

Agriculture:

This sector, once the basis of Trinidad and Tobago's economy, now contributes less than 3% of the country's GDP and employs only 10% of the workforce. The boom in the energy sector and rapid industrialization have contributed to the decline in agriculture, with a continuous exodus of labour to better-paying petroleum/industrial jobs. In spite of on-going efforts aimed at revitalizing production, real output in the agricultural sector in 1981 continued its decade-long decline, based primarily on substantial reductions in the production of sugar, the major crop. Sugar production this year will likely reach only 80,000 tons with exports falling to 40,000 tons. (The 1981 figures were 93,000 tons produced, of which 66,000 tons were exported.) These figures represent a 40-year low. Decreased production, resulting from labour problems and heavy rains and fires combined with low world prices have together adversely affected Trinidad's export earnings. Production has also declined significantly in recent years in the country's other two cash crops, coffee and cocoa, although there was some improvement in 1981. Food crop production is also down and Trinidad, which 20 years ago was a net exporter of food, now supplies only about a quarter of its own needs.

INVESTMENT CLIMATE

The Government of Trinidad and Tobago encourages new foreign investment which brings in expertise, new technology and training. Foreign investors are expected to organize and structure their local business in such a manner that local resources would progressively replace foreign resources. Acceptable forms of direct foreign investment include joint ventures between local and foreign firms, between government and foreign firms, or a combination of all three. Authorities will not allow any enterprise to be 100 percent foreign-owned, especially in key economic sectors. Moreover, local partners are expected to have majority control. In the case of major projects in which the government is the majority partner, foreign participation may be permitted up to 49%. In other cases, the foreign partner's share would normally be confined to under 40 percent.

Various types of tax incentives are available to approved enterprises (including tax holidays and customs duty rebates) along with non-tax incentives, including grants from the Trinidad and Tobago Industrial Development Corporation. With respect to investments in manufacturing, the "Negative List" which enumerates 400-500 items, prohibits or restricts importation of goods manufactured in Trinidad. Preferential access terms are available to Trinidadian exports to both European Community and CARICOM markets.

Consideration of investment in Trinidad and Tobago should take into account the strong and active labour organizations, as well as the wage rates, among the highest in the region.

Trinidad has entered into an agreement with the Government of Canada whereby investments in approved projects are protected by insurance against certain specific risks. As well, there is in place an agreement between Canada and Trinidad to avoid double taxation.