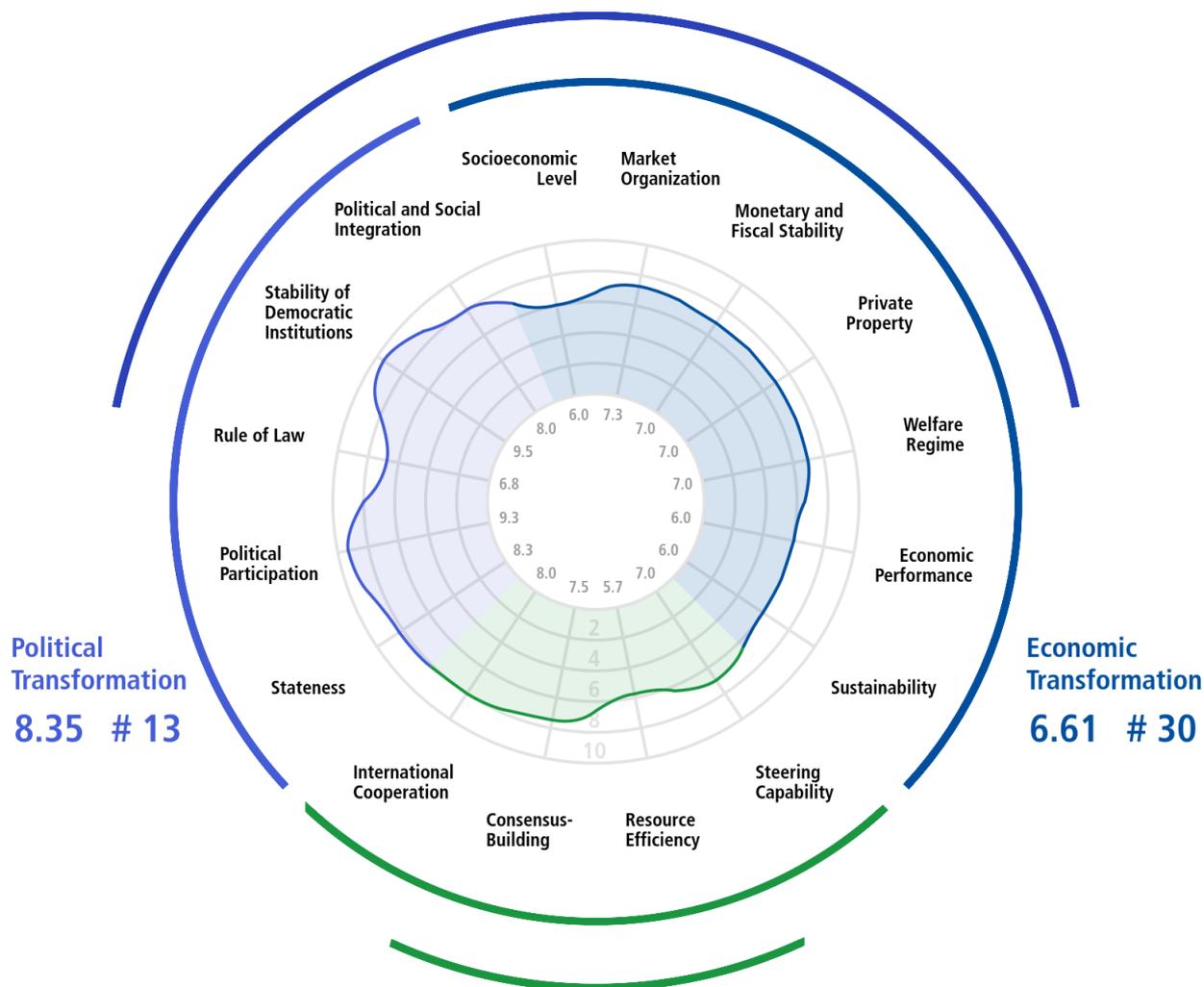


Trinidad and Tobago

Status Index

7.48 # 16

on 1-10 scale out of 137



Governance Index

5.93 # 25

on 1-10 scale out of 137

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2024. It covers the period from February 1, 2021 to January 31, 2023. 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>.

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Key Indicators

Population	M	1.5	HDI	0.810	GDP p.c., PPP \$	27778
Pop. growth ¹	% p.a.	0.4	HDI rank of 189	57	Gini Index	-
Life expectancy	years	73.0	UN Education Index	0.791	Poverty ³	% -
Urban population	%	53.3	Gender inequality ²	0.344	Aid per capita	\$ -

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Trinidad and Tobago confronted the challenges of COVID-19 by closing its international borders between March 2020 and July 2021. Additionally, a state of emergency was declared between May and November 2021. Despite the ongoing pandemic, general elections took place in August 2020. Subsequently, the Tobago House of Assembly (THA) held elections in January 2021 and again in December 2021 to resolve the tied January results, which had yielded a 6-6 split. A change of government occurred in the THA in December 2021, with an overwhelming outcome in favor of a new party, the Progressive Democratic Patriots (PDP). The PDP secured victory in 14 out of the 15 seats available for election. The primary factor contributing to their triumph was a surge in Tobago nationalism, driven by opposition to the ambivalent attitude of the central government toward expanded autonomy to the THA.

The economy has benefited tremendously from increased energy prices owing to the war in Ukraine, which led the Ministry of Finance to boast that in 2022, after 14 years of deficit budgeting, a fiscal surplus of TTD 1.08 billion had been realized. The unexpected surplus in 2022 probably prodded the government to propose a budgeted expenditure for 2023 of over TTD 57 billion, while revenues were estimated to come in at just over TTD 56 billion. However, the projected revenues were based on the projected average price over the year of \$92.50 per barrel, while natural gas was pegged at \$6.00 per MMBtu. In both cases, these numbers were well above the market trends, which have dipped downward, thereby raising the specter of another budget featuring deficit spending or a mid-year correction after the mid-year review in April/May 2023.

Internationally, the government has been able to secure a reprieve from the U.S. government over its desire to explore cross-border gas reserves on the maritime border with Venezuela after years of lobbying. However, Venezuela has objected to its payment being made only in tradable goods, as one of the conditions laid down by the United States in lifting the sanctions in order for this deal to go forward.

In terms of democratic processes, the government has partially implemented the new Local Government Reform Law for Trinidad. This allows local government councilors and aldermen to serve an additional year, extending their terms from three to four years, until December 2023. However, this decision has faced legal challenges. Both the High Court and the Appeal Court have ruled in favor of the state, enabling the extension of office to take place and delaying local government elections by one year. The opposing parties have appealed this ruling to the Judicial Committee of the Privy Council (JCPC), which serves as Trinidad and Tobago's final court of appeal in London. Given the urgency of the matter, the appeal was heard shortly after the close of the review period on March 15, 2023. The new provisions for local government aim to decentralize the central government's revenue-collection powers. This allows local government authorities to have more autonomy in funding their operations in the various communities.

Society is still grappling with high levels of crime. Trinidad and Tobago (TTO) recorded over 600 homicides in 2022, the highest such figure ever recorded in the country's history. This has led the government to speak of crime as a public health issue, and a regional symposium will be convened to identify approaches to contain it. However, the director of public prosecutions (DPP) declared that the department's staff shortage, with only 58 out of the 129 required prosecutors in place, could lead to a collapse of the criminal justice system.

History and Characteristics of Transformation

Trinidad and Tobago (TTO) has been a stable democracy since independence, although there has been some political turbulence. TTO were initially Spanish colonies and then British colonies from the early 19th century until 1899. One legacy of colonialism is the unique structure of the population; while the Indigenous population was almost wiped out, slavery brought an enormous influx of Africans. After the abolition of slavery in 1833, the British hired workers from their "East Asian" (South Asian) colonies, mainly from India. Today, approximately 38% of citizens identify themselves as having Indian descent, about 36% as having African descent, and about 24% as having "mixed" ethnic heritage. TTO declared its independence in 1962. Queen Elizabeth II remained head of state until 1976, when the country became a republic. However, the country maintained the Judicial Committee of the Privy Council as its final appellate court.

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 the PNM), 2010 (to the People's Partnership government, an alliance led by the UNC) and 2015 (back to the PNM again). One major incident was the 1990 coup attempt by an extremist black Muslim group, Jamaat al Muslimeen, which seized the parliament and the national television broadcasting service for six days in an effort to overthrow the NAR government. While the attack failed, the group negotiated an amnesty during the crisis. The 2000s then saw further democratic stabilization, though several problems (e.g., corruption and crime) have persisted.

For a long time, the dominant economic philosophy was state control, which emerged in the early 1970s under the PNM. In its Chaguaramas Declaration of 1970, the PNM rejected both liberal capitalism and communist organization of the economy and proposed a third way – popular at that time in many developing countries – featuring 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 in 1974. This policy was deepened during the 1970s oil boom 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.

In parallel, Trinidad and Tobago developed an undiversified economy without economies of scale, while overdependence on oil and gas 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 International Monetary Fund (IMF) in the wake of declining oil prices. While high oil prices in the 1970s induced considerable state-financed development, the price declines in the 1980s fundamentally shook the economy – and the economic model. In the 2000s, the country benefited from another oil boom, which confirmed the petroleum industry as the most important economic sector (about 40% of GDP) and contributed to the establishment of the Heritage & Stabilization Fund in 2007. More recently, production of liquefied natural gas has taken the lead. The government has made some efforts to diversify the economy, and it has engaged in occasional privatizations and initial public offerings of various state-owned enterprises. The government's 2018 decision to close the state oil company, Petrotrin, and its uncertain decision-making regarding the sale of the refinery to a company owned by the union that represented Petrotrin's former employees, is indicative of a botched privatization.

The first year of COVID-19 lockdown measures caused a relatively small economic shock, with infection and mortality rates remaining comparatively low through January 2021. During this time, the drop in production and the deficit created by spending on COVID-19 response measures were partially offset by withdrawals from the Heritage and Stabilization Fund.

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

There is no significant competition with the state’s monopoly on the use of force. The only major challenge stems from organized crime, primarily criminal gangs. According to Insight Crime, there were 601 homicides in 2022, the highest number ever recorded in one year in the country. This resulted in a homicide rate of 39.4 per 100,000 – the third-highest such figure in the region behind Jamaica and Venezuela and represents a sharp increase from 32.0 per 100,000 in 2021. Most of these cases are related to drug trafficking and other activities associated with organized crime. InSight Crime’s analysis suggests a “chaotic splintering of larger gangs into smaller, far more violent factions” following the murder of a gang leader, which has intensified the struggle for control of criminal enterprises. The Global Organized Crime Index 2021 ranks the country 91st (of 193 countries) concerning the extent of criminality and estimates that more than 100 mostly domestic criminal networks operate in the country. Additionally, there are “mafia-style structures” that offer “protection for taxes” while exercising “substantial control over poor and urban areas,” particularly Port of Spain, the capital, but also in other parts of the country.

The population accepts the nation-state as legitimate. All individuals and groups enjoy the right to acquire citizenship without discrimination. There are no hindrances for anyone born in Trinidad and Tobago in acquiring citizenship, either by birth or descent, or through marriage or extended residency.

While the population accepts the concept of the nation-state, society remains divided with respect to ethnicity, particularly in relation to politics. On the island of Trinidad, where 95% of the population resides, there are two dominant racial groups: Afro-Trinidadians and Indo-Trinidadians, which together make up about 75% of the population living on Trinidad. The remaining 25% of the population is primarily composed of individuals of mixed ancestry (22%), with Europeans, Chinese, Syrian-Lebanese and Indigenous peoples comprising less than 3% combined.

Question
Score

Monopoly on the
use of force

8



State identity

9



Political parties, and by extension, governments, are perceived to (crudely) represent the two predominant racial groups, thereby creating the perception of a deeply divided society. The UNC is viewed as the party representing Indo-Trinidadians, and, when in power, it is seen as an Indian government, while the PNM is regarded as representing the interests of Afro-Trinidadians. Irrespective of which party holds government, there is no institutionalized state-sponsored discrimination, thereby enabling all citizens to embrace the concept of the nation-state.

There is a growing trend of nationalism in Tobago that is becoming increasingly prominent in the relationship between the central government and the subnational Tobago government, which is led by a locally established Tobago party. Members of the THA have been advocating for greater autonomy in managing Tobago's affairs. Although the central government has presented two autonomy bills in the national parliament, they have not advanced into law. This lack of action has fueled the growth of Tobago nationalism, as the desire to establish a distinct identity rooted in Tobago's cultural and historical differences is on the rise.

The state is secular. Religious dogmas do not have any noteworthy influence on the legal order or political institutions. There are no religious conflicts between the diverse religious groups – Christian, Hindu, Muslim and Orisha – that comprise the population. Additionally, there is an inter-religious organization (IRO) that was formed in 1973. All of its leaders sit together to discuss ecclesiastical affairs, and the position of chair rotates among them annually.

Nevertheless, religious groups wield considerable influence in society. In Trinidad, religion, like race, is intrinsically linked with party politics. The PNM receives substantial support from Christians and Orisha believers, while the UNC's membership primarily consists of believers in Hinduism and certain segments of the Muslim and Presbyterian congregations. Given the history of European colonial rule in governing society, Christian church leaders have exerted significant influence on the government in the past. This tradition persisted after Trinidad and Tobago gained independence from Britain, with the PNM assuming and maintaining power. However, there was a slight deviation from this tradition when the Indo-Trinidadian-dominated UNC took power between 1995 and 2001 and again between 2010 and 2015. During those periods, Hindu leaders wielded greater influence on the government than Christian leaders.

Churches also act as interest groups, particularly regarding issues such as abortion and homosexuality – a phenomenon widely observed in the socially conservative Caribbean and in other nations in Latin America. However, in 2018, a high court judge ruled in favor of overturning sodomy laws that had been in place since colonial rule. The ruling, likely to be appealed at the Privy Council, emphasizes the rule of law and the independence of the judiciary, as well as the challenges faced by a secular jurisdiction with deeply ingrained social norms influenced by religion.

No interference of religious dogmas

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The state provides most basic public services throughout the country, but its operation is somewhat deficient. The state administration follows the British colonial tradition of a career civil service, with members appointed, promoted, transferred and disciplined by an independent Public Service Commission. However, these structures do not always function as they should, and in many instances, there is a lack of coordination. A case in point is the Office of the Director of Public Prosecutions (DPP), which is severely understaffed, resulting in the judiciary complaining of the DPP's inefficiency. However, the requisite appointments are not being made by the Judicial and Legal Services Commission, which is headed by the chief justice of the Public Service Commission.

Access to services is not always equitable for the poor and vulnerable due to nepotism, favoritism and corruption, including bribery. The latter also applies to the judiciary and the police, both of which are present throughout the country. In 2020, 98.9% of the population had access to at least a basic water source, and 93.3% had access to at least basic sanitation facilities. However, over half of the population relies on water from their own storage tanks. While there are regions in the country without electricity supply, the World Bank's World Development Indicators report states that 100% of the population had access to electricity in 2020.

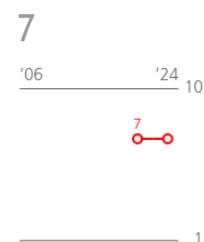
2 | Political Participation

Elections are regularly held and have mostly been free and fair, featuring universal suffrage and secret ballots. There have been six changes of government since independence, all with peaceful transfers of power: in 1986, 1991, 1995, 2001, 2010 and 2015. The Elections and Boundaries Commission (EBC), which organizes elections, acts impartially and effectively and is generally trusted by the public.

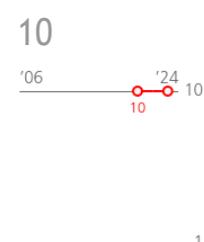
The most recent general elections were held on August 10, 2020, despite the COVID-19 pandemic. All necessary protocols were adhered to during the election process. Following the election, there were also proper procedures followed for the swearing-in of ministers and the convening of the national parliament. The conduct of the general election was both free and fair, with equal media access for all. The opposing party to the governing PNM, the UNC, requested recounts, which were conducted. Subsequently, the official results were tabulated, and Prime Minister Keith Rowley, who was reappointed along with his cabinet, was sworn in.

The Tobago House of Assembly election on December 6, 2021, was the most recent election and resulted in a change of administration from the PNM to the PDP. This election was held after a 6-6 tie in the January 2021 THA election, which could not be broken. As a result, the national parliament amended the THA Act to permit the creation of 15 seats, up from 12, to facilitate a higher possibility of a definite majority outcome. The new election resulted in a 14-1 outcome in favor of the PDP.

Basic administration



Free and fair elections



Democratically elected political representatives have the effective power to govern. No individual or group holds de facto veto power. TTO 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. However, economic interests exercise influence by granting favors to the political elite; these interests in turn sometimes receive privileges that alter the state's agenda.

Effective power to govern



The constitution guarantees the freedom of association and assembly. Groups are able to operate free from unwarranted state intrusion or interference in their affairs. No government has used intimidation, harassment or threats of retaliation to prevent citizens from exercising their rights to association and assembly. However, the right to hold public protests is controlled by the Commissioner of Police, to whom an application must be made. This was a legal requirement that emerged during the aftermath of the Black Power uprisings of 1970, which resulted in social disorder. As a response, legislative changes were made to curtail public marches due to the threat to the state at that time. The requirement was never rescinded and is still contained in the pre-republican legislation that was in force prior to August 1, 1976, the date on which Trinidad and Tobago became a republic. Under the republican constitution, all laws that were in force prior to the commencement of the constitution were saved as existing laws and were deemed exempt from the human rights provisions in the new constitution. The right to hold public protests has only been minimally affected, as applications are rarely refused.

Association / assembly rights



The constitution guarantees the freedom of the press, and the freedom of expression is guaranteed against interference or government restrictions. Individuals, groups and the press can fully exercise these rights. However, in recent years, the government has used a decades-old precolonial law on sedition to take legal actions against a former religious leader and a political opponent in response to comments that were publicly broadcast. Apart from these two incidents, there is real freedom of the press. According to the World Press Freedom Index 2022, TTO is ranked 25th (out of 180 countries), at a similar level to the United Kingdom or France. Within the region, TTO was only surpassed by Costa Rica (8th) and Jamaica (12th).

Freedom of expression



Freedom of information (FOI) provisions have produced mixed results, based on different interpretations of what constitutes public versus private information. FOI applications are received and processed, but there have been reports of long delays and of applicants needing to appeal to the courts to receive the requested information.

3 | Rule of Law

The constitution features a separation of powers with a single overlap between the legislature and the executive. The prime minister is selected from among the elected members of parliament in the House of Representatives. Additional ministers are chosen from either elected members of parliament or the nominated senators. Furthermore, the constitution establishes several independent offices and commissions, along with a judiciary responsible for applying checks and balances.

The executive tends to dominate the parliament. On the one hand, this is because a large number of governing party members in parliament also hold government functions and, on the other hand, because there is an organizational discrepancy between the two branches that results in a de facto weakness of parliament's oversight function in relation to the government. Despite recent improvements, oversight is considered to be only moderately effective. Supervision is perceived as insufficiently independent, partly due to the relatively strong party discipline.

During the review period, there were several controversies related to the separation of powers. In August 2021, the prime minister prevented the submission of a merit list for the appointment to the position of commissioner of police. The prime minister supposedly convinced the chairman of the Police Service Commission not to submit the list to parliament through the president because the first-place candidate was not supported by the prime minister. The intervention of the prime minister was a clear violation of the separation of powers in relation to the transaction between the independent Police Service Commission and the president. Furthermore, it denied the House of Representatives the opportunity to decide on the commission's nominee.

A second controversy unfolded in October 2022 when the director of public prosecutions discontinued the prosecution of two attorneys, one of whom was a former attorney general. The discontinuation came about when the star witness in the case refused to testify, claiming that he had a side agreement with the attorney general in order to secure a prosecution. The DPP, who was supposed to direct prosecutions, had no knowledge of the role of the AG and his agreements with the witness.

A somewhat similar theme emerged in a 2022 judgment from the Judicial Committee of the Privy Council (JCPC), whereby it was recognized that a chief magistrate who was financially beholden to the attorney general under the PNM party in the period from 2007 to 2010 was a key player in judicial matters involving persons perceived to be opponents of the PNM government. The independence of the judiciary, and thus the separation of powers, was thereby compromised.

In terms of checks and balances, however, the fact remains that some constitutionally defined offices, as well as the judiciary more generally – specifically the U.K.-based JCPC, the final court of appeal – still serve as critical checks on the exercise of power by members of the executive.

Separation of powers

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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, including the courts of summary criminal jurisdiction, the petty civil courts and the family courts. 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 (JCPC) in the United Kingdom serves as 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), which is headed by the chief justice and five members with judicial experience. All judges serve for life with mandatory retirement at age 65.

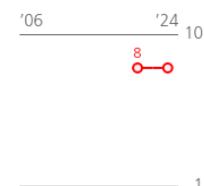
The functioning of the judiciary has been somewhat affected by resource challenges. Appointments to the JLSC are not always made in a timely manner. In the latest round of appointments to the High Court, a total of 12 judges were appointed, indicating that the judiciary had been operating with less than a full complement of judges for some time. Similarly, at the close of the review period, the Office of the DPP was operating with less than 50% of its approved complement of legal officers/lawyers. Resource shortfalls in the judiciary may also account for the backlog of cases that the court administration has been unable to address. Considering the differentiated structure of the judiciary, from the magistrates' court to the High Court, then to the Court of Appeal, and finally to the JCPC, the resolution of matters typically takes a long time. Some civil and criminal cases remain unresolved even after several years, resulting in extended periods of pretrial detention for some accused individuals.

In general, professionalism, rational pragmatism and integrity have served as hallmarks of the country's judiciary. There have been instances when judicial officers did not function with the expected level of integrity and independence, and they have been severely compromised in only a very few cases. When such instances have occurred, and bench rulings have been challenged at higher-level courts, justice did prevail in the higher courts.

In many instances, the higher courts point to pitfalls and shortcomings in the interpretation and application of the law. With the highest court of appeal, the JCPC, being staffed by U.K. judges, there is no concern regarding its integrity and independence. However, there are concerns about the cost of appealing to this court, as well as the belief that this "foreign" court does not fully appreciate and understand the culture and nuances of TTO's society. On this basis, the case has been made to adopt the Caribbean Court of Justice as the final court of appeal. Any such change, however, would need the support of both the government and the opposition. The latter will not support such a change until it is convinced that CCJ judges will operate with the same level of independence and integrity as JCPC judges.

Independent
judiciary

8



Despite frequent reports of corruption, officeholders who break the law and engage in corruption are not adequately prosecuted but do occasionally attract adverse publicity. The law prescribes criminal sanctions for acts of corruption by civil servants, but the government has not effectively implemented these rules. Reports of government corruption have repeatedly surfaced, including of ministers using their office for personal gain. Overall, prosecution for corruption is rare. Even when individuals have been suspected of or charged with corrupt or illegal acts, long and circuitous proceedings preclude any meaningful action.

Over the past two years, various state agencies have identified instances in which officeholders have broken the law or engaged in corrupt activities. However, in the majority of cases, there have been limited or no prosecutions. In 2022, the Auditor-General's report highlighted numerous irregularities in the Ministry of Social Development and Family Services. One particular example involved the payment of senior citizen pensions to more than 180 individuals under the age of 64. The minister of social development and family services acknowledged that the Financial Investigation Bureau, the Anti-Corruption Investigation Bureau and the Fraud Squad were conducting investigations within the ministry. Additionally, he stated that 12 individuals had been identified for further police interrogation to determine if charges could be filed. However, as of the review period's close, there was no additional information available regarding the progress of the investigation.

While the Ministry of Social Development took the initiative to involve the police in investigating corruption, there have not been any similar calls for professional investigations in the case of the Water and Sewerage Authority (WASA). However, the prime minister established a cabinet subcommittee to investigate the operations of WASA. In a report submitted to the prime minister in December 2020, the committee pointed out that the entity suffered from financial mismanagement, a lack of managerial accountability and corruption, among other challenges. However, there is no evidence to indicate that the prime minister ever sought police support in investigating the case.

Public officeholders who engage in corrupt practices can only be prosecuted based on investigations by lawful authorities. Therefore, officeholders who identify such practices have an obligation to involve the police. Although this occurs occasionally, it is not done systematically, resulting in numerous allegations remaining unaddressed.

Prosecution of
office abuse

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Under Section 4 of the Trinidad and Tobago constitution, all citizens have the right to “liberty, security of the person, and enjoyment of property, and the right not to be deprived thereof except by due process of law.” Citizens are to be accorded equality before the law, as well as protection under it. In that regard, the constitution further dictates that all citizens have the right to equality of treatment from any public authority in the exercise of any functions.

In general, citizens believe that these rights are protected. Regarding equal access to justice, there are few claims of discrimination on the basis of race, religion or gender. One matter that recently played out in court was related to a Muslim imam (priest) who had his beard shaved. Prison Rule 248 states that the hair and beard of a Muslim shall not be cut except by written instructions from a medical officer. The ex-prisoner sued the state, and in January 2023, the judge ruled that discrimination had taken place, along with the clear denial of the applicant’s religious freedom to observe his religious beliefs and practices.

Since 2000, TTO has implemented an Equal Opportunity Act that prohibits certain kinds of discrimination and promotes equality of opportunity between individuals of different statuses. It also establishes an Equal Opportunity Commission (EOC) to investigate allegations of discrimination and an Equal Opportunity Tribunal (EOT), which is an anti-discrimination court responsible for adjudicating complaints of discrimination, victimization and offensive behavior. Although the EOT functions as an anti-discrimination court, the High Court found it guilty of discrimination for rejecting an appointed EOT assessor based on her “disability.” As a result, the court ordered the EOT to compensate the assessor for loss of earnings and provide vindictory damages.

The cases above illustrate that although civil rights are codified by law, there remains some level of disregard in their application. Nevertheless, citizens have recourse to the civil courts, which serve as a final level of protection against discrimination. The challenge with this option, however, is that the costs of pursuing civil action against state agencies can be prohibitive. Moreover, when court decisions go against state agencies, the state has had to compensate the victims of discrimination, but state employees go largely unpunished.

Civil rights

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4 | Stability of Democratic Institutions

All democratic institutions perform in a manner that allows them to maintain legitimate procedures, free from extensive and counter-productive friction. Democratic institutions in TTO include national entities such as the cabinet, the regional corporations in Trinidad, and the Tobago House of Assembly, as well as the national parliament, the judiciary and the public administration. Generally, 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 way that allows for the daily discharge of their expected duties, although corruption and a certain weakness in parliamentary oversight of the executive are detrimental in this regard.

All democratic institutions are accepted as legitimate by all relevant actors.

Performance of democratic institutions



Commitment to democratic institutions



5 | Political and Social Integration

The party system is fairly stable and socially rooted, with low levels of fragmentation, moderate voter volatility and moderate polarization. There is a de facto a two-party system with two dominant political parties: the incumbent People's National Movement (PNM) and the United National Congress (UNC). Both parties have strong ethnic bases, with the PNM garnering support mainly from the Afro-centric population, while the UNC's support comes from the Indo-centric population. There are a large number of smaller parties that, realistically, have no chance of winning representation in parliament, given the majority/winner-take-all electoral system (first-past-the-post voting in single-member constituencies). This trend is also found in the voting behavior in the local government elections in Trinidad.

In the 2020 general elections, the incumbent PNM won 22 seats, while the UNC won 19, for a total of 41 seats in parliament. Accordingly, the effective number of parties in parliament is a mere 2.05, indicating rather low levels of fragmentation. However, the overall voter turnout rate was just 58.04%, which could be symptomatic of a wider voter disaffection. The political agendas of the two major parties, UNC and PNM, can hardly be distinguished; both can be classified roughly as center-left. While racial differences do not play a dominant role, even though this is occasionally brought up,

Party system



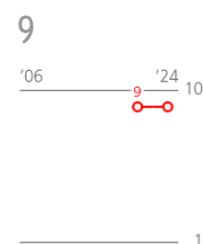
especially in election campaigns, the issues of economics and security are more decisive. Although voting behavior has demonstrated some racial preferences, there are swing voters in marginal constituencies who can make the difference from one election to another.

In the December 2021 Tobago House of Assembly (THA) elections, the incumbent PNM was defeated by the People's Democratic Patriots (PDP) by a margin of 14 seats to 1 seat. The PDP, which was formed in 2017, has advocated for greater self-rule within the context of Tobago nationalism. However, in December 2022, a split occurred in the PDP, leading to 13 out of the 14 elected assembly representatives resigning from the party and declaring themselves as independents. These independent representatives now hold the majority in the THA, while the former party leader is the sole remaining member of the PDP in the THA. Accompanying them is the lone PNM member, who was appointed as the minority leader of the THA.

There is a broad range of interest groups that reflect competing social interests. These tend to balance one another and are often cooperative. Interest groups include trade unions, social movements, community organizations and single-issue groups that arise from time to time depending on current issues. Long-standing groups range from the Trinidad and Tobago Chamber of Industry and Commerce to the Trinidad and Tobago Field Naturalists Club, for example. A variety of groups that are political in nature, such as human rights advocacy groups, also exist and freely engage in debate. Interest groups permit a high level of collaboration across interests and a wide expression of views. TTO has a very high level of interest group participation.

Large business associations, such as the Trinidad and Tobago Chamber of Industry and Commerce, as well as major trade unions, can sometimes dominate the policy landscape and public discourse. Although the ability of powerful trade unions to disrupt business operations and bring activities to a standstill by withholding labor remains a consideration, the militancy of the unions has significantly decreased in recent times. Unions have complained about an alleged union-busting agenda, largely stemming from the state's closure of Petrotrin (the oil company/refinery) and the subsequent firing of all workers, which has severely weakened the Oilfield Worker Trade Union. Nevertheless, the overall level of friction between the employers/private sector and trade unions is moderate, leading the government to establish a National Tripartite Advisory Council (NTAC) with representatives from the government, private sector and labor movement. However, as of April 2021, labor representatives had withdrawn from the NTAC.

Interest groups



Levels of approval of democratic norms and procedures are rather high, but the most recent data on this issue comes from 2014. The most recent Latin American Public Opinion Project (LAPOP) report on the country dates from 2010. It concludes that democracy was at that point considered the only legitimate form of government in TTO and that the existing constitutional mechanisms and procedures were unconditionally accepted by the citizenry. There is no indication that the approval of democratic norms and procedures has changed since then.

The World Values Survey (wave six: 2010 – 2014; TTO was not included in the 7th wave in 2017 – 2022) showed that the only a moderate share of the population, about 30%, expressed trust in democratic institutions, with the exception of political parties. Specifically, 34.9% said they trusted the government, 25.9% the parliament, 31.2% the courts, 31.9% the civil service, 21.8% the political parties and 28% the police. The armed forces were trusted at a slightly above-average level, with 40.0% of respondents. The 2023 Legatum Prosperity Index ranks the country at the very top of the scale with reference to democracy, but rather low with regard to “institutional trust.” Here, TTO was ranked 160th out of 167 countries.

Nevertheless, civil society is strongly committed to upholding democratic norms and principles. This emerged quite strongly in January 2023, when a new president was elected by the Electoral College. Many individuals, not just the opposition party, who did not support the government’s nominee expressed concern about a former government minister and PNM member being nominated for the position of president. The main fear expressed was that democratic institutions could be threatened by any overt partisanship in the Office of the President. The response was an assurance that the constitution and the law would be upheld and that services would be provided to all citizens regardless of their political or social affiliations.

There is a fairly high level of mutual trust among members of the population and a substantial number of autonomous, self-organized groups, associations and organizations. This has come about largely because society is pluralistic, and the diversity of groups reflects that. Several types of voluntary and autonomous organizations exist, including cultural, environmental and social associations, which coexist peacefully. Despite holding divergent perspectives on issues, these groups do not engage in conflict or violence. A variety of civic groups work to alleviate poverty, provide support to sickly and impoverished children, aid in women’s empowerment, and promote gender equality and justice. Differing groups are able to interact with each other in an acceptable manner. The primary example of trust in interaction is the Inter-Religious Organization (IRO), which amalgamates all the major religions operating in Trinidad and Tobago (Christian, Muslim, Hindu, etc.) with a rotating chair.

In the 2023 Legatum Prosperity Index, TTO holds a ranking of 75th out of 197 countries on the issue of social capital, with a wide and varied range of values for the various sub-indicators. Personal and family relationships earned a score of 79, placing TTO 43rd in the world. The country was ranked 54th for civic and social

Approval of
democracy

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Social capital

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participation, with a score of 49.2. However, TTO was ranked 92nd in terms of social networks, scoring 65.9. Interpersonal trust, on the other hand, received a less positive assessment, with a rank of 151 and a score of only 29.2.

II. Economic Transformation

6 | Level of Socioeconomic Development

Poverty and inequality are moderate and slightly structurally ingrained. Trinidad and Tobago's Human Development Index (HDI) score declined during the pandemic to 0.810 in 2021 (2019: 0.821), but still represents the third-highest figure in the region behind Chile and Argentina. This puts the country in the category of very high human development, with a rank of 57th worldwide.

The GDP per capita of \$26,868 (PPP, 2021) – although representing a slight decline since 2011 – is due to gas revenues still being the third-highest in the Latin America and Caribbean region, trailing behind Panama and Chile. The post-COVID-19 economy in TTO has been cushioned by the effects of the war in Ukraine, which led to a global increase in energy prices. As a result, the government has been able to maintain numerous subsidies to mitigate the cost of living. However, many of these subsidies have been adjusted to reduce overall expenditures, leading to an increase in fuel prices. Despite these positive developments, there remains a significant share of the population living in poverty, amounting to approximately 20% according to the most recent official estimates, from 2014. According to the 2022 Human Development Report, 0.6% of the population (10,000 people in 2020) are considered to be multidimensionally poor, while an additional 3.7% are classified as vulnerable to multidimensional poverty (56,000 people). However, these estimations are based on poverty data from 2011.

TTO's Gender Inequality Index score in 2021 remained almost unchanged at 0.344, giving the country a rank of 73rd out of 162 countries and indicating a medium level of gender inequality. There has been a slight improvement over the course of the last decade.

Question
Score

Socioeconomic
barriers

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Economic indicators		2019	2020	2021	2022
GDP	\$ M	23849.6	21059.4	24460.2	27899.1
GDP growth	%	0.1	-7.7	-1.0	2.5
Inflation (CPI)	%	1.0	0.6	2.1	5.8
Unemployment	%	3.5	4.2	4.5	4.0
Foreign direct investment	% of GDP	0.8	5.0	-3.8	-3.3
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	1020.1	-1356.4	2695.2	5381.9
Public debt	% of GDP	46.4	62.3	61.6	51.0
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	-	-	-	-
Public education spending	% of GDP	3.6	4.2	3.0	2.6
Public health spending	% of GDP	3.1	3.4	-	-
R&D expenditure	% of GDP	0.1	0.1	-	-
Military expenditure	% of GDP	0.7	0.7	0.9	0.7

Sources (as of December 2023): 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

There is a sound institutional framework for market competition, but the rules are not consistent or always uniform for all market participants. The economy of Trinidad and Tobago lacks diversification and economies of scale, while its overdependence on oil and gas continues to hamper private sector development.

The institutional framework for market competition is provided by the Trinidad and Tobago Fair Trade Act of 2006. This act establishes the Fair Trading Commission, which aims to promote and maintain fair competition in business and related matters. Part II of the Act outlines the establishment, powers and functions of the Fair Trading Commission, while Part III addresses mergers, anti-competitive agreements or practices and monopolies.

However, the regulatory system partly lacks transparency and clarity, as well as consistent enforcement. In many sectors, prices are determined by market forces, but there are a number of areas in which prices – especially for factors of production – are distorted by subsidies. At present, applicable charges for water, electricity, and waste collection, disposal and treatment are all subsidized. There are no significant entry or exit barriers, and the freedom to launch and withdraw investments is broadly guaranteed. According to the U.S. 2022 Investment Climate Statements, the investment climate in TTO is generally open with no foreign ownership limits. Foreign investors may own the total share capital of a private company, but a license is required to own more than 30% of a public enterprise. Major issues affecting companies – aside from corruption and crime – include an ongoing foreign exchange shortage, inefficient and complicated government bureaucracy, a lack of transparency in public procurement, and the time-consuming resolution of legal conflicts such as the enforcement of contracts. Some government services have been digitized, but progress is slow.

According to a 2017 IDB study, the informal sector accounts for approximately 30% of GDP. Since May 2019, the labor market has diversified by formally incorporating Venezuelan migrants and refugees into the economy. ACAPS, an independent monitor, estimated that there were 60,000 Venezuelans in TTO in May 2019. Consequently, the influx of Venezuelan migrants has altered the competitive landscape of the marketplace, as many businesses have become more competitive due to the diligent work ethic of these migrants.

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 nominally independent Fair Trading Commission (FTC) – part of the International Competition Network – was appointed in 2014. The Fair Trading Act created an institutional framework for the enforcement of competition policy. It addresses the abuse of monopoly power, with a dominant position being defined as having control of a market share exceeding 40%, and additionally includes provisions on anti-competitive mergers and the enforcement of measures or clauses to uphold its principles. The act explicitly prohibits resale price maintenance, price fixing, collusion, cartels and bid rigging. It does not apply to certain sectors, such as securities, telecommunications or banking, as these are regulated by other agencies.

Between 2014 and 2020, only the portions of the act relating to the establishment, powers and functions of the Fair Trading Commission (FTC) were implemented. These included the appointment of commissioners and other key staff. It wasn't until February 2020 that the FTC obtained its complete set of legal powers, when the Free Trading Bill of 2006 was fully enacted on February 10, 2020. In light of this situation, the genuine independence of the FTC has yet to be demonstrated. According to the Global Competition Review, as of 2022, the FTC has neither blocked proposed mergers nor imposed conditions on them, and it has not yet pursued a company based outside its jurisdiction for involvement in a cartel offense. Additionally, the FTC lacks a program for granting immunity from prosecution and leniency, and it does not have its own prosecution division. As of January 2023, no cases had been reported on the FTC's website.

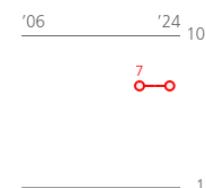
In addition, the Public Procurement and Disposal of Public Property Act of 2015 – which is critical to this sector – has yet to come into force, even eight years after passage. The Act received presidential assent in January 2015, followed by a change of government in September 2015. However, the new government has not yet implemented the Act's provisions. Although there was an amendment to the Act in 2020, no proclamation has been made.

Foreign trade in Trinidad and Tobago has been extensively liberalized and is characterized by uniform, low tariffs and a few non-tariff barriers. The country has removed the majority of trade barriers, with only a limited number of merchandise items necessitating import licenses or being subject to import surcharges. These include poultry, crustaceans, oil and pharmaceuticals. A value-added tax (VAT) of 12.5% is imposed on dutiable goods. However, customs procedures can be protracted and occasionally lack transparency.

In addition to deriving a significant portion of its wealth from energy exports, which comprise approximately 40% of its GDP, Trinidad and Tobago holds a prominent position as one of the world's major exporters of ammonia, methanol and liquefied natural gas. The country is a member of the Caribbean Community (Caricom) and adheres to the Caricom Common External Tariff (CET), with selected exceptions. As

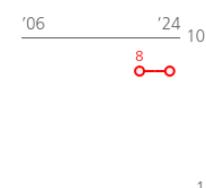
Competition policy

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Liberalization of foreign trade

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of 2021, the simple average most-favored-nation (MFN) applied tariff stood at 8.3%, with agricultural products subject to a rate of 19.1% and nonagricultural products subject to a rate of 6.5%.

TTO has signed several free trade agreements (FTAs) that have facilitated the increasing liberalization of the economy, including the CARIFORUM–EU Economic Partnership Agreement in 2008. TTO has also signed FTAs with Colombia, Costa Rica, Cuba, the Dominican Republic, El Salvador, Guatemala, Panama and Venezuela. According to the International Trade Administration, the United States is TTO’s largest trading partner, accounting for 50% of imports and 41.4% of exports in 2021. Many businesses have experienced delays in acquiring the foreign exchange needed to conduct their international business affairs.

The removal of non-tariff barriers (technical barriers to trade) has been ongoing in Caricom in order to meet the requirements of the Agreement on Technical Barriers to Trade and fulfill WTO commitments. Liberalization of the economy is further facilitated through the Caricom Single Market and Economy (CSME). The CSME aims to implement free movement of goods, people, services and capital within the Caricom countries; however, this effort has stagnated for years.

The banking system has been solid, is considered well-capitalized and profitable, and is oriented toward international standards, with functional banking supervision provided by the central bank 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. World Development Indicators data indicate a bank capital-to-assets ratio of 11.2% in 2018, 10.5% in 2019 and 10.2% in 2020. Bank non-performing loans as a share of total gross loans have hovered around 3% since 2016, reaching 3.2% in 2020 and 2021.

Ensuring the stability of the financial system is a primary function of the central bank of Trinidad and Tobago (CBTT), and supervision is conducted by its Financial Institutions Supervision Department (FISD). Generally, the CBTT aligns its supervisory practices with standards established by the Basel Committee, the Financial Action Task Force (FATF), and the Organization for Economic Cooperation and Development (OECD). However, the International Monetary Fund (IMF), in its 2020 Financial Stability Assessment, concluded that regulatory and resolution frameworks do not align with best practices, including the lack of binding powers. Regarding deficiencies in anti-money-laundering measures, the country was removed from the FATF list of countries with strategic deficiencies in February 2020. According to the FATF, Trinidad and Tobago is actively collaborating with them to address its strategic deficiencies.

TTO continues to be blacklisted by the European Union, which judges TTO’s legal framework as being insufficiently robust. If this matter is not adequately addressed, it could have adverse consequences for correspondent banking services. The

Banking system

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government has, in consequence, made amendments to four pieces of legislation, including the Companies Act, the Income Tax Act, the Mutual Administrative Assistance in Tax Matters Act and the Information Exchange Agreements Act. In a statement in parliament on February 10, 2023, the minister of finance announced that the European Union had given the country an additional 23 recommendations that it wanted to see implemented before it would remove the country from its tax blacklist.

8 | Monetary and fiscal stability

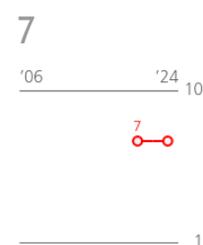
Monetary stability is a recognized objective of economic policy, but it has not been consistently pursued over time. The central bank (CBTT) is largely independent but is at times compromised due to political influence. Its mandate is “the promotion of such monetary, credit, and exchange policies as would foster monetary and financial stability and public confidence and be favorable to the economy of Trinidad and Tobago.” In late 2020, the term of office of the governor of the central bank was amended from a fixed five-year term to a flexible period of three to five years, to be determined by the government. One cause for concern is the alignment of governors (past and present) with specific political parties in terms of monetary policy, although the link between the executive and the governor of the CBTT does allow for coherence and harmonization.

The CBTT does not explicitly target an inflation rate but implicitly aims to address surrounding economic factors such as interest rates. According to ECLAC, amidst the economic deceleration and weak aggregate demand since the 2015 crisis, the inflation rate fell from 8.5% to a historic low of 0.4% in 2019 and 0.8% in the first year of the pandemic. However, it subsequently rose to 3.5% in 2021 and 6.3% in 2022 due to external shocks, including international food price increases and high shipping costs.

The Trinidadian dollar has not further depreciated over the past years. After slightly depreciating in the years leading up to 2014 to 117.5 (2010 = 100), the real effective exchange rate rose abruptly to 132.4 in 2015, a level it has more or less kept until 2021 (126.0). On its homepage, the CBTT refers to its foreign exchange system as a managed float. The institution 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.

In its Annual Report on Exchange Arrangements and Exchange Restrictions 2021, 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 has recommended the introduction of stronger market elements, the CBTT has been cautious about the possible effects on inflation.

Monetary stability



The government's budget 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 finance minister 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.

TTO is reliant on its energy export sector and, as a result, on international gas and oil prices. To counteract potential fluctuations, the country established the Heritage and Stabilization Fund (HSF) in 2007 to replace the previous Revenue Stabilization Fund. The HSF serves as a resource-revenue fund, aiming to mitigate the effects of revenue losses caused by declines in oil or natural gas prices. It provides a means of maintaining expenditure levels during such periods. The IMF states that the HSF has clearly defined objectives, a robust governance structure and a relatively conservative investment portfolio.

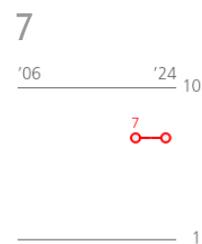
While the post-2015 fiscal deficit was brought under control by 2019 (2.5% of GDP), the pandemic caused a steep increase in 2020 (deficit of 11.0% of GDP) and 2021 (8.8%). In delivering the 2022/2023 budget in September 2022, the minister of finance reported price increases for all petrochemical exports, which had contributed to a significant reduction in the budget deficit for 2022 to only about 0.2% of GDP. Since 2019, increased borrowing has led to increases in the ratio of debt-to-GDP. The CBTT reported that in June 2019, the net public sector debt-to-GDP ratio stood at 62.3%. One year later, the ratio rose to 81.3% before reaching a high of 82.7% in September 2020 and then falling to 79.6% in June 2021.

9 | Private Property

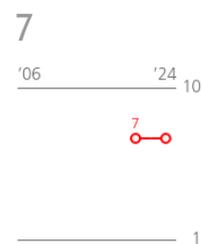
Rights and regulations regarding the acquisition, benefits, use and sale of property are well-defined, but there are occasional problems with implementation and enforcement. According to the U.S. 2022 Investment Climate Statements, the judicial system is largely independent and is seen as competent and generally fair, but there are significant backlogs and a low level of court specialization, making the resolution of legal claims time-consuming. In addition, there is no court or division that deals exclusively with commercial cases, although the Industrial Court deals exclusively with cases related to labor practices. The legal framework for protecting intellectual property rights is considered strong but suffers from weak enforcement due to a lack of judicial specialization and capacity in this field and the dominant focus of the police on drugs and gangs, among other problems.

Property can be held either through the common law with a registered deed or through the Real Property Ordinance with a Certificate of Title. All land and building transactions require an independent valuation, which is to be paid for by the persons involved in transacting the sale of property, as opposed to the government using its

Fiscal stability



Property rights



own valuation division to conduct such transactions. There are also property rights that can be acquired by “adverse possession” if the person has occupied land for 16 years or more can prove that they have had possession of the land despite not owning it and apply to the court for a vesting order. Since 2015, the government has repeatedly stated that it will implement a property tax based on legislation passed in 2009. However, this has not been implemented to date.

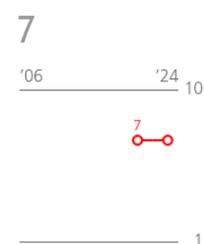
Private companies are institutionally considered important engines for economic production. They can operate without hindrance but are sometimes not adequately protected by existing legal safeguards. According to the IMF, public bodies, which consist of around 110 state-owned enterprises (SOEs) and statutory bodies, play a significant role in the economy. These public bodies operate in various areas, including the energy, infrastructure, banking and financial services, manufacturing, transport and communication sectors. The U.S. 2022 Investment Climate Statements report states that private enterprises and SOEs have equal access to financing, and both are subject to the same tax burden and tax rebate policies, as well as hard budget constraints. Furthermore, there is an increasing emphasis on public-private partnerships (PPP) to involve private, particularly foreign, investment in state enterprises. The primary goal is to further reduce capital expenditures, improve infrastructure services, and expand the resources and professional expertise utilized for national development projects.

The privatization process has not progressed much beyond the public announcements made by the minister of finance in annual budget statements. For example, in the 2020/2021 budget statement, the minister of finance announced the sale of gas stations owned by the National Petroleum Corporation (NP). As of the close of the review period, this policy had not been implemented. In the same budget statement, the minister of finance announced the government’s intention to privatize the managerial, operational and financial responsibility for the commercial activities of the Port Authority of Trinidad and Tobago. That, too, had not been implemented.

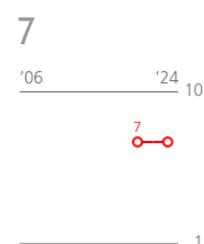
10 | Welfare Regime

Social safety nets are well-developed but do not cover all risks for every section of the population. A significant portion of the population remains vulnerable to poverty. In principle, the system is quite comprehensive and combines social insurance with 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 for public service officers. Health care is provided free of charge to all individuals, including non-nationals. Different services and levels of care are offered by health centers, district health facilities and hospitals. However, there are widespread complaints regarding the slow treatment and the poor and overburdened conditions of public health institutions. Consequently, many individuals choose private health care.

Private enterprise



Social safety nets



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. Health and safety regulations, with oversight provided by the Occupational Safety and Health Agency (OSHA), apply to all workers regardless of nationality. Overall, there are approximately 200 social protection programs meant to serve a population of 1.4 million. The relatively large number of programs contributes to duplication and redundancy. People are able to apply to several programs to fulfill the same need. This “double-dipping” is a major source of inefficiency.

The National Social Mitigation Plan (2017 – 2022), implemented to confront the economic downturn after 2015 and continued into 2023, focuses on seven main welfare issues, including unemployment/basic needs, health, education and poverty prevention. The social security budgetary allocation for the 2022/2023 fiscal year was about TTD 7.9 billion (about \$1.26 billion). The allocation is designed to service the following grants: 1) the senior citizens’ pension (over 186,000 persons at a value of TTD 4.1 billion); 2) disability grants (TTD 625 million); 3) the social assistance grant (approximately 17,000 recipients at a value of TTD 360 million); and 4) food support grants, which go to over 20,000 households at a cost of over TTD 181 million. There is also an urgent temporary assistance grant, for which TTD 15 million has been allocated. Additionally, there is a mandatory contributory pension scheme for all workers, called the National Insurance Scheme. Once workers make the necessary minimum contributions, they are entitled to an NIS pension and are not dependent upon the state-provided senior citizens’ pension.

Health care is also available to migrants. Education and official social protection programs are primarily geared toward citizens and residents. Specialized UN agencies and civil society bodies tend to support migrant populations, including refugees.

There are constitutional provisions that guarantee equality of opportunity in the Bill of Rights (sections 4 and 5 of the constitution). Equal opportunity has been 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. An Equal Opportunity Commission has been in place since 2008, which includes an Equal Opportunity Tribunal. However, the LBGTQ+ community is not covered by the Commission’s protection. Despite recommendations from the Commission that the law be amended to include the LBGTQ+ community, there has been no response from the government or legislature. Matters are considered by the Commission and can then be referred to the Tribunal for adjudication. The Commission aims to eliminate discrimination, promote equality of opportunity, and foster good relations between persons from different ethnic and religious

Equal opportunity

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backgrounds. It has gained strength and relevance over time. Nevertheless, the number of reports of discrimination remains relatively low. According to the body's 2019 Annual Report (the most recent published report), only 108 complaints were received that year. Of these complaints, only nine were referred to the Tribunal. Despite its benefits, this legislation has not led to more equitable access among ethnic groups to the country's economic resources, such as land ownership and business ownership.

About one-third of parliamentary seats are held by women. The literacy rate is almost on par (99.1% for men, 98.3% for women), while enrollment rates tend to favor women (ratio of women to men is 1.0, 1.1 and 1.2, respectively at the primary, secondary and tertiary education levels). Women accounted for 41.7% of the total labor force in 2021. The World Development Indicators 2020 report showed gross enrollment rates of 106.2% at the primary education level, 85.5% at the secondary level and 12.0% at the tertiary level.

The primary exception with regard to equality of opportunity is the migrant population in TTO. Venezuelans registered with the state were initially granted permission to stay in the country for 12 months, with a subsequent extension of six months. These limited time frames make it especially challenging for these individuals to secure long-term employment or housing. In addition, the state has not made any provisions for the education of migrant children in public schools. While certain NGOs have established makeshift centers to provide basic schooling, this assistance is quite limited and is available only in specific communities. This means that the vast majority of migrant children, whose parents reside throughout the country, are not impacted by these initiatives.

11 | Economic Performance

As the pandemic began, TTO was slowly recovering from a deep recession that began in 2015. GDP per capita is \$26,868 (PPP; 2021). Though this has declined slightly since 2011, it is still the third-highest such figure in the Latin American and Caribbean region. Annual GDP per capita growth, which slumped to -7.3% in 2015, remained negative in the following years before falling to -8.0% in 2020 and recovering only slowly to -1.3% in 2021 and 1.7% in 2022 – the first positive rate recorded by ECLAC since 2014. Gross public debt has remained at around 60% of GDP since 2016 (61.5% in 2021). While the fiscal deficit was brought under control by 2019 (deficit of 2.5% of GDP), the pandemic caused a steep increase in 2020 (deficit of 11.0% of GDP) and 2021 (deficit of 8.8%). In 2022, due to price increases for all petrochemical commodities, the budget deficit fell to about \$48 million, equivalent to just 0.2% of GDP. As conditions in the labor market worsened slightly after 2015, the unemployment rate doubled over time from 2.4% to 4.8% in 2021. The inflation rate fell to a historic low of 0.4% in 2019 and 0.8% in the first pandemic

Output strength

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year but jumped to 3.5% in 2021 and 6.3% in 2022 due to external shocks. While the country's external position remains weak, international reserves and the Heritage and Stabilization Fund continue to provide financial buffers. Except for 2016 and 2020, both years of crisis, the current account balance has been positive throughout the past 10 years. ECLAC reported a surplus of \$2.9 billion for 2021.

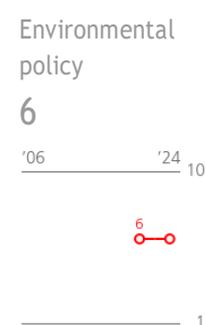
12 | Sustainability

Environmental concerns are addressed in the National Environment Policy (NEP), and regulations are partly in place. However, adherence to these rules is sometimes undermined by a focus on growth, and enforcement is spotty. The government is aware of the environmental situation and challenges and knows what measures to take. Nonetheless, the environment in TTO is progressively deteriorating due to ongoing development, and mitigation measures have not kept pace with the rate of expansion.

The current NEP version dates from 2018. Additionally, several related policies are 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 and Action Plan, and the National Policy and Programs on Wetland Conservation for T&T 2002. During the review period, the National Council for Sustainable Development (NCSD) was established, which is tasked with developing and reviewing the 2018 NEP action plan.

Although the government seeks to enforce some laws, such as those directed toward protecting wildlife, building codes are not well enforced. Additionally, concerns continue to be raised regarding the lack of action taken to prevent illegal quarrying, which contributes to pollution, blocked water courses, forest degradation and the destruction of habitats. Indiscriminate construction in flood-prone areas, including those near rivers and hillsides, has increased vulnerability to flooding and landslides. Economic and political factors often undermine environmental considerations. A prime example of this relates to the ongoing subsidization of water, electricity, and waste collection and treatment prices. These subsidies discourage resource conservation, but their removal is a politically sensitive issue.

TTO has committed to achieving a 30% renewable energy generation goal by 2030, as well as reductions of carbon emissions by 15% in its power generation, transport and industry sectors under the Paris Agreement. The 2022/2023 budget outlined seven environmental measures, including: 1) a rebate for farmers who use renewable energy; 2) construction of a 112 megawatt solar photovoltaic project; 3) establishment of a low-carbon hydrogen industry with green (or blue) hydrogen; 4) implementation of a renewable energy policy to meet the targets set under the Paris Agreement; 5) adoption of a feed-in tariff (FIT) policy to facilitate residential and commercial renewable energy generation; 6) development of a solar park at Piarco



International Airport, funded by the European Union; and 7) a waiver of VAT on new equipment for manufacturing companies that utilize alternate energy technologies and renewable energy. However, only the solar park at the airport, which will contribute a mere 3.5% of the electricity consumed at the airport, has shown significant progress. The other measures are still in the process of finalizing policy proposals or inviting tenders for construction and procurement.

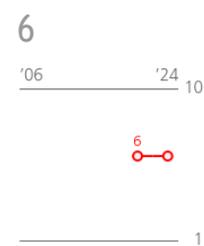
The country's education policy ensures a nationwide system of sound education and training, although the R&D sector is not advanced. In the U.N. Education Index for 2021, TTO was ranked 27th among the 134 BTI countries considered and fourth in the region, achieving a score of 0.791, the level of which has remained stable in recent years. There is no recent official data available on the literacy rate, but it is estimated to be 99%.

Public expenditure on education – as a percentage of total government expenditures – increased steadily throughout the decade, reaching approximately 10% annually in 2018 and 2019, and nearly 12% in 2020. However, it then declined to about 9% in 2021. As a share of GDP, education spending grew until 2020, when it represented around 4%. The state is responsible for financing education, which is accessible to all citizens from early childhood (starting at 2.5 years old) until the secondary level. Government funding supports tertiary education, but the amount allocated is contingent upon a needs-based assessment.

Concerning the quality of education, teacher competency is not a challenge (81.6% of teachers in primary education and 86.7% of secondary school teachers are fully trained). However, problems related to school infrastructure, resource shortages, socioeconomic challenges and security all undermine the quality of education, resulting in lower-than-acceptable student success rates. In the exam to graduate to secondary education, slightly more than 50% of students achieved the minimum required score in 2022, and at the secondary level, only about half of the students were able to pass the required exams. The results were even worse when mathematics and English were among the five tested subjects. To rectify this, the Ministry of Education established a remediation program targeting 106 schools in 2023. At the tertiary level, women account for over 63% of the student body. However, there is a persistent brain drain despite improvements in the provision of tertiary education.

Research centers are inadequate, as are systems for science and technology graduates to continue working in the sector and to keep up with advances in technology. The country continuously plays catch-up with the changing technologies that increasingly drive international trade and development, ultimately making it difficult to be globally competitive. The most recent data available, from 2019, show that R&D expenditure was negligible at 0.1% of GDP. Current research funding is limited and is insufficiently connected to activities in the private sector.

Education policy /
R&D



Governance

I. Level of Difficulty

Structural constraints on governance are quite high. These include TTO's geographic location, which is situated close to Venezuela and between cocaine-producing South America and consumers in North America and Europe. This positioning makes TTO vulnerable to being used as a conduit for the gun and drug trades. Safeguarding its coastline borders requires significant resources. Moreover, the country consists of two islands, which further complicates the government's management of climate-related risks. Historically, TTO has not been directly in the path of most hurricane systems, though this is likely to change. Nevertheless, heavy rains and flooding have increasingly caused displacement and disruption in recent years.

TTO is reliant on oil and gas exports, making it vulnerable to fluctuations in energy prices on global markets. The economy is not sufficiently diversified and has been experiencing a shortage of unskilled labor for jobs characterized by poor working conditions and limited opportunities for upward mobility. However, many of these jobs have now been filled by members of the migrant population, particularly from Venezuela. Another important factor to consider is not just the high poverty rates but also the impact of these rates on income inequality. The increase in poverty rates has contributed to a worsening of income inequality, leading to social friction and tension. As of 2016, the estimated HIV/AIDS rate among adults was 1.2%.

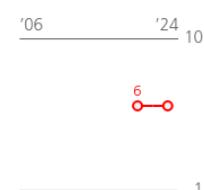
The system of government is based on a Westminster-Whitehall model of government and opposition and operates as a so-called majoritarian democracy with an expected rotation of power between the main parties. As this is not a consensual model of governance, the parties are not compelled to cooperate and collaborate.

Traditions of civil society engagement are quite strong. Civil society movements have a long history of public dialogue, demonstrations and protests, largely surrounding social issues. These organizations primarily have their roots in the labor movements that emerged in the 1930s in Trinidad due to colonial authorities and employers' mistreatment of workers on sugar plantations and oilfields. Common complaints at that time centered on issues of racism, economic exploitation and abuse.

Today, the vibrant trade union movement is surpassed by the civil society movement, which includes a multitude of organizations focusing on diverse issues. In 2018, there were 7,479 registered nonprofits in TTO, operating within sectors including agriculture, business, education, the environment, health, justice and security,

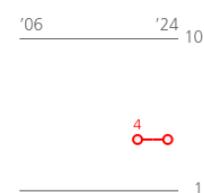
Structural
constraints

6



Civil society
traditions

4

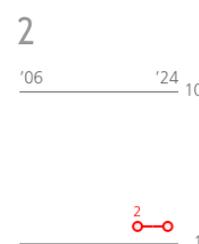


poverty, social development, women’s empowerment and youth issues. Due to their involvement in this wide range of fields, CSOs provide an effective backdrop for public debate and serve as intermediaries between the public and private sectors, as well as between individuals and communities.

Though perennially hard to measure (see “Social Capital”), one significant constraint on governance relates to widespread low levels of trust. Due in part to a history of corruption and ethnic competition, the lack of trust between the citizenry and the state undermines efforts in policy formulation and implementation.

There is a very low level of conflict intensity, as most disagreements are based on rhetoric rather than progressing to violence. There is no tradition of regular violence or social upheaval. In 1970 and 1990, social upheavals occurred, but none of them garnered enough political or public support to threaten the stability of the government. Although TTO is a socially, ethnically and religiously diverse society, there have been no violent incidents based on these differences. The political environment is highly confrontational, driven by political divisions that have a nonviolent but highly caustic ethnic correlation. Political parties are capable of mobilizing large crowds for events on short notice, but political violence has never taken place.

Conflict intensity



II. Governance Performance

14 | Steering Capability

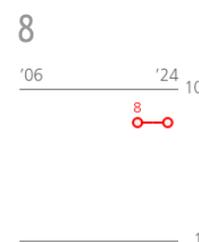
The government sets strategic priorities and is generally able to maintain them over longer periods of time. It is able to prioritize and organize its policies accordingly, albeit with some shortcomings. However, given the entrenched Westminster model of democracy, with two major parties competing for political power, changes in government can lead to abrupt reversals in priority setting.

When the UNC party lost the election in 2015, the newly elected PNM government discarded the UNC’s Medium-Term Policy Framework and published a new Vision 2030 document as a strategic plan for the period from 2016 to 2030. Vision 2030 builds on the previous Vision 2020 document and aims to provide an orderly long-term development process that builds on the SDGs. The latter are given special positions in the budget plans, and progress toward their achievement is regularly reported to the United Nations.

In addition, to confront the challenges posed to the economy by the COVID-19 pandemic, the government in 2020 developed a Roadmap to Recovery, guided by Vision 2030. The Vision 2030 and Roadmap to Recovery plans now collectively constitute the developmental agenda for the country, including road maps with short-

Question
Score

Prioritization



, medium- and long-term goals. The Ministry of Planning and Development is responsible for coordinating programs, dealing with internal and external stakeholders, and conducting monitoring and evaluation functions.

The major (and more general) five goals are “human capital” (including education and health, among other things), improving productivity (infrastructure, transportation), building globally competitive businesses (which is ambitious in a country primarily dependent on petroleum revenues), environmental reforms (renewable energies and measures to reduce the ecological footprint), and enhancing governance (service excellence and evidence-based policymaking). 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.

As it emerges from the pandemic era, TTO still faces challenges in the medium term related to maintaining socioeconomic stability, increasing investment and adapting the economy to the new digital era. In pursuing the strategic priorities contained in the Vision 2030 plan, the government is working toward outlining a core set of sustainable programs and projects, while carefully assessing the likely availability of financial resources and the vulnerability of revenue inflows to external shocks. The government is also considering the likely challenges of implementing such programs and projects during the post-pandemic period.

It is important to note that the government’s priorities have not wavered, but challenges such as the lack of training and development, funding difficulties, a lack of ICT devices, and the prevailing culture within the public administration continue to prevent complete adherence to strategic priorities.

The government fails to implement some of its policies and projects. In some instances, this is due to the absence of political consensus or resistance from civil society, including trade unions. In other instances, the lack of implementation is due to decisions made by the government itself for reasons of political expediency. Additionally, there is a lack of administrative capacity, ranging from the fields of oversight and accountability to the ability of independent institutions to act autonomously, public sector performance management, capacity-building and the devolution of certain central government powers. 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.

Some major government policy proposals and measures have not been implemented despite repeated government announcements to the contrary. Examples of policy proposals that have not progressed beyond the proposal stage include promises to enact campaign finance regulations and to simplify procedures for obtaining planning, building and regulatory approvals, including Environmental Management Authority (EMA) approval, construction permits and licenses. It takes up to two years

Implementation

6

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1

to obtain permits. Some policy measures have been approved by lawmakers but have not been implemented for reasons the executive has not explained. Examples of such measures include the implementation of the property tax and the implementation of the public procurement regime.

Conversely, the state has been making some progress in areas such as the digital transformation – one pillar of the Roadmap to Recovery (Phase II). In 2023, the Ministry of Education launched its digital transformation program, called “MOE Access.” It is expected that in the later part of 2023, the Ministries of Health and Social Services will also initiate their digital transformation programs. Currently, the government is working on several projects, including the completion of the integrated Social Enterprise System/E-PASS, the establishment of the New TTconnect Portal, the implementation of the National e-ID and Interoperability solutions, the continuation of the Digital Fingerprint Capture implementation, and the establishment of the Government Cloud 1.0. In some cases, external contractors may be awarded government contracts to complete these projects despite the absence of a proper selection process due to the failure to implement the public procurement regime. This may prevent qualified and trained contractors from obtaining these jobs and lead to poor-quality work. Factors such as favoritism and nepotism sometimes influence the selection of personnel and contractors.

Overall, the government shows promise in implementing some policies but disregards others. The critical deficit in implementation is partly due to acrimonious parliamentary competition, which makes it unlikely for any measure requiring legislation beyond a simple majority to receive support. Additionally, if vested interests oppose the measure, it becomes even more difficult to gather public or parliamentary support. Finally, the executive has also delayed implementing various policy proposals and measures, as they may not be seen as politically advantageous.

The government has generally demonstrated the ability to engage in policy learning, but its flexibility is occasionally limited. Learning processes do not consistently influence the routines and the knowledge foundation on which policies are based due to a lack of training and development, as well as the prevailing culture in public administration. Due to the government’s Westminster model, changes in party control may lead to significant policy changes, such as the strategic plans mentioned in the “Prioritization” section. This implies that policy learning takes place in times of opposition, as the current PNM government demonstrated when returning to power in 2015. However, the majoritarian system has also led to a political culture of rigid government-opposition confrontation. Neither of the two dominant parties has learned from past problems to reach consensus on strategic policy issues.

While the government has enhanced some policies and demonstrated some level of innovation, its grasp on the broader concepts of policy learning, lesson drawing and policy borrowing is limited. Nevertheless, the government reacted flexibly to the pandemic by updating the Vision 2030 development plan with the Roadmap to

Policy learning

7

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Recovery. This update introduced short- and medium-term goals to address the specific problems caused by the pandemic without losing sight of Vision 2030. The government also recognized the deficiencies that the pandemic exposed and is attempting to find long-term solutions in accordance with Vision 2030. It increasingly seeks advice from UN agencies such as the United Nations Office for Disaster Risk Reduction and academic experts, including the University of the West Indies (UWI).

Monitoring and evaluation units exist in all ministries, as well as in the Ministry of Planning and Development, which serves as the collection point for all monitoring and evaluation activities. However, accessible reports on these units are not available. The Ministry of Finance typically presents the data collected through these monitoring and evaluation activities in national budget documents, such as the Economic Report, the Public Sector Investment Program and the Social Sector Investment Program. However, doubts exist regarding the timeliness and effectiveness of monitoring and evaluation within the ministries and the Ministry of Planning and Development. The government tends to selectively follow best practices or relevant international recommendations, primarily when the granting of loans is conditional.

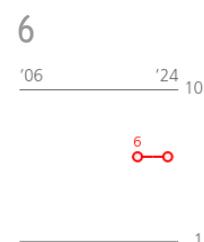
15 | Resource Efficiency

There are still challenges regarding the government's capacity to efficiently utilize available human, financial and organizational resources. These challenges are compounded by the persistence of corruption and maladministration – both of which have been repeatedly identified in the annual reports by the Auditor-General and the Ombudsman. The presence of such problems raises concerns about inefficiencies in resource utilization. However, in strict accounting terms, most public money is usually used appropriately, although debates about value for money persist.

Concerning the budget, TTO recorded a surplus at the end of the fiscal year 2021/2022 for the first time in 14 years. When the 2021/2022 budget was presented in 2021, expenditure was projected to be just under TTD 52.5 billion, but revenues were projected at TTD 9.1 billion less than this amount, suggesting that a deficit of 5.8% of GDP would be incurred. However, due to international shocks, the earnings from oil and gas saw the country earn \$10 billion more than projected for that fiscal year. This unexpected surplus did not alter the deficit-budgeting approach taken by the government as it drafted the budget for FY 2022/2023.

Since the 2015 crisis, public debt levels have grown steadily, though they remain manageable. The state's fiscal situation is buffered by the Heritage and Stabilization Fund. From the expenditure side, the Ministry of Finance has failed over the years to manage the timely payment of VAT refunds. Similarly, several state enterprises have not been paying contractors, leading to the state owing billions to the private sector. On the revenue side, the Ministry of Finance has failed to implement the property

Efficient use of assets



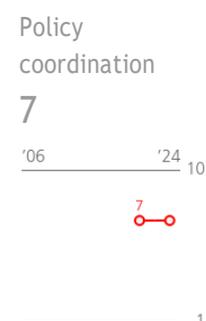
tax. Similarly, the Ministry of Energy has failed to restrict illegal quarrying, allowing for the “theft” of state resources while at the same time failing to collect license fees and taxes in a multi-billion-dollar industry.

The bureaucracy is established along the lines of the British colonial tradition – a career civil service with members who are appointed, promoted, transferred and disciplined by an independent public service commission. However, the length of time needed to act and the availability of funding to fill positions, when coupled with protracted wage negotiations, have tended to compromise efficiency. In addition, government allocation of resources is informed not merely by efficiency considerations but equally by political considerations. In fact, political imperatives have exercised significant influence over the size of the public sector workforce. Some observers consider the public service to be inflated, and transfers and subsidies have traditionally made up a significant – and likely unsustainable – proportion of government expenditure. However, efforts to improve the efficiency of government expenditure by reducing the size of the public service and reducing transfers and subsidies have been met with intense political resistance from both within and outside the government.

A similar situation exists with respect to decentralization, whereby local governments do possess legitimacy, but the majority of local councils remain fully dependent upon the state for disbursements in order to function. Proposals for local government to be given some level of financial autonomy have been made over the years. However, the government has argued that such autonomy will come once a centralized Trinidad and Tobago Revenue Authority (TTRA) is established and the property tax regime is implemented.

The government tries to coordinate conflicting objectives, but significant friction, redundancies and gaps in task assignment exist. For instance, with regard to the state’s coordination of energy and environmental imperatives, the state has sought to increase government revenue from the sector while simultaneously aiming to reduce the carbon intensity of its economy. The government remains willing to issue new licenses for oil and gas exploration but has also commissioned grid-tied solar power systems to meet the country’s target of obtaining 10% of its electric power from renewable energy by 2021. Additionally, the government has committed to reducing emissions in the industry, transport and power generation sectors by 15% by 2030. However, the overall resource conservation efforts are severely undermined by the substantial subsidies currently applied to electricity and water. Consequently, ratepayers have little to no incentive to conserve these resources.

Many institutions in the country do not function effectively or consistently. The public service, the police service and the prisons service exhibit clear weaknesses that have resulted in unacceptable outcomes in the provision of public services (e.g., immigration and customs, land management, planning approvals, and law enforcement), crime detection and prevention, and prison conditions, the latter of which contribute to a high rate of recidivism. International organizations such as the



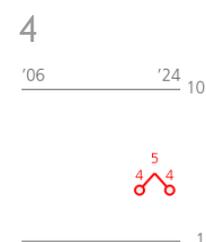
Financial Action Task Force have criticized the implementation of laws concerning money laundering and corruption. One factor that contributes to this subpar performance is the severe lack of coordination among government institutions and the prevailing reluctance to share information. This leads to heightened friction between government ministries.

Government bureaucracies in Trinidad and Tobago have been undergoing reforms for approximately two decades. The highly centralized structures and closed model of operations are now subject to change under modern government standards. However, the overall level of change has been minimal, and cultural models of behavior and working operations have led to inefficiencies in public organizations. The slow transition to New Public Management and good governance has had a significant impact on the outcome of policy implementation and coordination between government bodies.

Although there are a number of integrity mechanisms within the system, many seem ineffective in containing corruption, suggesting that the government is only partially willing and able to contain corruption. The Auditor-General and the Public Accounts Committee (PAC) of the parliament are responsible for auditing state spending, but neither entity conducts this task properly. The annual reports of the Auditor-General point to many instances of state spending that are not properly documented, such as the absence of contracts or invoices. While some of these discrepancies are attempts to conceal corruption, in other instances, they may be pure maladministration. State enterprises must report to the PAC, but there are many instances when audited accounts are not presented. In March 2023, the Community-Based Environmental Protection and Enhancement Program (CEPEP) admitted to the PAC that it had not completed audits since 2009 and could provide no time frame for completing them. Without any mechanisms to compel the presentation of audits for state spending, neither the PAC nor the Auditor-General seem effective in containing corruption.

This is compounded by the absence of a public procurement regime. Since 2003, it has been recognized that the existing public procurement systems were substantially deficient. The government proposed the establishment of a comprehensive regime, which was approved in 2015. However, since the legislation's passage, there have been three amendments, but no implementation. By 2019, the procurement regulator, as well as all the regulations, were in place to allow for the roll-out of the regime, but the government simply refused to do so. More critically, in 2020, the government proposed another amendment to the law that removed legal, medical, financial, accounting and auditing services from the remit of the Procurement Regulator's Office. Despite strong objections from the regulator and civil society, which claimed that the amendment "gutted" the law, the amendment was approved. Nonetheless, the government still refused to implement the law afterward. In 2022, the government sought the judiciary's opinion regarding the implementation of the regime, only to be told that the judiciary was uneasy with the law's structure and the powers granted to the regulator.

Anti-corruption
policy



In addition, there are no laws in place governing campaign financing. A bill was introduced in parliament in 2020 but was referred to a joint select committee of parliament for further consideration. It has not yet been returned for debate. The Integrity in Public Life Act has been in effect since 2000 and is enforced by the Integrity Commission. Under this legislation, designated public officials must submit annual declarations that are to be verified and certified by the Commission. Unfortunately, many individuals fail to comply with the law, and even when they do, the Commission is unable to certify the declarations in a timely manner. According to the Commission's 2021 report, out of the 1,200 public officials who were required to submit declarations in 2020, only 616 did so. Additionally, the Commission was only able to certify 176 of those declarations. As a result, the effectiveness of the Integrity Commission remains questionable.

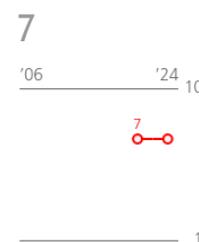
Freedom of information (FOI) provisions have produced mixed results based on differing interpretations of what constitutes public versus private information. FOI applications are received and processed, but there have been reports of long delays, and applicants have needed to appeal to the courts to obtain the requested information.

16 | Consensus-Building

There is a general consensus on democracy, which is, however, weakened by significant controversy with regard to strategic priorities. Nonetheless, the system of government as a majoritarian democracy was intended to be divisive and is founded on the need for divisiveness. Power is rotated and never shared. The political culture is a reflection of that outlook. There is no discernible policy difference between the two major parties in Trinidad and Tobago, which makes their lack of consensus while in office a subject of the hegemonic application of power.

Notwithstanding, there is occasional consensus between the government and the opposition in parliament. This occurs whenever a bill necessitates special majorities to enact legislation. The record on this matter has been mixed, with unanimity usually (but not always) occurring after the appointment of a joint select committee of both houses of parliament to consider such legislation. While it has not always been successful, this approach is the primary means of achieving consensus between the parties. One example of such legislation is the bill seeking to amend the constitution to establish a higher level of self-government for Tobago. Constitutional amendments require a three-fourths majority in the House of Representatives and a two-thirds majority in the Senate. These bills are currently stalled at the committee stage in the House of Representatives. On the other hand, there have been instances of consensus between the government and the opposition on special majority legislation, such as the Foreign Account Tax Compliance Act 2017, which required a three-fifths majority in both houses of parliament.

Consensus on goals



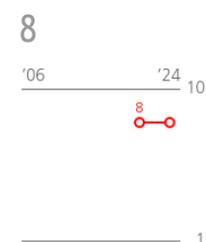
There is a general consensus on the use of the market economy as an objective of development. Both major political parties, the PNM and the UNC, have a marketeconomic thrust when they are in power and tend to adopt a more left-leaning approach when they are in opposition. For example, the current government closed down the Petrotrin oil refinery in south Trinidad in 2018 and has had proposals from potential buyers. However, to date, it has not acted on any of those proposals. The opposition, on the other hand, has called on the government to reopen the oil refinery and to continue funding it.

The greatest challenge to the acceptance of the market economy as a goal of development comes from the trade union movement and segments of the regional academic community. The objections to marketeconomic development raised by trade unions are more popular among the general population and concern growing income inequality, the prevalence of poverty and the sale of state assets, particularly to foreign entities or large conglomerates.

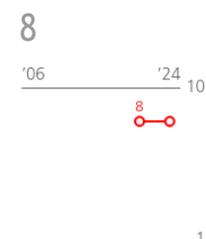
The principles and dogmas of democratic traditions have been well adopted and adapted by all politicians and political parties. The same can generally be said for civil society actors, such as interest groups, the media and political parties. In its past 60 years as a nation-state, TTO has experienced only one civil society organization (CSO), the Jamaat as Muslimeen, that undertook anti-democratic actions against a democratically elected government. That action was rebuffed by society at large. While there remains some level of distrust of this particular organization and its anti-democratic leanings, the leaders of the organization have more recently contested elections, thus suggesting the adoption of democratic ideals. Society is hardwired to promote democratic means of debate, discussion and dissent, but never anti-democratic techniques.

The political elite works to depolarize cleavage-based conflict and expands consensus across the dividing lines. Despite its multiethnic, multicultural and multireligious composition, TTO has managed to maintain a relatively solid consensual outlook on the affairs of the state regardless of which political party is in power. Both major parties promote inclusiveness in their messaging and campaigning. This is a political tool for reaching across the aisles to broaden support, rather than promoting division and disunity. It manifests itself in policy statements, although some messaging may accuse the other side based on a nuanced interpretation of their message, suggesting that divisiveness is being advanced. However, accusatory messaging is very different from promotional messaging, which is never divisive.

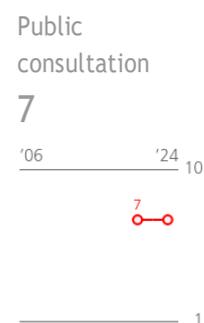
Anti-democratic actors



Cleavage / conflict management

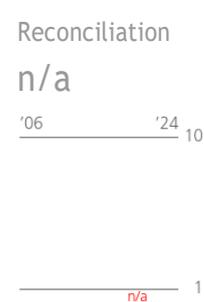


Government figures regularly invite civil society actors to participate in discussions and consultations to hear their opinions on policy issues. However, decision-making in TTO remains highly centralized. As a result, civil society participation often occurs through centralized processes. Government ministers frequently receive delegations from civil society groups to engage in discussions about policy matters. This approach is utilized by governments on both sides of the political divide and is deeply rooted in political culture. Additionally, since 2014, when the standing orders of parliament were changed, there have been increased opportunities for parliamentary committees to hear from civil society groups about various aspects of national life. During the COVID-19 pandemic, a Roadmap Committee was established to advise the government on the economic recovery and the public health challenges posed by the virus. A civil society representative was part of this committee.



Since 2020, the government has initiated various public consultations to address challenges to good governance. While these consultations are typically open to the general public, in many cases, CSOs are specifically invited to participate. For example, in December 2021, the Ministry of Education engaged more than 22 stakeholders (including some from civil society) in a first round of consultation on the National Education Policy Draft Concept. This was followed by a general public consultation from January 31 to February 9, 2022. Later in 2022, the Regulated Industries Commission (RIC) started a major consultation process with the general public regarding an increase in electricity rates. In his New Year’s message for 2023, the prime minister advocated for the necessity of consultations prior to the formulation of public policy. He announced that he would initiate a series of public consultations to address all issues related to crime and its containment. The prime minister indicated that these consultations would commence in March 2023.

The closest that TTO has come to undertaking reconciliation efforts between victims and perpetrators of injustices is with respect to an isolated case of the 1990 attempted coup led by the Jamaat al Muslimeen. Beyond this event, there have been no other instances that would have called for some degree of reconciliation.



The attempted coup in 1990 resulted in the loss of at least 20 lives and property losses in the millions. In 2010, after the government had changed four times, a formal Commission of Enquiry (COE) was established to inquire into the events surrounding the attempted coup. The public hearings by the COE allowed some closure, but due to the refusal of key coup actors to participate, there was never full disclosure. Nevertheless, a COE Report was completed, and the PP/UNC government, which had established the COE, submitted the report to parliament in 2014. However, in 2015, the government changed, and there is no record of the new PNM government taking action on that report and its recommendations.

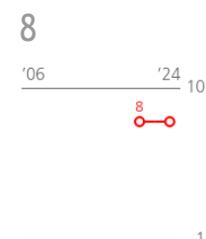
17 | International Cooperation

The government has committed to a Vision 2030 development plan since 2016, and in 2020, it commissioned a team to develop a Roadmap to Recovery. Both plans form the developmental agenda for the country, including road maps with short-, medium- and long-term goals. Most of them are aligned with the SDGs, covering areas such as social protection, job creation, and economic, social and ecological resilience. However, with decreasing revenues expected from oil and gas, at least until mid-2022, the government had to look for external funding to finance capital projects. The government has narrowed its focus to obtaining such capital largely from international agencies, such as the European Development Fund and the Inter-American Development Bank (IDB), as well as through government-to-government (G2G) agreements, while consistently avoiding going to the IMF to address its economic difficulties. For example, in March 2022, the IDB approved the new country strategy for TTO's digital transformation, which aimed to achieve more sustainable and inclusive growth. In early 2023, the Office of the Prime Minister reported that the government had signed loan contract agreements totaling \$395 million with the IDB, aimed at improving the efficiency and quality of water supply.

The government has also sought closer cooperation with China. In 2022, the minister of planning and development and the Technical Cooperation Unit of that ministry met with representatives of the Chinese government to explore how TTO could benefit from China's Global Development Initiative (GDI). That meeting recognized that the GDI aligns with Vision 2030 and the Roadmap to Recovery Report. Eight priority areas were identified, including the digital economy, food production, urban development, the blue economy, the establishment of greenhouse industrial parks, and industrialization. These discussions came after TTO partnered with the government of China and Chinese firms to carry out infrastructure projects, with the most recent one occurring in 2021 when the state-owned NGC signed a contract with Chinese BCEG for gas infrastructure at eTecK's Phoenix Park Industrial Estate.

In a manner similar to the meeting with the Chinese government, TTO also held discussions with the ambassador of the EU Delegation to the Republic of Trinidad and Tobago. During this meeting, it was agreed that both parties would continue to collaborate in order to aggressively explore funding and technical assistance from the regional fund. This collaboration aims to develop projects that will enhance TTO's green economy, digital economy and water resources, while additionally helping to revitalize the cocoa industry and promoting innovation.

Effective use of support



For the most part, the government acts as a credible and reliable partner. It shows notable engagement in international cooperation efforts and has made commitments across numerous multilateral environmental agreements. However, although the state has generally honored its commitments under these agreements, questions remain regarding ongoing progress. When the government ratified the Paris Climate Accord in February 2018 and at COP27, it committed to increasing the country's renewable energy share to 30% by 2030. Nevertheless, in 2023, the prime minister warned that the transition to green energy was "not as simple as flipping a switch." He declared that "the outlook for oil production is promising" and noted that Trinidad and Tobago had committed to a 30% reduction in public transport carbon emissions by 2030, contradicting the commitment made at COP27 to increase renewable energy capacity.

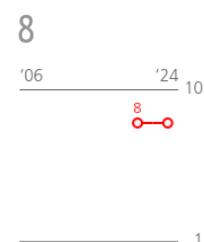
In 2017, the European Union cited TTO for its failure to meet international transparency standards for the exchange of information and its apparent potential for preferential tax regimes. The country was rated noncompliant with various OECD tax evasion agreements, including the first round of the OECD Global Forum's exchange of information on request procedure. It has also failed to sign the agreement for the Common Reporting Standard Multilateral Competent Authority. In early 2023, the country remained blacklisted by the European Union and was deemed a "non-cooperative jurisdiction for tax purposes."

The country is a party to the WTO, the ICSID and the ICC. Regarding these agreements, the government is known as a respectable and credible partner.

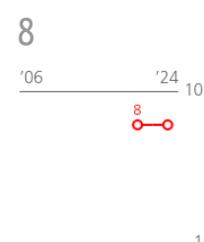
Trinidad and Tobago is a well-respected member of Caricom. TTO cooperates with many neighboring states and complies with the rules set by regional and international organizations. The country has been a party to the gradual implementation of the Caricom Single Market and Economy (CSME) and currently recognizes the free movement of specific classes of workers within the grouping. In 2022, the immigration laws were amended to allow for the entry of 12 categories of workers, granting permission to work and live in Trinidad and Tobago, thus strengthening the implementation of the CSME. To strengthen ties with Caricom, the prime minister announced in February 2023 that he would convene a special regional symposium in April of that year for the consideration of crime as a public health concern, as the crime and security issues being faced in Trinidad and Tobago are also occurring in several other Caricom states. Several heads of government of other Caricom states committed to participating in the symposium.

In furtherance of actions related to criminal activities, the Mexican government has filed a lawsuit in the United States Court of Appeals in the First Circuit to hold U.S. gun manufacturers liable for the harm caused by their products. Trinidad and Tobago, as well as other countries and civil society groups in the region, were invited to join that brief. Thus far, Antigua and Barbuda, St. Vincent and the Grenadines, the Bahamas, and Trinidad and Tobago, as well as the Latin American and Caribbean Network for Human Security (SEHLAC), a network of non-government

Credibility



Regional cooperation



organizations and affiliated professionals specializing in international humanitarian law and seeking disarmament in the Latin American and Caribbean region, have indicated their willingness to join that brief.

Concerning neighborly relations beyond Caricom, Trinidad and Tobago has signed trade agreements with Cuba, the Dominican Republic, Venezuela, Panama, Colombia, Guatemala, El Salvador and Costa Rica.

Strategic Outlook

Although Trinidad and Tobago's economy received a timely boost as the country emerged from the COVID-19 turmoil, the subsequent fall in oil and gas prices will have a negative impact on projected revenues for 2023. The government may be forced to either reduce proposed expenditures or find other sources of financing to supplement the revenue shortfall. The population has been informed that property taxes will be implemented. Currently, the Regulated Industries Commission is seeking input from the population on proposed rate increases for electricity, which could potentially be implemented by mid-2023. Water rates will then undergo a review. These increases will affect citizens and the business sector alike.

While additional revenues can be earned through increases in taxes and charges, there remains an urgent need to diversify the economy and reduce the state's dependence on oil and gas revenues. Over time, the state has spoken of the need to diversify, but there is little to show in that regard. Moreover, the government has once again emphasized that oil and gas remain the mainstay of the economy. This can continue to be so if the government engages in a massive effort to use renewable energy for local consumption, thereby increasing the availability of fossil fuels for export. However, the movement to expand renewable energy is moving at a slow pace.

On the political front, general elections are scheduled for 2025. Currently, the government is facing challenges related to crime, security, infrastructure and governance. Crime in particular remains a significant concern, especially given the low (under 20%) detection rate. To effectively address this issue, an urgent overhaul of the various government agencies involved in security and justice is necessary. One key aspect to consider is the porous borders of the county, which allow illegal guns, narcotics, illegal immigrants and victims of human trafficking to enter undetected. Even when arrests are made, the legal process often drags on for many years, mainly due to a critical shortage of court prosecutors.

Turning to governance challenges, there is a culture of corruption in TTO, supported by a lack of transparency and accountability. There is an urgent need to revamp many of the anti-corruption laws, as well as the codes of conduct that currently exist. The Integrity Commission has called since 2014 for a revision of the Integrity in Public Life Act and has gone so far as to identify the shortcomings in its report, but with no state response. The lack of transparency and accountability has escalated, as many ministries and state agencies have engaged in contractual arrangements with nondisclosure clauses. The state needs to become more accountable and transparent in its governance of society.