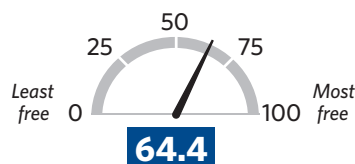


TRINIDAD AND TOBAGO



Economic Freedom Score



World Rank: **63**

Regional Rank: **13**

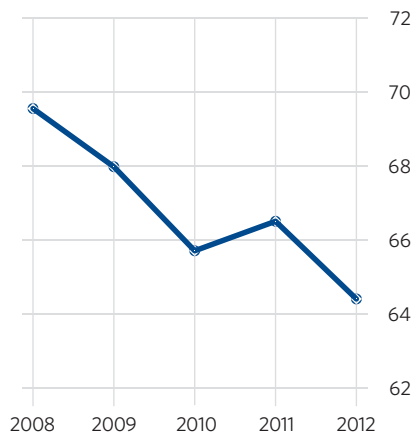
Trinidad and Tobago's economic freedom score is 64.4, making its economy the 63rd freest in the 2012 *Index*. Its score is 2.1 points lower than last year, reflecting declines in scores for government spending, monetary freedom, and trade freedom. Trinidad and Tobago is ranked 13th out of 29 countries in the South and Central America/Caribbean region, and its overall score is higher than the world and regional averages.

Overall progress in advancing economic freedom and enhancing the entrepreneurial climate has been uneven. Reflecting a lack of consistent commitment to structural reform, the economy registered one of the 20 largest score declines in the 2012 *Index*. Overdependence on oil and gas continues to hold back private-sector development, although diversification of the economic base has made some progress, as in the financial sector. Non-oil productivity and job growth generally remain stifled by inefficient and non-transparent investment regulatory frameworks.

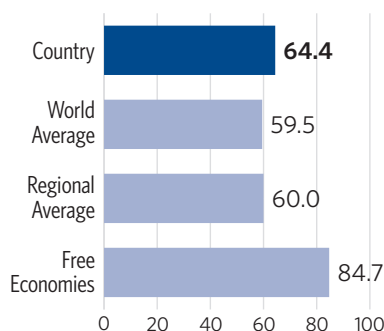
The judiciary is relatively independent, and Trinidad and Tobago benefits from a tradition of institutional stability. Nevertheless, lingering corruption and ineffective protection of private property rights undermine prospects for more dynamic long-term economic development.

BACKGROUND: Kamla Persad-Bissessar became Prime Minister of Trinidad and Tobago in 2010 when her People's Partnership coalition ousted the People's National Movement amid soaring crime and allegations of corruption. Robust foreign investment since 1990 has made Trinidad and Tobago the Western Hemisphere's largest supplier of liquefied natural gas and one of CARICOM's largest and most industrialized economies. The economy has doubled since 2002, with hydrocarbons accounting for more than 40 percent of GDP and 80 percent of exports. Economic growth has resumed after slowing substantially in 2009–2010. In 2000, the government created the countercyclical Heritage and Stabilization Fund to put aside revenue during periods when oil prices exceed the long-term average.

Freedom Trend



Country Comparisons



Quick Facts

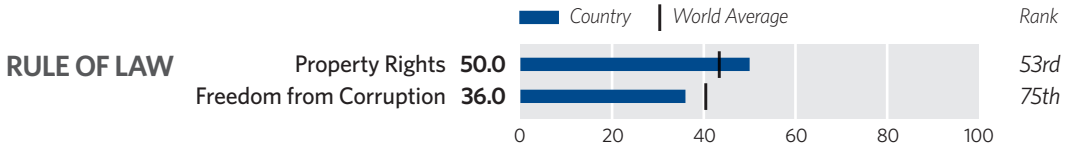
Population: 1.3 million
GDP (PPP): \$26.1 billion
 0.0% growth in 2010
 5-year compound annual growth 3.2%
 \$21,200 per capita
Unemployment: 6.4%
Inflation (CPI): 10.7%
FDI Inflow: \$549.4 million
Public Debt: 40.1% of GDP

How Do We Measure Economic Freedom?

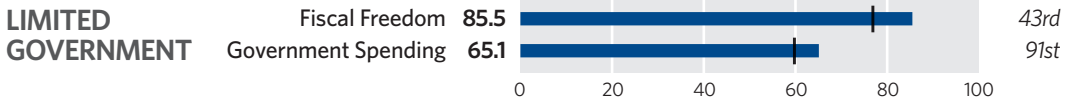
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

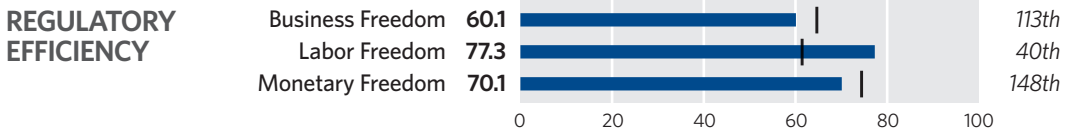
THE TEN ECONOMIC FREEDOMS



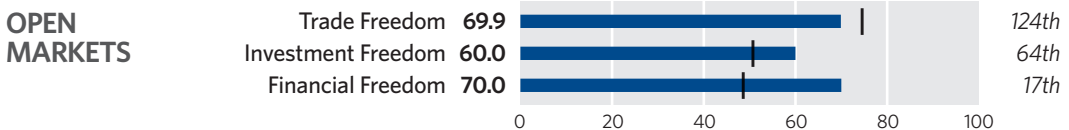
Property rights are protected under the constitution and common-law practice. Secured interests in property are recognized and enforced. The judiciary is independent and fair, but cases are time-consuming, and the backlog is several years long. Legislation protecting intellectual property is among the hemisphere’s most advanced, but enforcement is lax in some areas. Widespread corruption continues to undermine government integrity.



The top income tax rate and the standard corporate tax rate are 25 percent. Other taxes include a value-added tax (VAT) and a property tax, with the overall tax burden amounting to 14.1 percent of total domestic income. Government spending has risen to a level equivalent to 34.1 percent of GDP. The budget has been in deficit in recent years, and public debt has climbed to 40 percent of total domestic output.



Despite some progress, the regulatory system lacks transparency and clarity, and regulations are enforced inconsistently. Although there is no minimum capital requirement, it takes 43 days to start a company in comparison to the world average of 30 days. The labor market is relatively flexible, facilitating the matching of supply and demand for the highly educated labor force. Inflation has been quite high.



The trade weighted average tariff rate is restrictive at 10 percent, and cumbersome non-tariff barriers further increase the cost of trade. Foreign investment in private business is not subject to limitations, but the overall investment regime is not stable enough to drive dynamic growth in long-term investment. The financial sector is relatively well developed and has become a catalyst for economic growth. State influence is not substantial.

Score Changes

RULE OF LAW	LIMITED GOVERNMENT	REGULATORY EFFICIENCY	OPEN MARKETS
Property Rights	Fiscal Freedom	Business Freedom	Trade Freedom
Freedom from Corruption	Government Spending	Labor Freedom	Investment Freedom
		Monetary Freedom	Financial Freedom
0	+1.8	+1.7	-11.8
0	-10.7	+0.2	0
		-1.7	0