

# Trinidad and Tobago

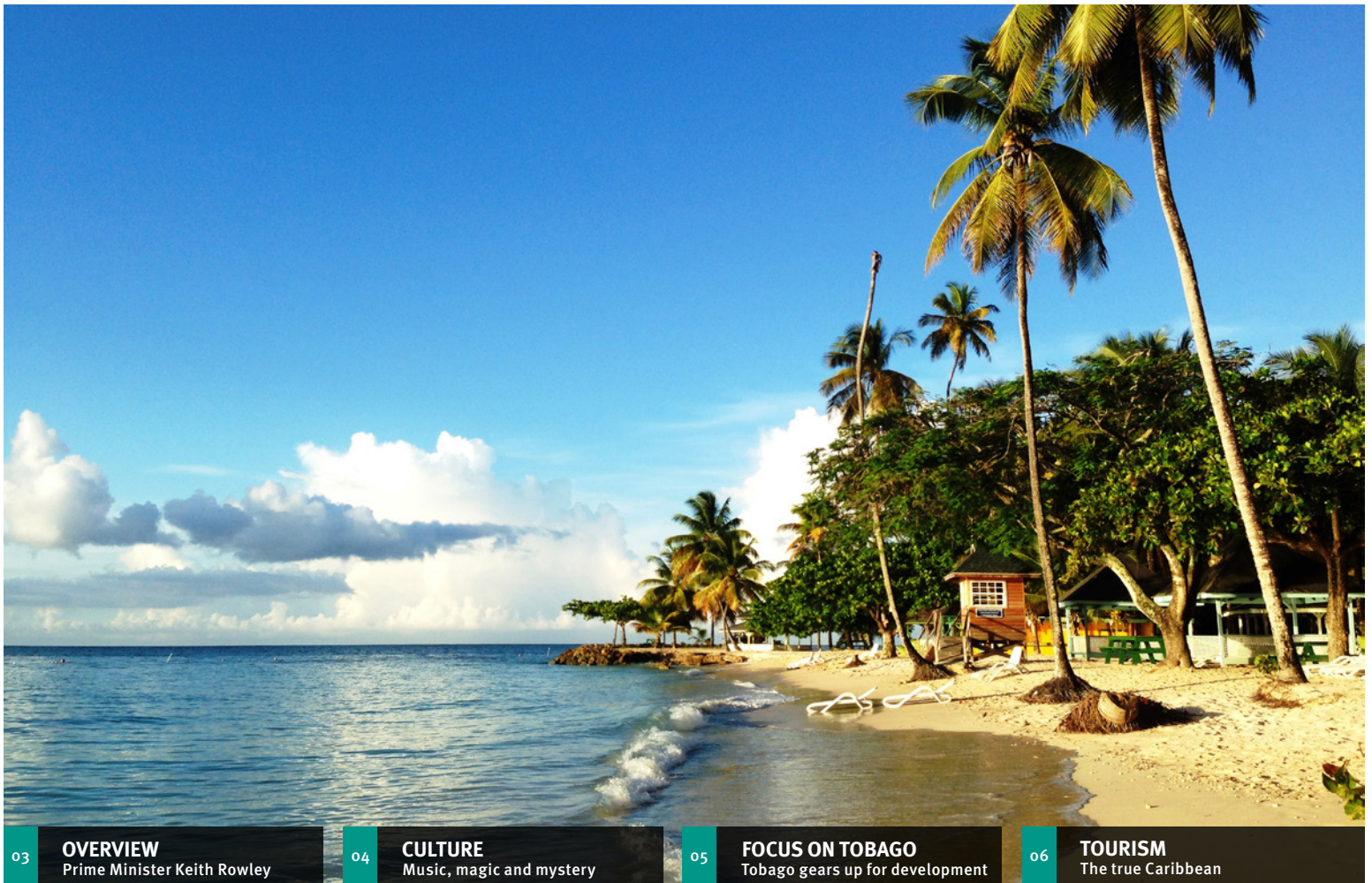
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## Heeding the winds of change

The dramatic downturn in oil and gas prices in an energy-exporting country such as Trinidad and Tobago would test the steeliest of spirits. But rather than being daunted by the tempest, the new government of this Caribbean nation sees the opportunity for a sea change in the ways the country goes about its business.

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03 **OVERVIEW**  
Prime Minister Keith Rowley

04 **CULTURE**  
Music, magic and mystery

05 **FOCUS ON TOBAGO**  
Tobago gears up for development

06 **TOURISM**  
The true Caribbean

## Getting the economy back on an even keel

Writer: *Andrew Sim*

**OVERVIEW** Facing the triple whammy of a plunge in oil and gas prices, falling output and fiscal imbalances, Trinidad and Tobago's new government is striking a balance between belt-tightening and renewed growth

As a volcanologist, Keith Rowley is no stranger to shocks, seismic or otherwise, but when Trinidad and Tobago's new prime minister took office he might well have had reason to be taken aback by the task of reviving the economy. With energy exports accounting for around 40 percent of GDP, the 70 percent plunge in crude oil prices and 45 percent fall in natural gas prices over the past 18 months have hit the country hard, especially coming

on top of a fall in output of over 10 percent in the past five years.

If that were not enough, his People's National

**“We are not daunted by the challenges facing us”**

**Keith Rowley**  
*Prime minister of Trinidad and Tobago*

Movement (PNM) government, restored to power in the September general elections after five years in opposition, also found itself with the legacy of a blowout in government finances and a drain on foreign reserves in an import-hungry country that has fuelled a balance of payments deficit. That has raised the spectre of the IMF being called in as it was in the 1980s, evoking the nightmare of the painful conditions imposed in return for



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3. A family celebrates Emancipation Day, commemorating the abolition of slavery in Port of Spain. Photo: Salim October | Shutterstock.com

## Dr Keith Christopher Rowley: Cometh the hour, cometh the man

Keith Rowley, Trinidad's new prime minister, has been elected into office as the country is facing hard times. The people obviously feel that he is up for the challenge. He has pledged his government will deliver transparency and accountability in the arduous task of restoring prosperity. Whether he succeeds or not will not be for want of effort nor competence

Brought up in Tobago by dotting farming grandparents, the 66-year-old prime minister still delights in nature, gardening and hiking as well as being an eager golfer and art collector. His wife Sharon says that his upbringing forged his personality. He himself says he was imbued by a sense of mission; of progress on a personal and communal basis. Whilst not noted for his brilliant communication skills, this doctor of geology does have the well-earned reputation of being an able administrator, perhaps something Trinidad and Tobago is in most need of at the moment. He set out his stall in a speech to the nation at the end of last year in which he invited everyone to pull together as a nation

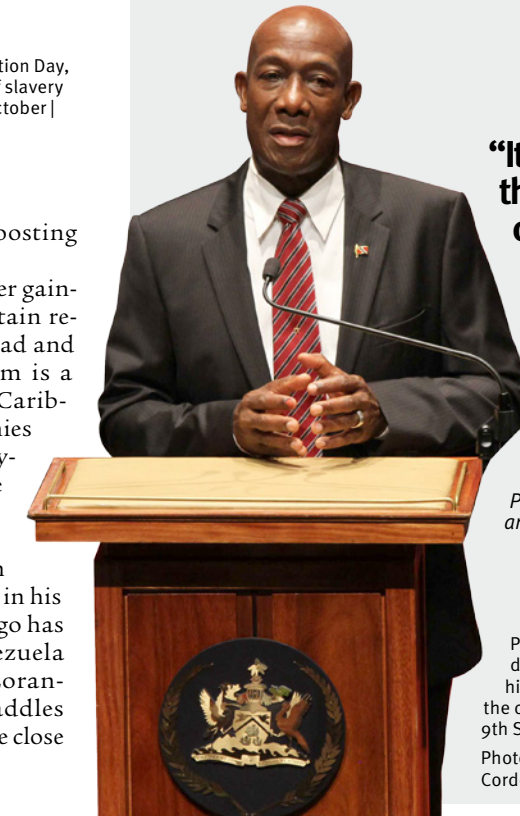
to overcome the challenges the country is facing. "It is times like these that good, old-fashioned, honest leadership is the best tool available to a nation," he said.

### BIO

**1981**  
Rowley first ran for political office in 1981, where he contested the Tobago West seat

**1991**  
Elected member of the House of Representatives for Diego Martin West in the national parliament

**2010**  
Named head of the PNM and leader of the opposition in parliament



**"It is times like these that good, old-fashioned, honest leadership is the best tool available to a nation"**

Keith Rowley  
Prime minister of Trinidad and Tobago

Prime Minister Keith Rowley delivers a speech during his swearing-in ceremony in the capital, Port of Spain, on 9th September 2015.

Photo: Gao Xing/Xinhua Press/Cordon Press

a bailout, a fate Rowley has pledged to avoid. "This administration will not take this country back to that kind of situation," he said. Under those circumstances, it might "have been better to have lost the general elections," the 66-year-old Rowley said in a sober address to the nation on 29th December. But he hastened to add that he is "not daunted" by the challenge.

Given the situation, Trinidad and Tobago needs to diversify its sources of income in order to protect it from the fickle winds of the energy markets, and progress is already being made. Eco-tourism is being developed on the serene island of Tobago – the smaller of the two making up this tropical Caribbean country, located outside the hurricane belt. Meanwhile, the country's status as an international financial centre leverages upon its strategic location between North and South America, as well as

enabling it to act as a bridge for China into Latin America. That initiative would require the upgrading of the country's broadband network, which would further open up the development of information and communica-

### "The immediate task of the Rowley administration over the next two years is to stabilise the economy"

tion technology-based activities. But the immediate task of the Rowley administration over the next two years is to stabilise

the economy and get the country's fiscal house back in order. Reducing the increase of public debt, which rose to an estimated 46.3 percent of GDP by the end of September from 32.2 percent at the end of 2010, is a key priority. In



Trinidad and Tobago enjoys a privileged geographical position between North and South America

order to do so, the government needs to steer a path between the Charybdis of spending its way out of the crisis at the expense of future generations and the Scylla of over-zealous austerity. In his speech to the nation, Rowley made it very clear that he is aware of the balancing act involved as his government works to "steady the ship and stay the course." While announcing a seven-percent cut in operating expenses by all state bodies and warning of "sacrifices" ahead, including an effective five-percent cut in government officials' wages to reduce the public deficit and plans to tap up to \$1.5 billion from the rainy day heritage and stabilisation fund, he also unveiled a housing-construction investment drive that calls for private

sector funds, with a view to boosting the labour market. On the international front, after gaining independence in 1962, Britain remains a key partner for Trinidad and Tobago. The United Kingdom is a major tourist market for the Caribbean nation, while UK companies such as BP are important players in the energy sector, whose main markets are in North America. Events also suggest there is room for closer ties with Latin America: Rowley unveiled in his speech that Trinidad and Tobago has been holding talks with Venezuela on the development of the Loran-Manatee gas field, which straddles the maritime border between the close neighbours.



Tim Stew  
British high commissioner to Trinidad and Tobago

Named high commissioner in July 2015, Tim Stew aims to build on the two nations' strong historic partnership

**What role can the UK play in Trinidad and Tobago's development path?**  
We are looking out for UK interests of course, but in ways which are not exclusive with Trinidad's interests. I recently

sat in front of a group of 40 businessmen and we talked about prosperity, but the first thing they wanted to talk about was security, crime and justice. We offer support to the government here in this area because it impacts citizens of both our countries.

**What would be your message to UK investors looking at Trinidad and Tobago?**  
We have seen from the new government a determination to deliver what the people have been asking for. Account-

ability and transparency are very much on people's minds, as is a settling of the crime situation. What I sense here is optimism. The feeling so far is that there is strong leadership in place, with a strategic vision.

### "My task is to develop a progressive partnership with the country, its government and people"

### Budget priorities Paying to ensure crime doesn't pay

The first budget of the new government seeks to address the deficit and criminal activity

One of the standout items in the 2016 interim budget presented in October by the new finance min-

ister, Colm Imbert, is the fact that the biggest allocation is for national security, surpassing that set aside for education. This is a clear indication that the administration of Prime Minister Keith Rowley is bent on cracking down on what Rowley described as "the chronic and rampant criminal conduct in Trinidad and Tobago." The budget also plans to trim the fiscal deficit inherited from the

previous administration by overall belt-tightening along with the reform of the fuel subsidy regime, which has been a drain on government coffers. At the same time, the personal income tax allowance is being increased for those in the low-income bracket. Tobago is also to receive 4.4 percent of the national budget in recognition of the island's development needs.

**1.7%**  
the targeted fiscal deficit as a proportion of GDP for 2016, down from 4.2 percent in 2015

## Q&A