President after consultation with the Prime Minister and leader of the opposition. Judges are appointed by the President upon advice of the Judicial and Legal Commission.

Economy and Foreign Trade

Overview

The twin island nation of Trinidad and Tobago, the second largest in the English-speaking Caribbean, is richly endowed with oil and natural gas, and has a well-developed physical infrastructure and a well-trained human resource base. It is the most industrialized economy in the Caribbean region ranging from heavy industry linked to the oil and gas sector to light manufacturing, agriculture, and tourism. New investment, particularly in the petrochemical sector, is driving economic growth. The country boasts a technically efficient industrial base, particularly in the energy sector.

The collapse of oil prices during the latter half of the 1980's, coupled with high public expenditures throughout the decade, led to a period of economic stagnation and contraction that continued until 1993. With the adoption of new economic policies in 1993 (trade liberalization, free market competition, promotion of foreign investment, and development of tourism and exports) Trinidad and Tobago's economy has recovered, and the country's outlook remains positive. The experience of the 1980's highlights the dependence of Trinidad and Tobago's economy on the oil sector, and although the government has been successful in diversifying the country's exports into the non-oil sector, the mainstay and backbone of the local economy continues to be the petroleum industry.

The performance of Trinidad and Tobago's economy since 1993 reflects this increasingly healthy and strong economic climate. Real GDP growth reached 4.2% in 1994, followed by a 3.5% expansion in 1995, and is forecasted to grow by an estimated 3.9% in 1996 as the strengthening of the energy sector boosts investment and foreign exchange supplies, allowing for greater consumption. The government's tight monetary policy has been successful in lowering the inflation rate from 8.8% in 1994 to 5.3% in 1995. For the upcoming 1996 fiscal year, inflation is not expected to exceed 5.5%. Aiding the government's anti-inflationary campaign is a budget surplus of TT$104 million for the fiscal year 1995-96. It was the third consecutive year the government had posted a budget surplus. Unemployment is on the decline from a high of 22.3% in 1987 to 17.8% in the third quarter of 1995. The government continues on a favourable course toward debt reduction, with total external debt having been reduced to US$1.9 Billion by the end of 1995.

An important element of the development of a favourable trading and investment climate involved a major fiscal and trade policy shift in April 1993. At that time, all foreign exchange controls were removed, allowing the TT$ to float freely on world markets. Previously, the TT$ had been fixed at TT$4.25 = US$1.00. Despite an initial devaluation of 35%, the currency has since stabilized and has resulted in a more competitive exchange rate to support the government's desire to develop more non-oil sector exports. One of the key elements of the current