

Foreign Trade

Given the country's vast oil reserves, export trade is an important component of the economy. In 1983, exports accounted for 30 per cent of GDP, while in 1988, they were estimated at 33.9 per cent. Exports in 1988 totalled TT\$5 586 million while imports amounted to TT\$4 507 million, creating a net surplus of TT\$1 078 million in the merchandise account.

The trade account surplus moved from a low of TT\$174.1 million in 1978 to a peak of TT\$2 158.4 million in 1980, but deficits of TT\$1 360.4 million and TT\$1 171.3 million were recorded in 1982 and 1983. Since that time, the adjustment process has created surpluses in the merchandise account for the years 1984 to 1988. However, there was one exception; in 1985, a TT\$386.8 million deficit was recorded.

Terms of trade improved sharply in 1979 and 1980 over 1978, but dropped slightly in 1981. This was accounted for by a decline in the average unit value of exports against imports, and was due largely to unfavourable developments in the world oil market.

Using the average value of exports/imports, the net terms of trade for the period from 1980 to 1987 were:

1980 — 124.1%	1984 — 100.2%
1981 — 121.1%	1985 — 91.6%
1982 — 102.5%	1986 — 72.6%
1983 — 97.9%	1987 — 63.5%

The economy is dependent on imports for almost all of its capital goods, as well as a substantial proportion of its intermediate and consumer products. Canada continues to be one of Trinidad and Tobago's major trading partners, along with the U.S., Japan and the U.K. The rate of exchange is C\$1 = TT\$3.70.