

TRINIDAD AND TOBAGO

WORLD RANK:

99

REGIONAL RANK:

21

ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Trinidad and Tobago's economic freedom score is 58.8, making its economy the 99th freest in the 2022 *Index*. Trinidad and Tobago is ranked 21st among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Trinidad and Tobago's economy has contracted substantially by an average of 3.5 percent each year over the past five years. Economic freedom has also declined during that time. With some gains in scores for rule of law overshadowed by a sharp drop in the **fiscal health** score and lower scores for **labor freedom** and **trade freedom**, Trinidad and Tobago has recorded a 2.4-point overall loss of economic freedom since 2017 and is now firmly established in the top half of the "Mostly Unfree" category. Monetary freedom is relatively strong, but **government integrity** is weak.

IMPACT OF COVID-19: As of December 1, 2021, 2,177 deaths had been attributed to the pandemic in Trinidad and Tobago, and the government's response to the crisis ranked 30th among the countries included in this *Index* in terms of its stringency. The economy contracted by 7.8 percent in 2020.

ECONOMIC FREEDOM SCORE

58.8



REGIONAL AVERAGE
(AMERICAS)^A

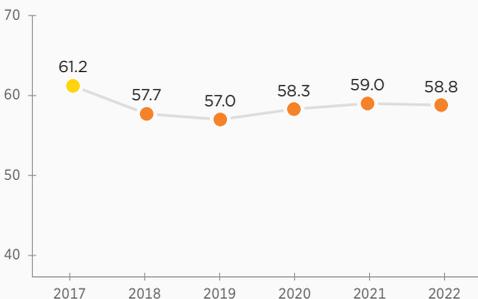
59.4

60.0

WORLD
AVERAGE

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -10.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.4 million

GDP (PPP):
\$35.0 billion
-7.8% growth
in 2020
5-year compound
annual growth -3.5%
\$25,031 per capita

UNEMPLOYMENT:
6.7%

INFLATION (CPI):
0.6%

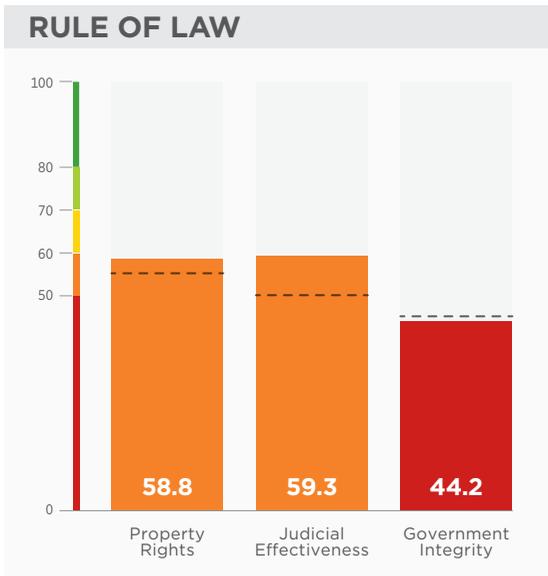
FDI INFLOW:
-\$439.0 million

PUBLIC DEBT:
59.4% of GDP

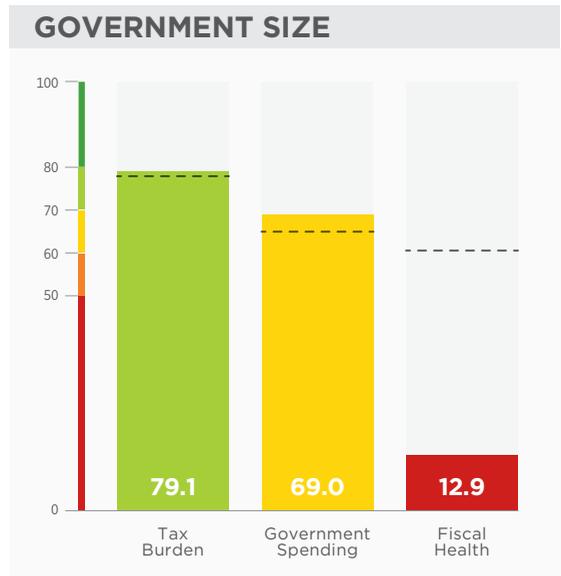
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Trinidad and Tobago is one of the Caribbean's wealthiest nations, and hydrocarbons account for more than 40 percent of GDP and 80 percent of exports. Prime Minister Keith Rowley of the center-left People's National Movement was elected to a second consecutive five-year term in 2020 and retains majority control in Congress. However, his government must contend with weak economic growth and rising crime. Rowley has helped Venezuela's Maduro regime to circumvent U.S. sanctions and has pursued joint offshore natural gas field projects with Venezuela. Oil production has declined over the past decade, and the country is focused on natural gas. Financial services and construction have been among the strongest non-energy subsectors, and tourism has the potential for significant growth.

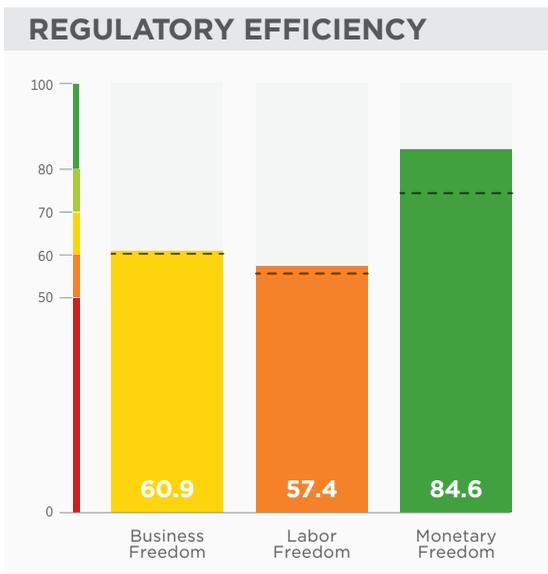
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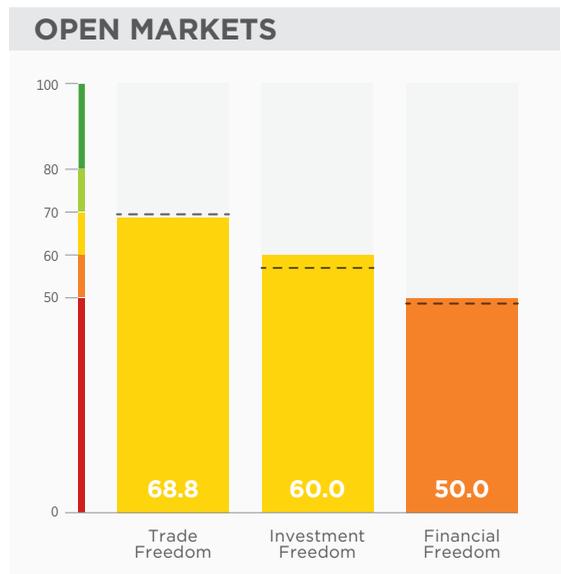
Property rights are protected, but a complicated land titling system makes property registration cumbersome and costly. Enforcement of contracts is time-consuming. The judiciary is independent but slow, inefficient, and subject to political pressure. There is a long history of corruption and mismanagement under successive governments. A high incidence of violent drug-related crimes contributes to a backlog of court cases and narcotics-related graft in the police force.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and property taxes. The overall tax burden equals 23.7 percent of total domestic income. Government spending has amounted to 32.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.2 percent of GDP. Public debt is equivalent to 59.4 percent of GDP.



Some government barriers to doing business have fallen, but bureaucracy is still weighty, and procedures are still opaque. Severance pay is usually paid to retirees and workers who have been made redundant but is not mandated in every case. Transfers and subsidies, including costly fuel subsidies, accounted for more than 50 percent of Trinidad and Tobago's annual budget between 2010 and 2020.



Trinidad and Tobago has four preferential trade agreements in force. The simple average tariff rate is 8.1 percent, and four nontariff measures are in effect. Overall trade freedom is hampered by other lingering barriers to trade flows. Foreign investors are granted national treatment, but the investment regime lacks efficiency. The financial sector is evolving, and the banking system is relatively stable. Banking services are uneven across the country.