

During the past 8 years, Government revenues have grown at an average annual rate of 44% giving it a strong financial position. Although the Government has proceeded with a broad range of programs in both the industrial and social sectors, the overall reaction of the Government has been one of prudence. The Government took an early decision to lock away some of the surplus revenues being generated by creating a number of special funds which were reserved for use in specific developmental undertakings contemplated for future years. This foresight is now paying off for in 1981 with softened oil prices causing tremendous problems in oil developing economies, such as Mexico and Nigeria, Trinidad has been able to call upon these earlier reserves to cushion it from the full effect of current circumstances. As a result, the Government, as in 1981, will again in 1982, call upon these funds to finance its current deficit which is forecast to total \$282 million. However, the current budget generating that deficit includes capital expenditures in the form of funds for long term projects which total \$1.35 billion.

Of the population of just over one million, the workforce of Trinidad and Tobago is estimated at 431,000. Unemployment dipped slightly in 1980 to 10.4% from over 11% in 1979. It is felt that the unemployment rate will likely not fall below this level as jobs are available for those who wish to work. The latest figures indicate an inflation rate of about 14%.

The economic forecast is good. While prospects for the crude petroleum sector indicate a slowdown in export earnings due to depletion of supply, the abundance of natural gas reserves should form the basis of continuing economic stability and growth, albeit at a reduced rate. Towards the end of the 1980's, Trinidad will depend increasingly on the international competitiveness of the energy-based industries currently being developed.

#### Energy:

The petroleum sector represents over a third of GDP, and contributes to the bulk of export earnings (about 90%) and government revenue (about 2/3). Oil production peaked in 1978 at 225,000 bpd but has declined since to 189,000 bpd in 1981. Proven crude oil reserves stand at 750 m barrels and it is estimated that, barring the discovery of substantial additional reserves, production will fall to about 150,000 bpd by 1990. In contrast, the natural gas outlook is excellent, with proven reserves (over 10 trillion cubic feet) available to accommodate the country's needs for at least 40 years. Recent oil and gas exploration has been more successful in locating gas fields than oil, and it is on natural gas that future energy and other industry will likely depend.

#### Industry:

The government's first priority has been rapid industrialization through almost exclusive reliance on the cheap and abundant natural gas resources. The industries established are export-oriented and intended to take over as prime income earners as hydro-carbon resources are gradually depleted. In the meantime, petroleum-based exports will provide the main source of income.