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## II. *ECONOMY AND FOREIGN TRADE*

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### Overview

The twin island nation of Trinidad and Tobago, the second largest among the English-speaking Caribbean nations, is richly endowed with oil and natural gas, and has a well-developed physical infrastructure and a well-trained human resource base. It also has a technically efficient industrial base, particularly in the energy sector.

However, between 1983 and 1989, the economy registered negative growth, due mainly to the dramatic fall in world oil prices and production. Earnings from the petroleum sector, which account for over 70 per cent of all export income, have dropped dramatically and resulted, therefore, in the imposition of severe foreign exchange restrictions.

In an effort to arrest the decline and to restructure the economy, the government has begun to limit public spending, to reschedule its external debts and to encourage export-oriented manufacturing and import replacement.

In the foreseeable future, Trinidad and Tobago's economic performance will depend primarily on strategic planning and development of the petroleum sector. Efforts are under way to stem the decline in oil production and boost gas reserves in order to support enhanced petrochemical capacity. At the current production rate of 165 000 bopd, the proven oil reserves of 550 million barrels are estimated to last until 1997. Recoverable reserves are estimated at 21 million barrels, projected over a 15-year period. Proven natural gas reserves stand at 350 billion m<sup>3</sup> and recoverable reserves are estimated at 517 billion m<sup>3</sup>.

A new public sector investment program calls for new investments totalling TT\$3.8 billion over the three-year period from 1988 to 1991. Among the priority sectors targeted for investment are petroleum and gas, agriculture, tourism, and manufacturing. In addition, considerable funds will be directed to social programs and to revitalizing the country's infrastructure. In the government's diversification plan, the agriculture and agro-industrial sector is also earmarked for substantial new investment.