-democratic actors

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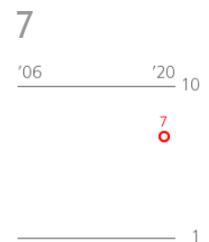
Cleavage / conflict management

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The political leadership permits civil society participation. It takes into account and accommodates the interests of most civil society actors. For example, government ministers frequently receive delegations from civil society groups to engage in discussions about policy matters. This is an approach used by governments on both sides of the political divide and is entrenched in the political culture. Additionally, since 2014, when the Standing Orders of Parliament were changed, there have been enhanced opportunities for parliamentary committees to hear from civil society groups about different aspects of national life. Enhancing the role of parliamentary committees in this way has been a positive development in the way that civil society is engaged in policy matters.

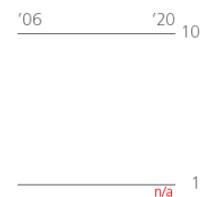
Civil society participation



In 2011, the government approved the establishment of a Non-Governmental Organization (NGO) Unit aimed at coordination between the Ministry of Social Development and Family Services (MSDFS) and organizations involved in the delivery of social services to communities across Trinidad and Tobago (addressing poverty, gender equality, access to education and human rights issues).

There have been no injustices equivalent to what people have suffered under military dictatorships or one-party dictatorships in other countries.

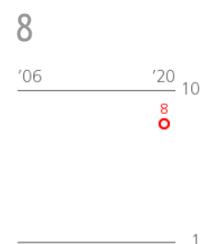
Reconciliation
n/a



17 | International Cooperation

The political leadership makes well-focused use of international assistance in order to implement its development strategy outlined in Vision 2030, the long-term strategic plan of the PNM administration.

Effective use of support



Trinidad and Tobago is now categorized a high-income country by the World Bank, which means that it has graduated from receiving official development assistance (ODA). However, it received STAR (System for Transparent Allocation of Resources) support for biodiversity, climate change and land degradation. Trinidad and Tobago also received funding under the 11th European Development Fund (2014–2020). Both have tight and strict implementation and reporting procedures, which help to properly target and focus its use toward development. In addition, Trinidad and Tobago has received European Development Fund (EDF) funding since 1975 under the Lomé Conventions within the Countries of Africa, Caribbean and the Pacific (ACP) framework. The above, concerning strict procedures, also applies to international financial institutions loans, which are conditional on adoption of market-oriented reforms.

For the most part, the government acts as a credible and reliable partner. It shows notable engagement in international cooperation efforts. Its reliability in observing international commitments has been high regardless of which party or coalition is in power.

In 2016, Trinidad and Tobago signed the Paris climate accord in a special signing ceremony at the United Nations in New York City. This is a major treaty commitment. Honoring its demands will be a true test of the government's commitment to the international community. Trinidad and Tobago deposited its instrument of ratification for the Paris Agreement in 2018.

Trinidad and Tobago was a major player in the Arms Trade Treaty negotiations, hence their bid for the secretariat that they lost by only one vote to Switzerland. In general, Trinidad and Tobago has a good reputation for international cooperation. An example is Trinidad and Tobago's statement in relation to the Treaty on the Prohibition of Nuclear Weapons.

The current administration is also exemplary in the area of CARICOM cooperation. Prime Minister Keith Rowley welcomed Dominicans to stay in Trinidad for up to six months while the country was rebuilding after Hurricane Maria and gave five million dollars to the Dominican Republic in aid, continuing its general support of CARICOM states in times of disaster.

The political leadership cooperates with many neighboring states and complies with rules set by regional and international organizations. Trinidad is the leading country (economically and diplomatically) in CARICOM. Among others, the Rowley administration was very responsive to hurricane relief efforts. Hurricanes were a persistent problem in the region in 2018. During the previous PNM Administration, Prime Minister Manning was perceived to be anti-CARICOM because he expressed interest in joining the Organization of Eastern Caribbean States (OECS). However, this could also be interpreted to imply that he was in favor of regional integration, as the OECS has been a more successful and well-functioning regional arrangement than CARICOM.

There has been disagreement between the government and the opposition over recognition of the Maduro regime in neighboring Venezuela in January 2019. The government clung to a doctrine of non-interference in the affairs of other countries, while the opposition recognized Juan Guaidó as the legitimate president of Venezuela. The government publicly attacked the Secretary-General of the Organization of American States (OAS) for his statements recognizing Guaidó. CARICOM countries took different positions on the issue, while CARICOM as an organization attempted to participate in the Montevideo Mechanism on the Venezuela issue. As the situation continues to deteriorate in Venezuela, the government has taken the lead in attempting to drive CARICOM in a direction of seeking mediation between the contesting parties in Venezuela.

Credibility

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Regional cooperation

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Strategic Outlook

The actions of the government and developments in the economy are in keeping with trends of economic globalization and the gradual embracing of a market-based economy. The closing down of Caroni Ltd in 2003 and now of Petrotrin are manifestations of this trend away from previous state-centric and protectionist models for managing the economy. A quest for greater efficiency and profits are at the heart of the shutdown; the government is not willing to inject money into a state-owned company that is not economically viable, even if there is an adverse impact on the lives of thousands of workers. Among the main tasks the government continues to face – even more so in the current period – is how to cushion the effects of economic restructuring and protect people's livelihoods. In other words, the government has to find innovative ways to ensure that the market economy approach is modified to incorporate the principles justice, equity and fairness.

Another challenge the government faces in this period is the continuing high incidence of crime and corruption. These two are interrelated and both affect democratic and economic processes. Corruption and crime subvert democracy, obstruct justice, channel money away from development and discourage investments. Nepotism, favoritism and bribery block equal and equitable access to services among the population, all of which hinder the government's efforts to transform society. The decision to privatize Petrotrin is a good strategic move and a step in the right direction. However, the government has to do more to address corruption and white-collar crime in general more seriously than it does at present. The extent to which the government is able to enforce the Civil Asset Recovery and Management and Unexplained Wealth legislation would be significant in this regard.

Trinidad and Tobago also faces a large influx of migrants from Venezuela. If not managed properly, this will negatively affect the economy and governance. Poor management could mean an extra burden on the country's economic resources and additional criminal elements. If managed properly, Trinidad and Tobago can turn what could be potentially devastating for the economy and polity into a huge opportunity. The government should look beyond merely providing for the migrants to – in the long-term – using their talents and skills for the further transformation of the country. This is another significant challenge the government faces at this time. This task will necessarily involve a collaboration of international, regional and national state and non-actors.

The presence of religious radical elements is a development the government needs to monitor and address. Like corruption and crime, this could adversely affect investments coming or remaining in the country. It also poses the threat that IS recruits could radicalize others or initiate new radical projects at the national or regional level upon their return. This too could lead to subversion of the state and democratic processes. Programs for prevention, rehabilitation and reintegration are essential at this juncture.

Finally, even if racial tensions have not resulted in violence, favoritism, nepotism and corruption are sometimes linked to race and ethnicity, which inhibits democracy and free and fair economic processes. The government faces the task of resolving racial tensions and conflict and forging a more ethnically cohesive society. In the past, it made efforts to create equal access to education through the Government Assistance for Tuition Expenses Program (GATE). But it needs to improve in other areas such as the distribution of economic wealth of the country. Equal access to the conventional education system does not automatically translate into ownership of economic resources. What to do and how to achieve this should be included in long-term strategic planning.