



TRINIDAD AND TOBAGO

June 2026

2026 ARTICLE IV CONSULTATION—PRESS RELEASE; STAFF REPORT; STAFF STATEMENT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR TRINIDAD AND TOBAGO

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2026 Article IV consultation with Trinidad and Tobago, the following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its May 15, 2026 consideration of the staff report that concluded the Article IV consultation with Trinidad and Tobago.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on May 15, 2026, following discussions that ended on February 9, 2026, with the officials of Trinidad and Tobago on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on April 27, 2026.
- An **Informational Annex** prepared by the IMF staff.
- A **Staff Statement** updating information on recent developments.
- A **Statement by the Executive Director** for Trinidad and Tobago.

The documents listed below have been or will be separately released:

Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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IMF Executive Board Concludes 2026 Article IV Consultation with Trinidad and Tobago

FOR IMMEDIATE RELEASE

- *The Executive Board of the International Monetary Fund concluded the 2026 Article IV consultation with Trinidad and Tobago.*
- *The economy continues to recover toward pre-pandemic levels, supported by resilient non-energy sector activity. Higher global energy prices are providing near-term support to external and fiscal positions, providing an opportunity to rebuild policy buffers.*
- *A policy mix that combines stronger fiscal consolidation while protecting the most vulnerable, closing the interest rate differential with the US to stabilize capital outflows, and a gradual move towards greater exchange rate flexibility, is needed to address macroeconomic imbalances, safeguard macroeconomic stability, and strengthen resilience to shocks.*

Washington, DC – May 18, 2026: The Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation for Trinidad and Tobago. The authorities have consented to the publication of the Staff Report prepared for this consultation.

Economic activity continued its gradual recovery in 2025, with real GDP growth moderating to 0.8 percent and inflation returning to low, pre-pandemic levels. At the same time, persistent fiscal deficits led to an increase in public debt. The current account balance remained in surplus, and while international reserves are trending downwards, they are supplemented by substantial (25 percent of GDP) liquid assets in the Heritage and Stabilisation Fund (HSF). Credit growth remained steady and the banking system stayed well-capitalized, underscoring continued financial sector resilience.

Looking ahead, growth is projected to remain at around 0.8 percent in 2026, and to strengthen over the medium term supported by new energy projects and continued momentum in the non-energy sector. Inflation is expected to rise temporarily to around 3.1 percent in 2026, reflecting global commodity price developments, before stabilizing around 2 percent over the medium term. The overall fiscal deficit is expected to decline to 4.6 percent of GDP in 2026 (from 5.5 percent in 2025), and international reserves are expected to remain adequate at about 5.5 months of imports. Higher energy prices are expected to support fiscal and external balances in the near term, while the authorities' ongoing revenue and expenditure reforms, and new energy projects coming on stream underpin a gradual improvement in the fiscal and external positions over the medium term.

The outlook is subject to significant uncertainty, including due to the impact of the war in the Middle East. Delays in new energy projects or disruptions to production from mature fields could weigh on growth, while faster implementation of reforms under the Revitalization Blueprint and sustained investment could lift medium-term growth prospects.

Executive Board Assessment

Executive Directors agreed with the thrust of the staff appraisal. They welcomed Trinidad and Tobago's continued economic recovery, low inflation, and healthy banking system. Directors agreed that the economic outlook is however subject to elevated uncertainty, including through the impact of the war in the Middle East. They encouraged the authorities to address underlying macroeconomic vulnerabilities through prudent fiscal and monetary policies and persevere in diversifying the economy and strengthening its resilience to shocks.

Directors noted that persistent fiscal deficits have led to an increase in public debt. They welcomed the authorities' recent steps to strengthen the fiscal position—including by enhancing revenue mobilization, rationalizing spending, and improving investment efficiency—and emphasized that a stronger sustained fiscal consolidation effort, while protecting the most vulnerable, is needed to place public debt on a credible downward path and preserve external stability. In this regard, Directors emphasized the importance of closing tax gaps, reducing non priority transfers, and improving the targeting of social programs. They stressed that higher-than-budgeted energy revenues should be primarily used to rebuild buffers, including through resumed deposits into the Heritage and Stabilization Fund.

Directors welcomed the authorities' efforts to strengthen fiscal institutions and address fiscal risks. They commended the authorities for the courageous reforms to the National Insurance System, and called for further steps to improve the long-term sustainability of the public pension system. Directors also encouraged the authorities to adopt a medium-term fiscal framework anchored by a well-designed fiscal rule and a credible debt anchor to manage volatile energy revenues and ensure intergenerational equity.

Directors concurred that monetary and financial sector policies should continue to support stability. They generally supported moving the policy rate toward a neutral stance to remove the negative interest rate differential with the United States and stabilize capital outflows. Against the background of declining reserves, Directors also called for efforts to improve the functioning of the foreign exchange market and, over time, move toward greater exchange rate flexibility with appropriate supporting measures. They encouraged continued vigilance over the growing sovereign financial nexus and emerging cyber-security and climate risks.

Directors congratulated the authorities for their successful removal from the EU list of non-cooperative tax jurisdictions. They emphasized that structural reforms will be critical to raise potential growth and resilience, and encouraged further efforts to improve the business environment and investment climate, including by removing excessive red tape and obstacles to trade, promoting more flexible labor market policies, and harvesting digitalization and AI. Further improvements in statistical capacity and transparency should also remain a priority.

It is expected that the next Article IV consultation with Trinidad and Tobago will be held on the standard 12 month cycle.



TRINIDAD AND TOBAGO

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION

April 27, 2026

KEY ISSUES

Context. Trinidad and Tobago's economy has been slowly recovering toward pre-pandemic levels with low inflation. The financial system appears well-capitalized and profitable with adequate liquidity and low non-performing loans. The current account balance remains in surplus, but the external position has weakened, and international reserves, while still at adequate levels, have declined. The fiscal position has deteriorated in recent years due to lower energy revenues and increased current spending, and public debt has risen. In April 2025, Trinidad and Tobago held general elections, and the opposition United National Congress (UNC) won a parliamentary majority.

Outlook and Risks. The aging energy sector is expected to weigh on overall growth in the near term. Inflation is expected to increase temporarily, including due to the war in the Middle East, before gradually moderating. The energy price shock will help raise export receipts and improve the external and fiscal balances, at least in the near term, creating an opportunity to rebuild buffers through higher public savings, including through making deposits into the Heritage and Stabilisation Fund (HSF). The country retains international market access and maintains investment grade credit rating.

Recommendations. A policy mix that combines stronger fiscal consolidation, closing the interest rate differential with the US to stabilize capital outflows, and a gradual move towards greater exchange rate flexibility, is needed to address rising imbalances, rebuild external buffers, and safeguard macroeconomic stability. Policy priorities are:

- Strengthen the fiscal position to put public debt back on a credible firmly downward path. A formal, rules-based fiscal framework would help anchor fiscal policy.
- Reduce the interest rate differential with the US to stabilize capital outflows. A more efficient foreign exchange (FX) infrastructure and greater exchange rate flexibility can help address FX shortfalls and improve the business environment.
- Further strengthen the financial system resilience by enhancing bank regulation and supervision, reducing vulnerabilities in the investment fund sector, and advancing consolidated supervision of conglomerate groups.
- Lay foundations for strong sustained growth through supply-side reforms to diversify the economy, improve resource allocation, strengthen governance, and improve the business environment.

Approved By
Ana Corbacho (WHD)
and Lamin Leigh (SPR)

The team comprised Ana Guscina (head), Carlos Chaverri, Justin Matz, and Peter Nagle (all WHD). Discussions took place in Port of Spain and Scarborough in Trinidad and Tobago during January 27-February 9, 2026. The mission held discussions with Minister of Finance Mr. Davendranath Tancoo, Central Bank Governor, Mr. Larry Howai, and their teams, and other public and private sector representatives. Olga Bespalova (WHD) provided contributions to this report. Diego Gutiérrez provided research analysis and Madina Toshmuhamedova (all WHD) assisted with the preparation of this report.

CONTENTS

CONTEXT	4
RECENT DEVELOPMENTS	5
OUTLOOK AND RISKS	10
POLICY DISCUSSIONS	13
A. Bringing Sustainability to Public Finances and Strengthening the Fiscal Framework	13
B. Monetary and Exchange Rate Policies	18
C. Safeguarding Financial Stability	20
D. Enhancing Tax Transparency and AML/CFT Frameworks	21
E. Boosting Potential Growth	22
F. Strengthening National Statistics and Data Adequacy	24
STAFF APPRAISAL	24
BOX	
1. Functioning of the Foreign Exchange Market	9
FIGURES	
1. Real Sector Developments	27
2. Energy Sector Developments	28
3. Fiscal Sector Developments	29
4. External Sector Developments	30
5. Monetary and Banking Sector Developments	31
6. Financial Soundness Indicators	32

TABLES

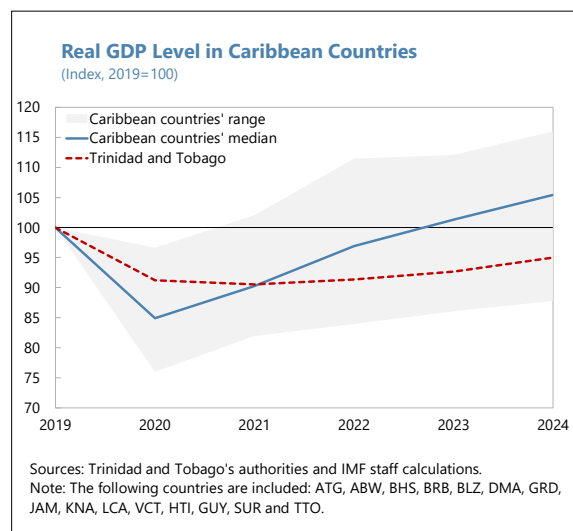
1. Selected Social and Economic Indicators, 2021–31	33
2a. Central Government Operations, 2021–31 (In Millions of TTD)	34
2b. Central Government Operations, 2021–31 (In Percent of GDP)	35
3. Balance of Payments, 2021–31	36
4b. Financial Corporations, 2015–24	38
5. Financial Soundness Indicators, 2021–25	39
6. Indicators of External and Financial Vulnerability, 2021–25	40

ANNEXES

I. Implementation of Recommendations from the 2024 Article IV Consultation	41
II. External Sector Assessment	46
III. Sovereign Risk and Debt Sustainability Assessment	50
IV. Risk Assessment Matrix	64
V. Status of Main Recommendations from 2020 FSAP	66
VI. Macro-Financial Linkages (Balance Sheet Approach)	77
VII. Data Issues	82
VIII. Governance Reforms	85
IX. Country Engagement Overview	88

CONTEXT



1. Trinidad and Tobago's economy is slowly recovering to pre-pandemic levels. The non-energy sector, particularly manufacturing and services, has underpinned recent growth, but stagnant production in the mature energy sector has weighed on activity. The overall economy continues to underperform regional peers. Inflation and unemployment are low, and the current account (CA) balance is in surplus, though the external position has weakened. International reserves are trending downward, but they are supplemented by substantial liquid assets in the Heritage and Stabilisation Fund (HSF). Persistent fiscal deficits led to an increase in public debt. While the geopolitical environment remains complex, the energy price shock due to the war in the Middle East is expected to increase energy export revenues, improving the country's external and fiscal positions, but put pressure on inflation.



2. A new administration is prioritizing growth and diversification. The opposition UNC, led by Kamla Persad-Bissessar, won a clear majority in the April 2025 elections, returning UNC to power after a decade. With an aging energy sector weighing on growth, the authorities are taking steps to catalyze new investment, including enhanced recovery in mature fields, deepwater exploration bids, and regional collaboration with Suriname, Guyana, and Venezuela. The authorities are also striving to lift non-energy growth by improving the business environment, encouraging trade and investment, and promoting economic diversification. They have recently launched the *TT Revitalization Blueprint* – a national infrastructure development plan.

3. Progress implementing the 2024 Article IV recommendations has been mixed (Annex I). Significant progress has been made in bolstering the financial system, improving governance, and enhancing the AML/CFT framework, while structural reforms to improve the business environment and support diversification are ongoing. Progress in strengthening the monetary and fiscal frameworks to maintain sound and consistent policies, support the current exchange rate arrangement, and address FX market pressures remains pending and is a priority. The FY2026 budget legislated higher National Insurance Scheme (NIS) contribution rates and announced a phased increase in the retirement age—through subsequent regulatory changes—to significantly strengthen long-term sustainability of the public pension system (Selected Issues Paper). While the new authorities opted against establishing an independent revenue authority and introducing a property tax, they have implemented other revenue measures, including higher taxes and fees, and remain committed to strengthening the fiscal framework, including through the adoption of fiscal rules (Selected Issues Paper).

Text Table 1. Trinidad and Tobago: 2024 Article IV: Main Policy Recommendations

2024 Article IV Recommendation	Status
Strengthen the medium-term fiscal position	
Improve revenue mobilization, compliance, and administration.	
Enhance the energy sector's fiscal regime.	
Reforms of SOEs and other public bodies.	
Phase out remaining fuel, electricity, and water subsidies.	
Clear VAT refunds arrears.	
Strengthen fiscal policy framework	
Adopt a rule-based medium-term fiscal framework, including the consideration of a fiscal anchor.	
Develop a debt management strategy to preserve debt sustainability.	
Improve the efficiency and quality of public investment (PIM).	
Adopt a sovereign asset-liability management framework.	
Reform the National Insurance System (NIS) to ensure long-term sustainability.	
Broaden fiscal data coverage of SOEs and other public bodies.	
Monetary and Exchange Rate Policy	
Maintain sound and consistent policies to support the current exchange rate arrangement.	
Address foreign exchange (FX) shortages.	
Financial Sector Reforms	
Strengthen the AML/CFT framework	
Strengthen regulation and supervision in line with the 2020 Financial Sector Assessment Program (FSAP).	
Embrace Fintech and the digital economy, foster financial inclusion.	
Structural Policy	
Implement structural reforms to diversify the economy, tackle insecurity, and improve the business environment and trade logistics.	
Continue advancing the climate and decarbonization agenda, manage energy transition risks, including those raised by Border Carbon Adjustments (BCAs), and consider a carbon pricing policy.	
Upgrade and build climate-resilient infrastructure.	
 Progress has been limited.	
 Progress has been made, but further actions are necessary.	
 Progress has been significant.	

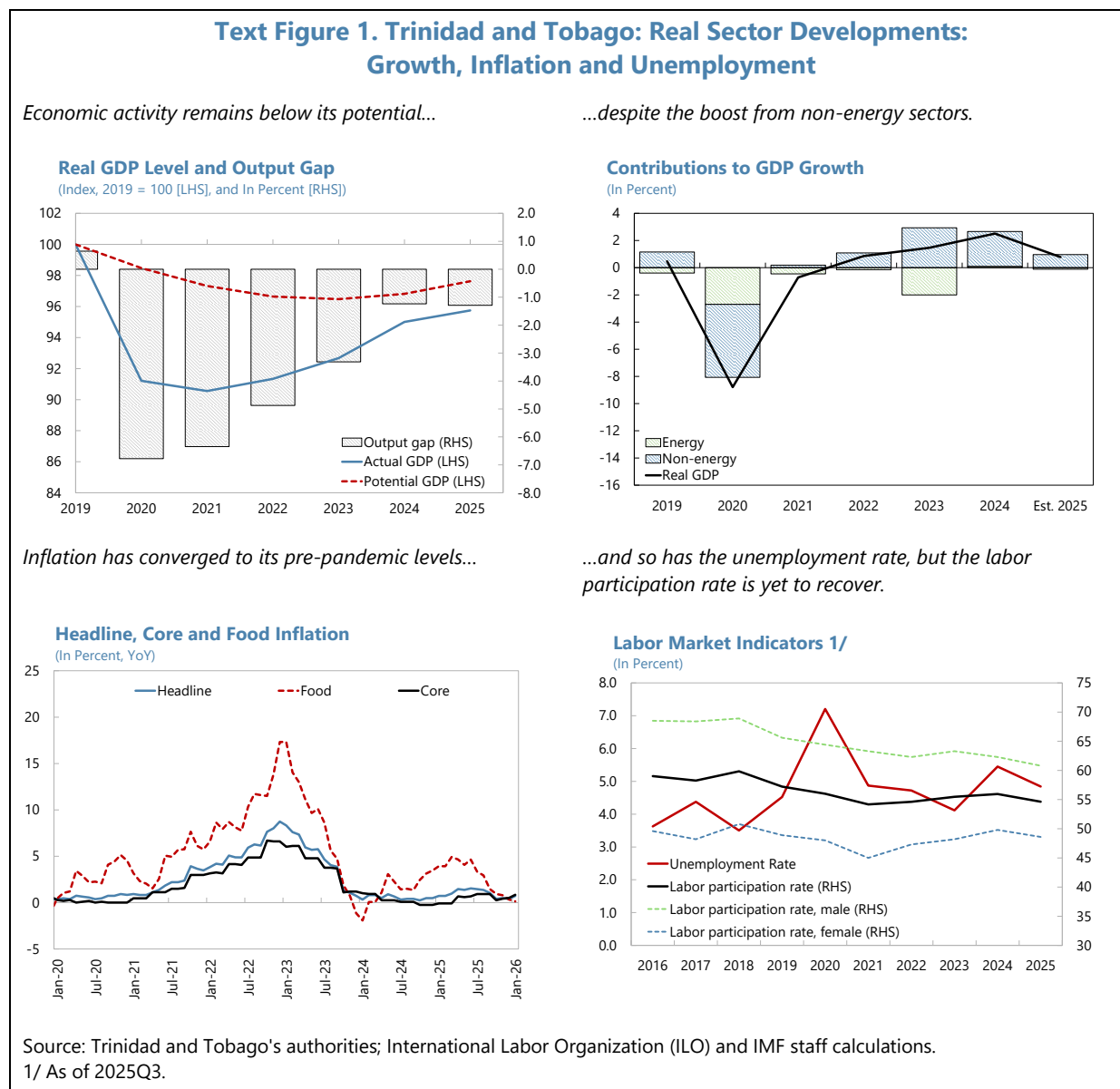
Source: IMF staff.

RECENT DEVELOPMENTS

4. Growth has been subdued, mainly affected by weak energy production. Real GDP grew 2.5 percent in 2024, driven by the non-energy sector—particularly manufacturing and services—while the energy sector recorded a modest 0.4 percent increase. After contracting in 2025Q1 (2.1 percent y/y), real GDP grew 2.6 percent in 2025Q2 driven by an expansion in the energy sector, which countered a slowdown in the non-energy sector. The economy is expected to have grown by 0.8 percent in 2025, with the output gap remaining negative. The non-energy sector has continued to underpin growth, with energy production broadly unchanged, as gains from new upstream projects offset declines in mature oil and gas fields.

5. Inflation has converged to its pre-pandemic level. Disinflation persisted through 2024-25, driven by easing international commodity prices and subdued domestic demand. Headline inflation reached 0.4 percent y/y in December, with core inflation remaining below 1 percent, reflecting modest price increases in services.

6. Labor market conditions have improved. The unemployment rate fell to 4.8 percent in September 2025 from 5 percent in 2024. Labor force participation has stayed low at around 55 percent over the last five years, and a significant gender gap persists.



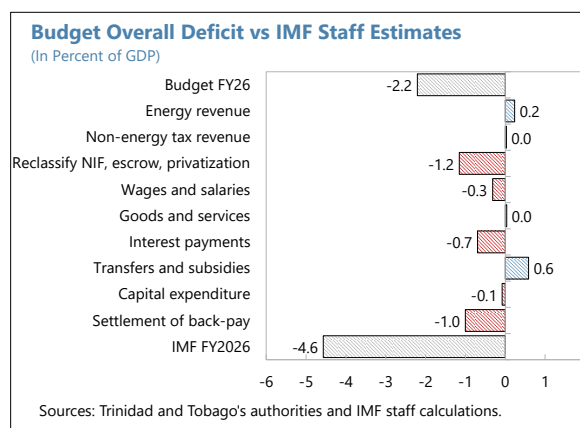
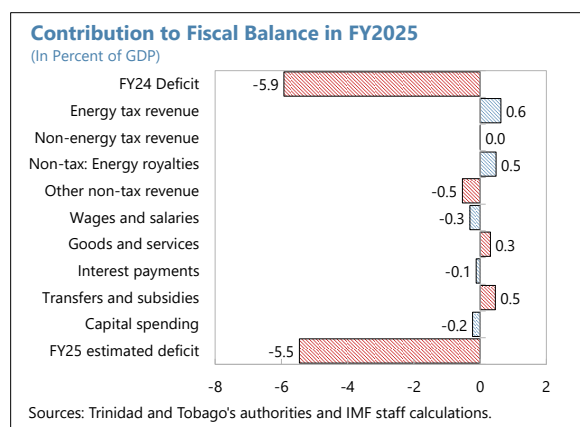
7. High fiscal deficits have persisted and public debt has risen. The overall deficit for FY2025 is estimated at 5.5 percent of GDP, compared with 5.9 percent in FY2024, as a windfall from a tax amnesty, improved energy revenues, and contained spending on wages and public investment more than offset the drop in non-tax revenue¹ and higher spending on goods and services and transfers to utilities and state-owned enterprises (SOEs). The non-energy primary deficit (NEPB)

¹ The drop in non-tax revenue stemmed from lower dividends from the government's investment in CLICO and from a reduction in the government's share of profits from oil companies under revenue sharing contracts.

widened from 14.2 percent of non-energy GDP in FY2024 to 15.0 percent in FY2025. Central government debt rose to 67.8 percent of GDP (64.5 percent in FY2024), and public sector debt² reached 84.2 percent (81.8 percent in FY2024). The deficit was financed through the issuance of domestic debt and withdrawals from the HSF of US\$411 million.³ Nevertheless, strong investment returns increased the HSF balance by about US\$250 million (1 percent of GDP).

8. The FY2026 budget introduces measures to strengthen revenues, fiscal management, social protection, and economic diversification. These include an asset levy on banks and insurers, surcharges for landlords and commercial electricity consumers, and higher excise duties and fees. Additionally, the National Gas Company (NGC) is expected to increase its dividends to the government, stemming from cost-cutting measures and higher gas prices charged to light industrial and commercial customers. Together with tax administration measures to fully staff and modernize the Inland Revenue Division and Customs, these should help strengthen non-energy revenue collection. The budget also expands support for agriculture, housing, and vulnerable groups.

9. The approved budget targets an overall fiscal deficit of TT\$3.9 billion (2.2 percent of GDP), which entails an ambitious consolidation. Staff project a higher overall deficit of 4.6 percent, as higher energy revenues (0.2 percent of GDP)⁴ and lower transfers and subsidies (0.6 percent of GDP)⁵ are more than offset by the reclassification of National Investment Fund (NIF)



² Includes central government and guaranteed debt of non-self-serviced SOEs and other statutory bodies.

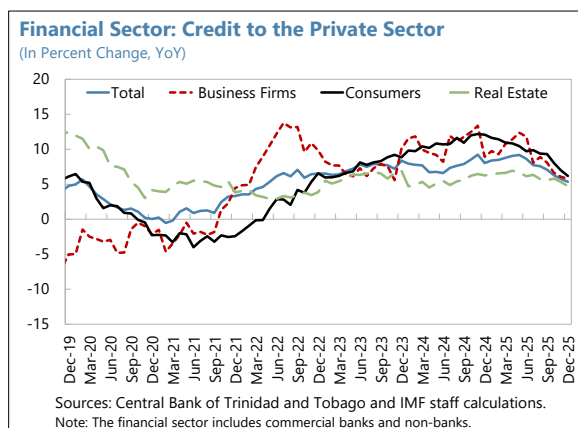
³ HSF withdrawals are permitted when actual petroleum revenues fall at least 10 percent below budget, capped at either 60 percent of the shortfall or 25 percent of the HSF's annual opening balance, and prohibited if the balance would fall below US\$1 billion. An exceptional withdrawal provision was added during the COVID pandemic.

⁴ Budget based on an oil price of US\$73.25/bbl (US\$4.25/MMBtu for LNG). Staff projections use realized oil and gas prices through early 2026 and the 2026 April WEO price assumptions thereafter. Oil prices refer to Brent, domestic gas prices are proxied by Henry Hub, and LNG export prices are based on a weighted price formula reflecting the revised Atlantic LNG pricing structure (Footnote 10).

⁵ Staff estimates lower transfers to local governments, SOEs, statutory bodies, and others which are partially offset by higher transfers to WASA of 0.2 percent of GDP. Higher oil prices do not immediately translate into higher explicit fuel subsidies, as retail prices for gasoline and diesel are administratively set and, until recently, had been broadly aligned with or above cost-recovery levels. Retail fuel distribution in Trinidad and Tobago is dominated by the

(continued)

bond and privatization proceeds, and centralization of unspent loan balances as financing rather than revenue (1.2 percent of GDP); the settlement of back-pay obligations (TT\$1.9 billion, 1.0 percent of GDP and an additional 0.3 percent of GDP increase in current wages); and more conservative interest expenditure reflecting rising debt (0.7 percent of GDP).^{6 7}



10. Domestic financial conditions remain accommodative, supporting domestic credit. Interest rates remain broadly unchanged, following the Central Bank of Trinidad and Tobago (CBTT) policy repo rate, which has remained at 3.5 percent since March 2020. Excess liquidity declined from 3.5 percent of GDP at end-2024 to 3 percent of GDP by December 2025. Private-sector credit from the financial sector is growing at a moderate rate (5.3 percent y/y in December), driven by business and consumer loans. Credit as share of GDP stood at 51 percent at end of December 2025.

11. Liquidity in the FX market remains tight (Box 1). FX sales to the public by authorized dealers (ADs) declined by 6 percent in 2025 amid reduced FX availability. Purchases of FX from the public fell 12 percent. The CBTT continued its semi-monthly interventions to alleviate the shortfall, supplemented by liquidity support (US\$88 million) through the FX *Liquidity Guarantee Facility*.

12. The CA remains in surplus, but foreign reserves are declining. The CA surplus is expected to improve to 3.1 percent of GDP in 2025 (from a downwardly revised 2.5 percent of GDP in 2024),⁸ reflecting a modest increase in crude oil and liquefied natural gas (LNG) exports, and a slight decline in imports. Foreign reserves declined to US\$5.37 billion at end-December 2025 (from US\$5.60 billion at end-December 2024), with coverage at 6.1 months of prospective imports and the Assessing Reserve Adequacy (ARA) metric falling to 94 percent from 105 percent at end-2024.

However, the country continues to have large financial buffers in the HSF (US\$6.38 billion or 24.6 percent of GDP at end-February 2026) and including these the reserve coverage ratio would be 13.4 months of imports.

state-owned National Petroleum Marketing Company (NP), alongside an important minority of privately owned stations, and any initial impact of higher international prices is therefore borne by fuel retailers through compressed margins. If elevated international prices persist and retail prices are not adjusted, implicit fuel subsidies could emerge over time, with fiscal implications materializing through higher transfers or foregone revenues.

⁶ The budget envisages a TT\$1 billion NIF bond backed by government shares in a bank. In FY26, the authorities also received proceeds from equity sales and recovered unspent loan balances.

⁷ The government agreed to a 10 percent wage increase retroactively to 2014 with the Public Services Association. Separately, a 10 percent increase for the period of 2014-19 was agreed with the National Union of Government and Federated Workers.

⁸ Revisions reflect an upward revision to travel imports and changes to an energy company's reporting, contributing to a lower CA surplus, and lower import coverage ratio.

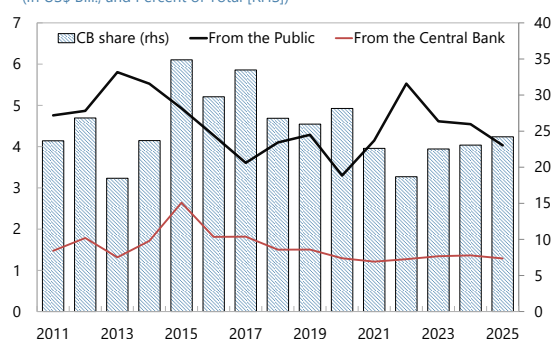
Box 1. Functioning of the Foreign Exchange Market

- Overview.** TTO's FX market operates under a de jure floating exchange rate regime but is de facto stabilized at about TT\$6.75/USD for the last decade. FX transactions are intermediated through ADs who buy FX from private sources and CBTT interventions and sell FX to the public. Buying and selling rates are priced off the CBTT's intervention rate according to specific formulas. The Export Import Bank of Trinidad and Tobago (EximBank) also operates two facilities providing access to FX for businesses importing essential items, and for manufacturers.
- Sources of FX.** The dominant source of FX is the energy sector, accounting for about three-quarters of supply (export receipts are partly converted to TT dollars to pay local suppliers, employees, and taxes). As energy production has declined, inflows have weakened (although the situation will improve in 2026 with higher energy prices). Further, in 2023 and 2025 several energy companies received large VAT refunds which reduced the amount of FX they needed to convert to TT\$, further reducing supply. Additional sources include non-energy exports (e.g. tourism) and FDI inflows. The CBTT supplements market supply through semi-monthly FX interventions of US\$50m, which have become increasingly important. These interventions contributed to the decline in reserves from nearly US\$10 billion in 2015 to US\$5.4bn at end-2025.
- Demand for FX.** FX demand is driven by imports. At the prevailing exchange rate, FX demand persistently exceeds supply, leading to chronic and worsening FX shortages, with FX allocated largely through nonprice mechanisms resulting in queues. ADs operate under administrative guidance that prioritize certain transactions, particularly trade-related payments. FX-denominated credit cards have become the key channel for meeting private FX demand, accounting for nearly 40 percent of FX sales, and effectively allowing access to FX outside traditional allocation queues. However, access limits have been steadily reduced by banks to reduce demand from this channel, as supply has deteriorated.

Box Figure 1. Trinidad and Tobago: Foreign Exchange Purchases and Sales

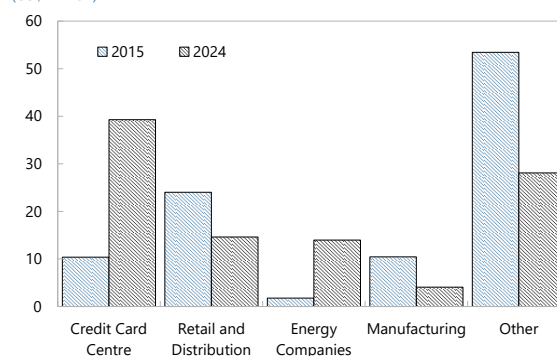
FX Purchases

(In US\$ Bill., and Percent of Total (RHS))



FX Sales by Authorised Dealers to the Public, by group

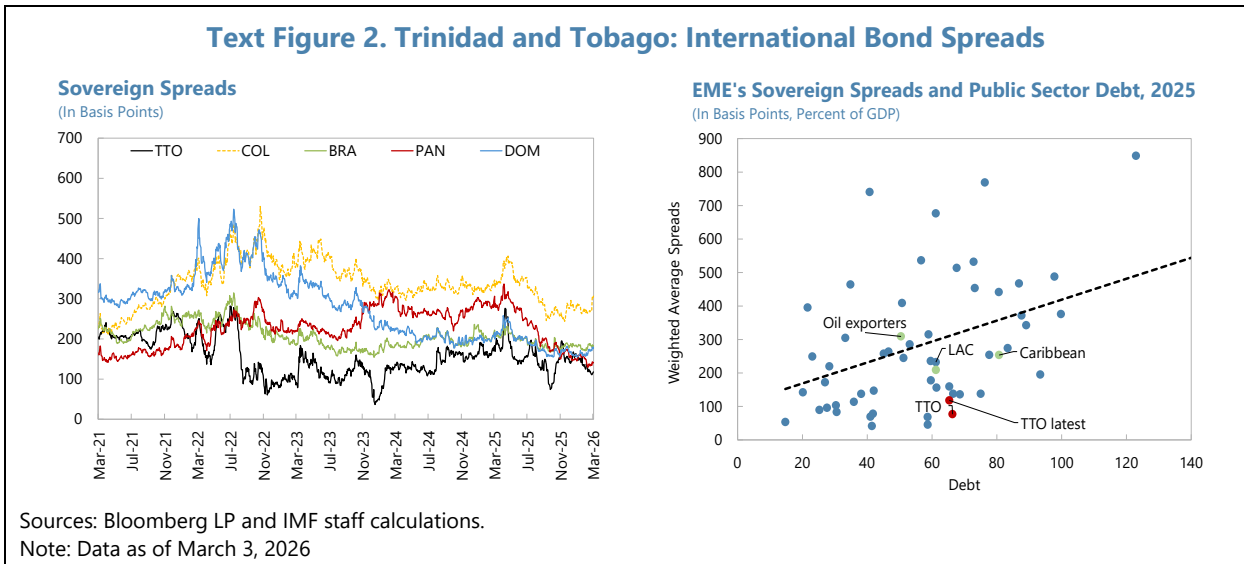
(US\$ million)



Sources: Trinidad and Tobago's authorities and IMF staff calculations.

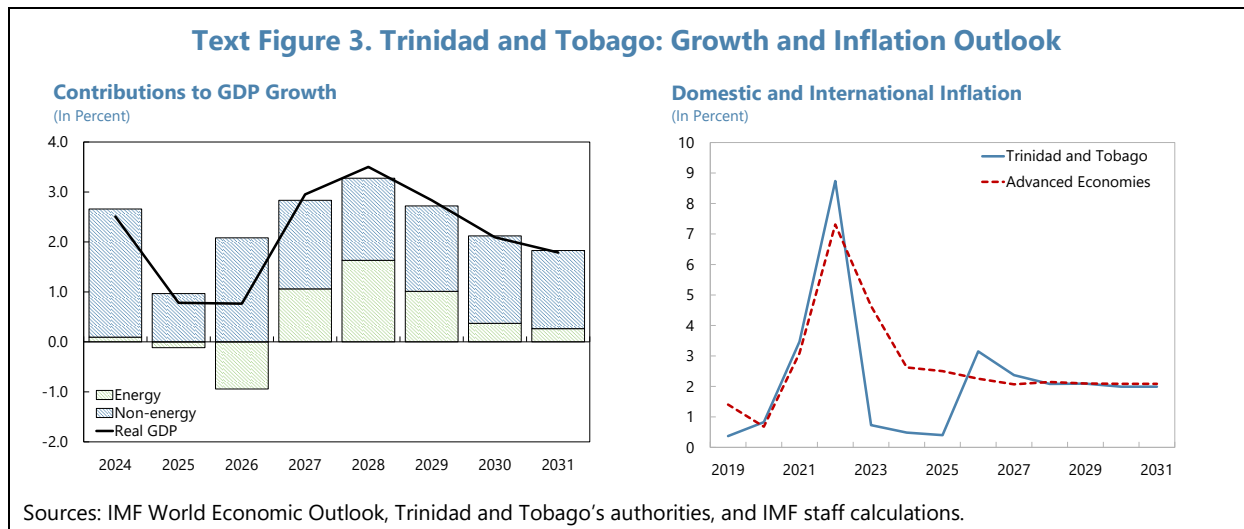
13. Trinidad and Tobago's sovereign debt rating has been maintained at investment grade, and the country retains market access. In September 2025, Standard and Poor's maintained the BBB- rating, but the outlook was downgraded from stable to negative. In December 2025, Moody's maintained the Ba2 rating but also downgraded the outlook to negative. CariCRIS rates sovereign debt as AA, the highest in the Caribbean. In January 2026, the government issued a

10-year US\$1 billion international bond with an implied spread of about 241 bps above the corresponding U.S. Treasury Note, and the issuance was 2.5 times oversubscribed. Sovereign spreads remained low, reaching 118 bps as of March 2026.



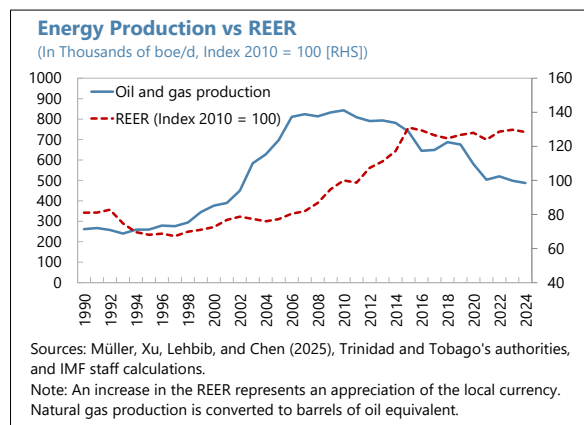
OUTLOOK AND RISKS

14. The economy is expected to grow slowly in 2026 before strengthening moderately over the medium term. Real GDP growth is projected to remain broadly unchanged at 0.8 percent in 2026 as stronger growth in the non-energy sector partly offsets weaker energy production. Growth is expected to accelerate to 3 percent in 2027 and average about 3½ percent in 2028-29 as new energy projects start, notably Manatee, before converging to its potential rate of 1.8 percent thereafter. Inflation is projected to increase to 3.1 percent in 2026, reflecting higher international food and energy prices amid the war in the Middle East and second-round effects from wage increases and higher domestic gas prices, and to hover around 2 percent from 2027 onward, consistent with external price developments.



15. The country's external position in 2025 is assessed as moderately weaker than the level implied by fundamentals and desirable policies (Annex II).

This mainly reflects public sector deficits and real effective exchange rate overvaluation (REER). The REER has declined modestly since 2024 but remains elevated by historical standards.⁹ The CA surplus is forecast to increase to 3.8 percent of GDP in 2026 with energy exports boosted by the rise in energy prices caused by the war. From 2027, energy exports are supported by new natural gas projects, and higher natural gas export prices (despite easing global prices) due to the full implementation of the renegotiated Atlantic LNG contract in 2027, with the CA surplus stabilizing at 4.3 percent of GDP over the medium term.¹⁰ Foreign reserve adequacy will continue declining over the forecast period before stabilizing at 3.5 months of imports by 2031 (58 percent of the ARA metric). The inclusion of HSF assets at their February 2026 value, however, would raise reserve adequacy metrics to 10.1 months of import coverage in 2031 (168 percent of the ARA metric).



Text Table 2. Trinidad and Tobago: Medium-Term Macroeconomic Framework
(Baseline Scenario)

	2021	2022	2023	2024	Est. 2025	Projections					
						2026	2027	2028	2029	2030	2031
(Annual percentage change, unless otherwise indicated)											
Output and Inflation											
Real GDP	-0.7	0.9	1.5	2.5	0.8	0.8	3.0	3.5	2.8	2.1	1.8
CPI inflation (end-of-period)	3.5	8.7	0.7	0.5	0.4	3.1	2.4	2.1	2.1	2.0	2.0
In percent of fiscal year GDP, unless otherwise indicates) 1/											
Central government finances											
Overall fiscal balance 2/	-8.4	1.0	-1.2	-5.9	-5.5	-4.6	-2.5	-1.7	-2.2	-2.5	-2.7
Overall fiscal non-energy balance	-16.3	-15.3	-17.3	-14.7	-15.4	-14.8	-14.1	-13.8	-13.7	-13.8	-13.8
Primary balance	-5.3	3.6	2.1	-2.2	-1.9	-0.8	1.3	2.0	1.5	1.2	1.0
Of which: non-energy primary balance 3/	-17.2	-18.7	-18.7	-14.2	-15.0	-14.0	-13.1	-12.9	-12.8	-12.8	-12.8
Central government debt 4/	60.5	53.2	60.2	64.5	67.8	67.8	66.5	64.4	64.4	64.9	65.7
Public sector debt 5/	80.2	69.9	78.2	81.8	84.2	84.1	82.8	80.7	80.7	81.2	82.1
(In percent of GDP, unless otherwise indicated)											
External sector											
Current account balance	10.9	10.2	11.5	2.5	3.1	3.8	4.8	5.5	4.3	4.3	4.3
Gross official reserves (in US\$ million)	6,880	6,832	6,256	5,601	5,369	4,811	4,347	4,188	3,887	3,613	3,363
In months of prospective imports of goods and services	7.5	8.9	7.3	6.7	6.1	5.5	4.8	4.6	4.2	3.8	3.5

Sources: Trinidad and Tobago authorities and IMF staff calculations.

1/ Data refer to fiscal year, for example 2025 covers FY2025 (October 2024–September 2025).

2/ The fiscal overall balance excludes proceeds from sales of financial assets, issuance of NIF bonds, and transfers from the Heritage and Stabilization Fund.

3/ Defined as non-energy revenue minus expenditure (net of interest payments) of the central government, as a share of non-energy GDP.

4/ Excluding debt issued for sterilization, public bodies' debt, and borrowing from the Central Bank of Trinidad and Tobago (CBTT).

5/ Includes central government debt and guaranteed debt of non-self serviced State-Owned Enterprises (SOEs) and statutory authorities.

⁹ While model-based indicators do not suggest material REER overvaluation, they may not adequately account for structural shifts in the energy sector or the impact of FX intervention (Annex II).

¹⁰ The renegotiated pricing formula uses a natural gas price derived from TTF, NBP, JKM and Brent prices, which have been higher than Henry Hub in recent years.

16. The recent increase in central government debt has heightened fiscal risks (Annex III).

The rise in debt levels reflects the combined effects of historical GDP revisions,¹¹ persistently high fiscal deficits, higher real interest rates, and slower growth. Under the baseline (T21), the public debt ratio is projected to decline slightly over the medium-term as higher energy revenues from new projects materialize, before rising again over the longer-term as these new revenue streams taper off. The *Sovereign Risk and Debt Sustainability Assessment (SRDSA)* indicates that debt is sustainable, with a moderate risk of debt distress. The country has market access, ample savings in the HSF, and a favorable debt structure (low FX exposures, long maturities, and stable investor base). Debt service and financing needs appear manageable over the long-term, but the outlook remains sensitive to global energy price volatility, contingent liabilities from SOEs and public bodies, and over an extended horizon, the social security system (Selected Issues Paper). Direct financial sector exposure to public debt raises concerns about the sovereign-financial sector nexus. Keeping debt on a firmly downward trend is crucial to rebuild buffers and maintain investment grade credit ratings.

17. The economic outlook is subject to large uncertainty (Annex IV).

- **Domestic risks** to growth and the external and fiscal sectors stem from lower oil and gas production, which could result from disruptions in mature fields or delays in new projects in the short term. Policy slippages, including weaker fiscal discipline, loss of monetary policy credibility, and persistence of FX shortages may weaken market confidence. Over the medium term, faster structural reforms and inward investment from the *Revitalization Blueprint* could strengthen economic activity. There is also a positive momentum in the energy sector with deepwater exploration activity and potential regional agreements, which are not included in staff's baseline until final investment decisions are announced.
- **External risks**, amid elevated global uncertainty, include trade shocks, tighter global financial conditions, and natural disasters. Volatile global commodity prices and escalating regional conflicts pose high-impact threats for Trinidad and Tobago. At the same time, higher oil and gas prices due to the war may affect fiscal and external balances, since the country is a major exporter of oil, LNG, and fertilizers.

18. In the current uncertain environment, the authorities should stand ready to adjust policies in response to shocks. As the duration of the energy shock from the war in the Middle East is uncertain, public debt remains elevated, and the energy sector is aging, fiscal consolidation remains necessary to address macroeconomic imbalances, strengthen fiscal sustainability, and preserve external stability.

- **Higher energy prices scenario:** Should energy prices remain higher for longer along with elevated global inflation and tighter financial conditions; fiscal and external accounts would improve, but domestic inflation would be higher, while growth would remain broadly unchanged in the near-term. Despite weaker external demand, higher fiscal revenues would

¹¹ The revisions to the national accounts series have impacted macroeconomic ratios, particularly those based off nominal GDP, limiting comparisons to previous staff reports (see Annex VII).

help support aggregate domestic demand. Higher energy prices are not anticipated to materially boost energy sector growth, reflecting capacity constraints. Given heightened uncertainty, the authorities should continue the reform momentum while providing support for the vulnerable and rebuilding buffers, including by channeling part of the additional energy revenues into deposits in the HSF. The CBTT should remain agile and data dependent and be prepared to further tighten monetary policy should upside risks to inflation materialize (¶29). A more flexible exchange rate could enhance the shock absorbing capacity of the economy.

- **Downside scenario:** Should oil and gas prices decline significantly relative to the baseline, GDP growth and inflation would be lower; exports and hydrocarbon-related fiscal revenues would fall, worsening the CA balance and debt dynamics and widening the central government fiscal deficit. Building buffers in good times (when energy prices are elevated) would allow for a more countercyclical fiscal policy response should the energy prices drop, including to cushion the impact on the most vulnerable. The exchange rate could also play a role as a shock absorber to stabilize the economy and protect growth.

Authorities' Views

19. The authorities viewed the medium term outlook as more favorable than staff. They underscored significant ongoing and expected new projects in the energy sector, including regional opportunities, while also pointing to strong investor interest in their *Revitalization Blueprint*, which is a key driver of medium-term diversification and growth. They highlighted readily achievable non-energy opportunities, including cultural tourism and agricultural expansion. They concurred on risks to the baseline, and reaffirmed their determination to implement fiscal reforms, while protecting the vulnerable.

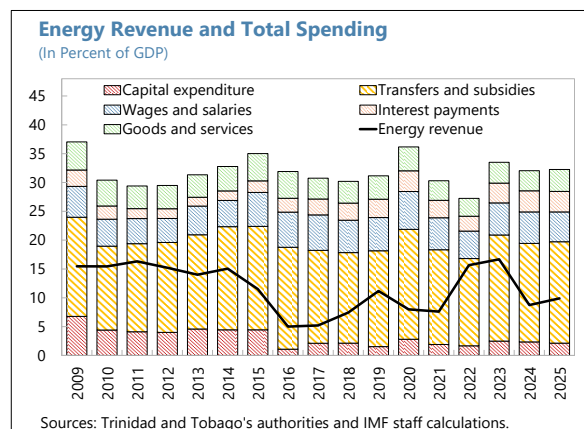
POLICY DISCUSSIONS

While growth remains anemic, high debt levels, declining reserves, and persistent FX shortages call for a more ambitious and coordinated policy response. A policy mix that combines stronger fiscal consolidation, closing the interest rate differential with the US to stabilize capital outflows, and a gradual move towards greater exchange rate flexibility, is needed to address rising imbalances, rebuild external buffers, and safeguard macroeconomic stability. To ensure the adjustment is both durable and inclusive, these measures should be coupled with well-targeted support to vulnerable households and deeper structural reforms aimed at boosting non-oil activity and diversifying the export base.

A. Bringing Sustainability to Public Finances and Strengthening the Fiscal Framework

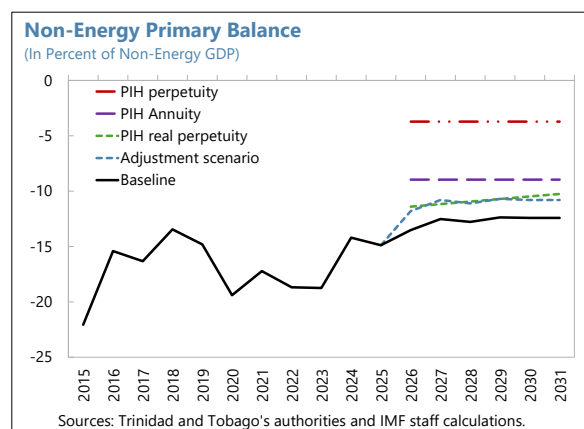
20. The structural decline in energy-related revenue is creating fiscal pressures, indicating a need for adjustments to ensure long-term sustainability. With fiscal space assessed as “at risk,” the authorities have limited room for policy easing without jeopardizing market access and

debt sustainability. Energy revenue fell from an average of around 14 percent of GDP in 2009-14 to under ten percent of GDP in recent years as LNG windfalls waned, while expenditures have remained around 32 percent of GDP over the last decade. To offset rising transfers and interest payments, public investment was cut from 4.4 percent of GDP in 2014 to 2.1 in 2025. Higher energy prices associated with the war in the Middle East will increase fiscal revenues in the near term, without fundamentally altering the longer-term structural pressures on the public finances.



21. The authorities are taking important steps to improve the fiscal position. On the non-energy side, the FY2026 budget introduces new revenue measures (¶8), lays out plans to fully staff and modernize the Inland Revenue Division (IRD) and Customs,¹² and strengthen enforcement and regulations for the *Procurement and Disposal of Public Property Act* to improve capital spending efficiency. On the energy side, the alignment of all the Atlantic LNG trains under a single ownership structure from FY2027 will boost natural gas revenues. Additionally, the NGC increased natural gas prices charged to industrial customers (¶8). The government discontinued the Unemployment Relief Programme and Community-Based Environment Protection and Enhancement Programme,¹³ using the savings and financing previously allocated to create an employment fund intended to finance a new job-creation framework.

22. Under staff's baseline projections, the overall balance is projected to improve by 2.7 ppt GDP over the next 6 years. This reflects: (i) an increase in energy revenues (1.1 percent of GDP); (ii) permanently higher dividends from the NGC (1.2 percent of GDP). Additional consolidation of 1.5 percent of GDP would come from: (i) increased excise duties (0.7 percent of GDP); (ii) the asset tax (0.3 percent); (iii) landlord surcharges (0.1 percent); (iv) gaming taxes (0.2 percent) and improvements in revenue administration (0.2 percent). Savings on expenditure will come from improving the targeting and coverage of social transfers (0.2 percent),¹⁴ rationalization of transfers to SOEs and statutory



¹² Including through digital transformation, an upgraded GenTax system, expanded e-filing, and enhanced audit coverage. Customs will upgrade the ASYCUDA system, implement electronic payments.

¹³ The program continues in Tobago.

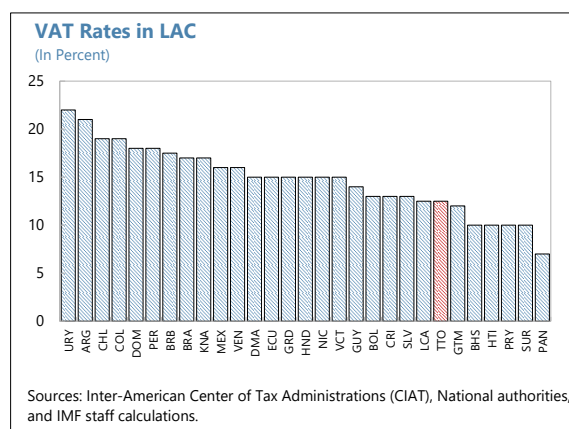
¹⁴The World Bank's Social Protection Review recommends strengthening oversight functions, simplifying eligibility, and introducing regular recertification and risk-based reviews, while introduction of a Social Benefits Wallet would reduce waste, fraud, and duplication in social grants.

bodies (0.3 percent) and other transfers, including winding down URP and CPEP (TT\$1, 0.8 percent). These savings would be channeled primarily towards public investment to support the *Revitalization Plan* (1.7 percent) and to accommodate public wage increases (0.6 percent). The NEPB (which measures the underlying fiscal stance) will improve by 2.3 ppt of non-energy FYGDP over the next 6 years. However, NEPB will still be too low compared to levels implied by intergenerational equity.

23. Staff consider that more substantial, sustained, and broad-based fiscal consolidation is necessary to preserve debt sustainability, ensure intergenerational equity, and rebuild buffers. This should include closing the tax gap, mobilizing additional revenues, retrenching non-priority expenditures—such as transfers to WASA, SOEs, and other statutory bodies—and improving investment efficiency, while improving the targeting of social programs to protect the most vulnerable groups. Staff also recommend improving the petroleum profits and supplemental petroleum tax regimes to enhance progressivity, reduce distortions, and better align government revenues with energy sector profitability. The windfall from elevated energy prices should be used to reduce debt, rebuild buffers, including by resuming deposits into the HSF, while allowing only targeted and temporary support to protect vulnerable households.

24. Staff’s recommended active policy scenario proposes implementing TT 2.4 billion (1.3 percent of FY2026 GDP) in permanent, high-quality measures over FY2026 and FY2027 on top of staff’s baseline. Such an adjustment would put debt on a firmly downward long-term trend, reduce gross financing needs, preserve assets in the HSF, and protect market access. A gradual adjustment will limit the impact on growth:

- Mobilizing non-energy tax revenues through tax policy and tax administration reforms:** Additional reforms will be needed to help close the large tax gap (estimated at TT\$10-15 billion) by improving compliance, streamlining processes, leveraging IT and third-party data at both IRD and Customs, and strengthening the effectiveness of AML/CFT framework as an effective tool to combat tax evasion and improve compliance. Raising the VAT rate from 12.5 to the 15 percent regional average and/or phasing out extensive zero ratings and exemptions could further boost revenues.



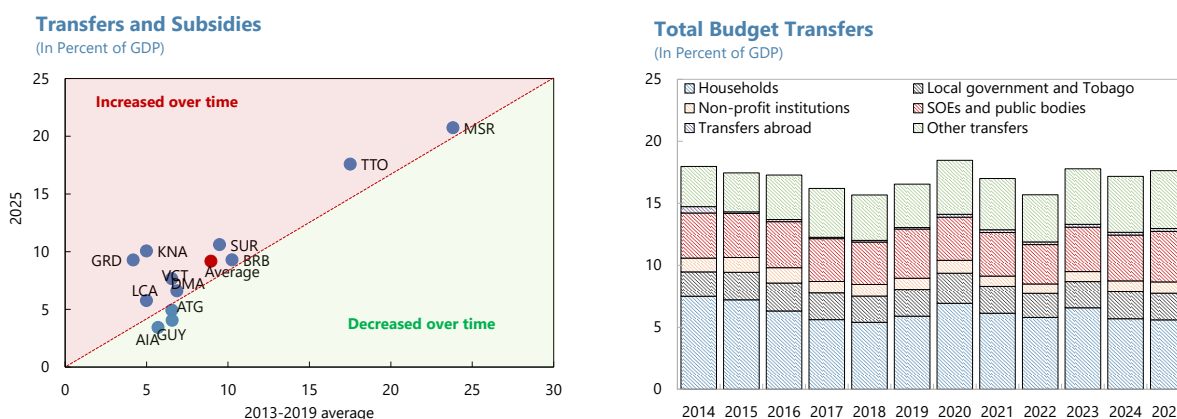
Text Table 3. Trinidad and Tobago: Reform Scenario with Frontloaded Fiscal Adjustment
(In Percent of GDP, Unless Otherwise Indicated)

	Projections		
	2026	2027	Cumulative
Contribution of measures to fiscal adjustment			
Phase out VAT exemptions and zero ratings	0.0	0.2	0.2
Tax administration improvements	0.1	0.2	0.2
Rationalization of subsidies	0.3	0.6	0.9
Adjust electricity and water tariffs	0.1	0.2	0.2
Subsidies to Local Government	0.1	0.1	0.1
Subsidies to SOE and Statutory Bodies	0.1	0.2	0.3
Public procurement improvements	0.1	0.1	0.1
Total Adjustment	0.4	0.9	1.3

Sources: Trinidad and Tobago authorities and IMF Staff calculations.

- **Gradually phasing out remaining fuel, electricity, and water subsidies:** Gradual adjustments to water and sewage tariffs will relieve fiscal pressures and promote efficient usage. Such increases should be targeted while protecting the most vulnerable.¹⁵
- **Improving targeting of subsidies and transfers to SOEs and local governments,** alongside expenditure rationalization through strengthened public procurement practices. Better targeting would help reduce fiscal leakages and ensure that public support is focused on entities with clear service-delivery or strategic mandates. Procurement processes aligned with the new law could further enhance efficiency, contain cost overruns, and generate durable savings without undermining public investment or service provision.

Text Figure 4. Trinidad and Tobago: Transfers and Subsidies



Sources: Trinidad and Tobago authorities and IMF staff calculations.

¹⁵ An electricity surcharge supported by a tariff adjustment will also help eliminate arrears between the Trinidad and Tobago Electricity Commission (T&TEC) and the National Gas Company and contain large contingent liability risks.

Text Figure 5. Trinidad and Tobago: Baseline and Adjustment Scenarios



Source: Trinidad and Tobago's authorities and IMF staff calculations

25. Development of a sound fiscal framework will strengthen fiscal management:

- **Medium-term Fiscal Framework (MTFF):** Implementing a rules-based fiscal framework with clear objectives will promote fiscal discipline and mitigate procyclicality. Priorities include a medium-term fiscal strategy, consistent macroeconomic and fiscal projections, and a framework for monitoring fiscal risks. Expanding fiscal data coverage to SOEs will improve transparency and risk management.
- **Fiscal Rule (SIP):** A formal rule will support the MTFF by helping manage revenue windfalls, mitigate volatility, and rebuild buffers. The rule should be aligned with the HSF's policy framework, include a medium-term anchor (e.g. net financial assets, debt), multiyear targets on NEPB and/or primary expenditures, with pre-determined escape clauses. To begin, drafting a Fiscal Strategy Statement (FSS) in the FY2027 budget could set a medium-term anchor for debt-to-GDP and primary expenditure growth that supports narrowing of the NEPB gap and ensures that NFA strengthen over time.

- **Asset and Liability Management Strategy:** Staff stress the need to develop an integrated framework to assess risks and costs of various funding strategies, borrowing mix, and disciplined use of the HSF. The HSF governance could be strengthened by clearly defining the events that trigger withdrawals, appropriately calibrating emergency withdrawals, and establishing mechanisms to replenish the withdrawn resources.
- **Strengthening SOEs and Mitigating Fiscal Risks:** Implementation of targeted reforms to strengthen SOEs and statutory body efficiency to transform them from a fiscal burden to revenue generators. The authorities should immediately enforce hard budget limits for all public entities and require sign-off for all expenditure decisions over a certain threshold by the Financial Oversight and Appropriations Committee.
- **Public retirement benefits system reforms (SIP):** The authorities took courageous steps to improve the long-term sustainability of the NIS, by introducing higher contribution rates and announcing increases in the retirement age for full pension eligibility from 60 to 65 over the next decade. The NIS reforms are expected to extend the fund's sustainability by approximately 12 years. The Social Protection Review recommends a holistic assessment of all publicly funded retirement programs to reduce benefit overlap, improve targeting, and contain expenditure growth. Both contributory and non-contributory schemes could be better integrated and more efficiently administered to maximize impact while safeguarding fiscal sustainability. To strengthen the system, it will be important to improve compliance, broaden the contribution base, and enact automatic parameter adjustments into NIS law.

Authorities' Views

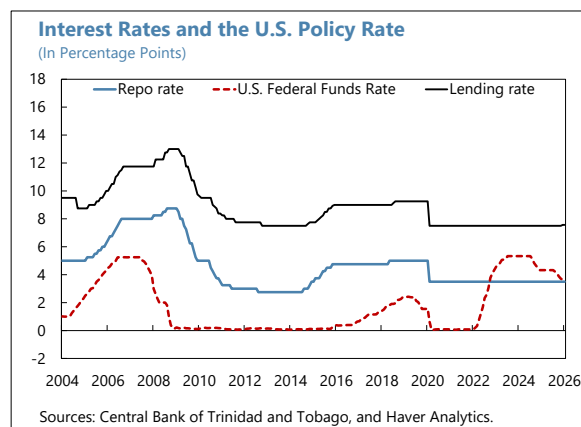
26. The authorities agreed with staff on the need to restore the sustainability of public finances and strengthen the overall fiscal framework, while emphasizing the importance of careful sequencing to protect social outcomes during the ongoing transition. They underscored that the FY2026 budget represents an initial step in fiscal consolidation, supported by revenue and expenditure measures already underway, and reiterated their commitment to placing public debt on a firmly downward path. They stressed that adjustment should remain gradual, flexible, and socially balanced, avoiding an impact on vulnerable groups. They saw value in a well-designed fiscal rule to help manage energy-revenue volatility and safeguard priority spending, while allowing sufficient flexibility in the face of shocks. They also supported strengthening asset-liability management and advancing reforms to improve the efficiency, governance, and financial performance of SOEs. They emphasized that the recent reforms to the NIS demonstrate their commitment to safeguarding its long-term fiscal sustainability and preserving intergenerational equity.

B. Monetary and Exchange Rate Policies

27. Ensuring consistent monetary and fiscal policies is essential to maintaining macroeconomic stability. Staff is cognizant of the authorities' determination to maintain the current *de facto* stabilized exchange rate arrangement. However, maintaining the exchange rate has

required large, regular FX sales by the central bank, causing a significant decline in reserves, and FX shortages persist. The REER has remained elevated even as oil and gas production has declined over the past decade. Further, the EBA-lite assessment indicates the external sector is moderately weaker than fundamentals (Annex II). This points to the need for policy adjustment to stabilize reserves and ensure external stability.

28. Supporting the current exchange rate arrangement implies that the fiscal stance needs to be significantly tighter, as argued in section A.¹⁶ Within a stabilized exchange rate regime, fiscal policy becomes a critical tool to ensure macroeconomic stability. Staff's policy advice to rebuild fiscal buffers discussed above (¶24) is essential to facilitate external adjustment by reducing FX-intensive expenditure.¹⁷ Such adjustments would support macroeconomic stability, but could weigh on near-term growth.



29. The CBTT should ensure its monetary policy stance is consistent with the exchange rate regime. The CBTT is mandated to maintain a low and stable rate of inflation, an orderly FX market, and an adequate level of FX reserves.¹⁸ These objectives require careful prioritization – at present, inflation is low amid anemic growth but reserves are declining. While the policy rate differential between Trinidad and Tobago and the U.S. has narrowed, it remains negative, in contrast to the large historical positive differential. Although fiscal consolidation should be the cornerstone of supporting external sustainability, the CBTT should raise the policy rate to a more neutral stance to close the interest rate differential with the US and help make local assets more attractive and encourage capital inflows. The CBTT should also be prepared to further raise rates if upside risks to inflation materialize (¶17, 18).

30. Allowing for greater exchange rate flexibility would support external rebalancing with lower costs to growth. In staff's view, greater exchange rate flexibility would improve the policy mix by allowing for a more gradual fiscal consolidation (0.3 percent of GDP per year over the next six years). This would help create room for countercyclical monetary policy and alleviate the impact on growth. The transition towards a more flexible regime would require clear communication and should be preceded by measures to strengthen market infrastructure, including price discovery, hedging, developing an FX intervention framework for the CBTT that is consistent with the Fund's Integrated Policy Framework (IPF).

¹⁶ Within the EBA-lite assessment, the fiscal deficit and decline in reserves variables contribute to the weaker external assessment, although these are offset by other policy variables.

¹⁷ Imports are projected to decline over the forecast horizon as a share of GDP largely reflecting a projected decline in the price of imported refined oil products from their 2026 peak, but also as FX shortages constrain imports.

¹⁸ See Central Bank of Trinidad and Tobago: [Monetary Policy Objectives](#).

31. Addressing the structural FX shortage is a priority. Structural reforms that increase productivity and promote new export activities would help boost non-energy exports and diversify the sources of FX earnings. Reforms that improve the business environment could encourage inward FDI, diversifying financial account inflows. Any adjustments to the distribution of FX should avoid introducing new controls and focus on utilizing existing measures. The gradual removal of measures giving rise to the existing exchange restriction on current international transactions over the medium term would also help meet the demand for FX.¹⁹

Authorities' Views

32. The authorities reaffirmed their commitment to the exchange rate regime. They highlighted that it has shielded the economy from external volatility and contained inflation. They acknowledged that the monetary policy stance needed to strike a balance between controlling inflation, supporting economic activity, and maintaining adequate reserves and financial stability. They acknowledged that FX imbalances and market tightness persist but are a long-standing challenge that will take time to resolve. They noted the increase in FX reserves in December 2025 and highlighted that they acted swiftly to begin boosting exports, productivity and foreign direct investment inflows.

C. Safeguarding Financial Stability

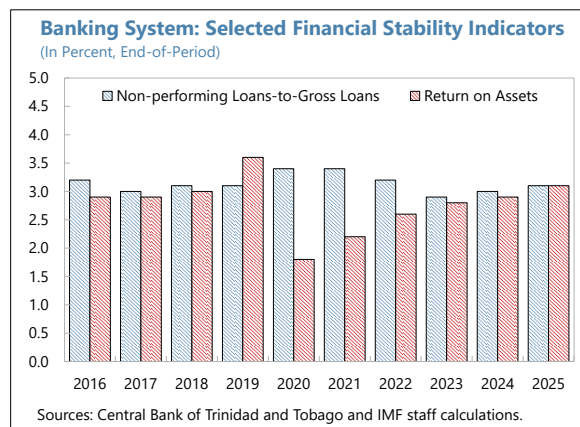
33. Systemic financial system risk is low, though vulnerabilities are rising from an increasing sovereign-financial nexus and tightening of liquidity conditions. Financial soundness indicators suggest the banking sector is relatively healthy and resilient to shocks. As of 2025Q4, the banking system looked well-capitalized, with 17.3 percent of risk-weighted assets (15 percent Tier I),²⁰ profitable (return on equity at 14.2 percent and return on assets at 3.1 percent); with low non-performing loans (NPLs) at 3.1 percent of gross loans and adequate provisioning (59.4 percent). The domestic financial system has become a major holder of government debt, increasing the sovereign-financial nexus (Annex VI). While this has supported public financing and reduced near-term external and rollover risks, it has increased financial sector sensitivity to sovereign credit and interest rate risks through valuation, collateral, and funding channels. To mitigate their potential adverse effects, the authorities are undertaking key regulatory initiatives, including implementing Basel II/III risk disclosure requirements, enhancing liquidity coverage, and reinforcing monitoring metrics. Households have a robust net financial position of around 100 percent of GDP, held primarily in long-term investments. Households could face liquidity pressures during a crisis, underscoring the need for macroprudential tools targeting debt-service-to-income.

¹⁹ Trinidad and Tobago maintains an exchange restriction arising from the administrative cap on exchange rates while not supplying sufficient FX at the official rate, and the prioritization of FX for trade-related and essential-goods payments in CBTT's FX interventions and through special FX facilities within the EximBank, which resulted in undue delays in accessing FX for payments and transfers for current international transactions and external payment arrears.

²⁰ As of January 1, 2024, the banking minimum capital adequacy ratio of 10 percent was complemented by the countercyclical buffer (CCB) of 2.5 percent in CET 1 capital, and the add-on for two domestic systemically important banks (D-SIBs) of 1.0 and 1.5 percent respectively.

34. Stress tests highlight some vulnerabilities, warranting continued oversight. CBTT stress test results as at the end-December 2024 indicated that the commercial banking sector remained resilient to most single-factor shocks (interest rate, exchange rate, credit, and liquidity), supported by robust capital buffers and adequate provisioning levels.

35. In line with the 2020 FSAP recommendations, measures are being adopted to strengthen financial stability (Annex V). In 2024, the CBTT focused on Basel II/III risk disclosure rules, liquidity coverage, and monitoring metrics, while also advancing revisions to insurance regulations on capital adequacy, policy liabilities, and financial conditions reporting. The CBTT is developing a *Cybersecurity Risk-Based Supervision Framework* including a risk-based policy manual and is implementing a risk-based capital and liquidity review and evaluation process to address risk associated with fixed NAV Collective Investment Schemes (CIS). Significant progress has also been made in strengthening the AML/CFT framework to safeguard the reputation and integrity of the financial sector.



Authorities' Views

36. The authorities assess the financial system as sound and resilient, supported by strong capital and liquidity buffers, low NPLs, and effective supervision. They reaffirmed their commitment to preserving financial stability and highlighted their attentiveness to heightened external and domestic risks. They emphasized steady progress in implementing key recommendations of the 2020 FSAP, including strengthening bank, insurance, and investment fund supervision; advancing consolidated and risk-based supervision of financial conglomerates; and modernizing the regulatory frameworks related to payments systems, Fintech, and e-money. They acknowledged that the development of a comprehensive macroprudential policy framework remains a work in progress.

D. Enhancing Tax Transparency and AML/CFT Frameworks

37. The authorities have reached an important milestone in strengthening international tax transparency (Annex VIII). They signed (2024) and brought into force (2025) the *Convention on Mutual Administrative Assistance in Tax Matters (MAAC)* and improved the maintenance and access to legal ownership and beneficial ownership information through amendments to the *Companies Act*. In February 2026, Trinidad and Tobago's was removed from the EU of non-cooperative jurisdictions. The strengthening and the effective implementation of the AML/CFT framework can supplement the tax transparency measures by disrupting and combating illicit financial flows, including those related to tax evasion.

38. Notable progress has been made in addressing AML/CFT challenges (Annex VIII). The authorities continued to strengthen the AML/CFT framework ahead of the upcoming Caribbean Financial Action Task Force (CFATF) 5th round mutual evaluation in 2026. This included the publication of the 3rd National Risk Assessment, deepening the implementation of the risk-based approach to AML/CFT supervision across sectors, capacity building at AML/CFT and law enforcement agencies, and introducing amendments to the AML/CFT legal framework to (1) expand the definition of criminal property to include virtual assets, (2) enhance asset-recovery mechanisms, (3) strengthen supervisory and enforcement powers, (4) improve beneficial ownership transparency, (5) prohibit unauthorized virtual assets activities, and (6) implement stricter measures to prevent proliferation and terrorist financing.

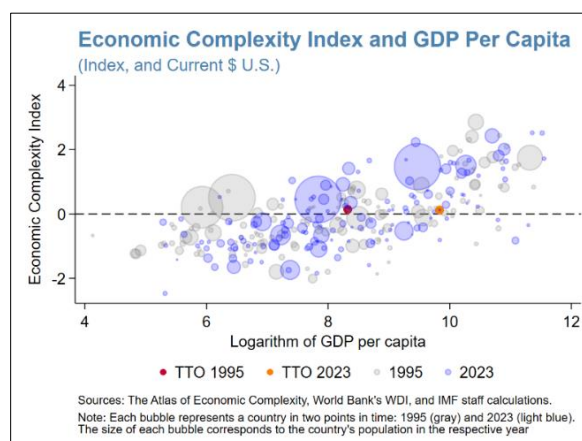
Authorities' Views

39. The authorities emphasized their decisive legislative and institutional reforms that underpinned the country's removal from the EU list of non-cooperative tax jurisdictions. They also noted their continued progress in addressing AML/CFT challenges and underscored that these results show their sustained commitment to transparency, fairness, and adherence to internationally accepted standards. They noted that their workplan prioritizes strengthening beneficial ownership requirements, enhancing supervisory powers and sanctions, advancing risk-based supervision, and completing the preparatory work for the upcoming Fifth Round Mutual Evaluation.

E. Boosting Potential Growth

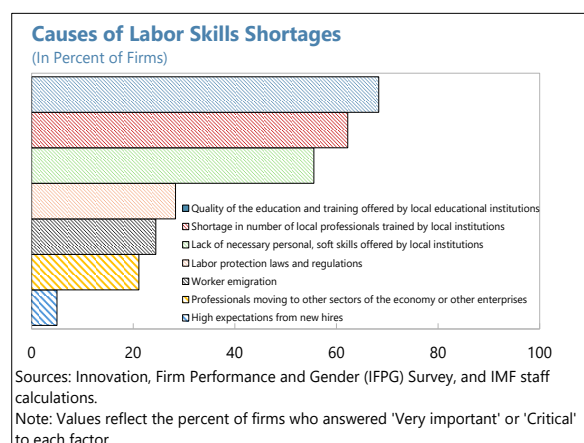
40. Trinidad and Tobago must strike a balance between promoting the energy sector and encouraging economic diversification (Selected Issues Paper). Oil and gas rents have been a cornerstone of its economic development and will continue to drive medium-term growth and fiscal and export revenues. Achieving both horizontal and vertical diversification will be critical to navigate the challenges posed by global energy markets and foster sustainable growth.

41. The authorities are prioritizing economic diversification policies. Guided by the *2025 Manifesto* and *Revitalization Blueprint*, their diversification strategy focuses on revitalizing agriculture and agro-processing, expanding tourism and the creative economy, promoting a knowledge-based economy driven by innovation and technology, and strengthening Small and Medium-sized Enterprises (SMEs) and the non-energy private sector through better access to finance and a more supportive business environment. These efforts are complemented by an active policy development agenda aimed at fostering economic resilience and growth, and reforms to improve governance, regulation, infrastructure, and human capital.



42. Reforms should address structural bottlenecks that constrain productivity. There is substantial scope to improve productivity through better resource reallocation across firms. The authorities are implementing measures to streamline customs procedures, improve access to finance, designing educational support programs to strengthen youth workforce skills, and closing remaining gaps in other areas such as quality, soft skills, and the quantity of labor supplied by local firms.

43. Decisive steps are needed to raise labor force participation and discourage informality. Informality constrains productivity and facilitates tax evasion. Reducing informality and promoting higher labor force participation (especially for women) will require a multipronged approach that includes reducing the marginal tax on labor, providing a stronger link between social contributions and benefits, removing red tape to registering businesses, and raising skills needed for formal employment.



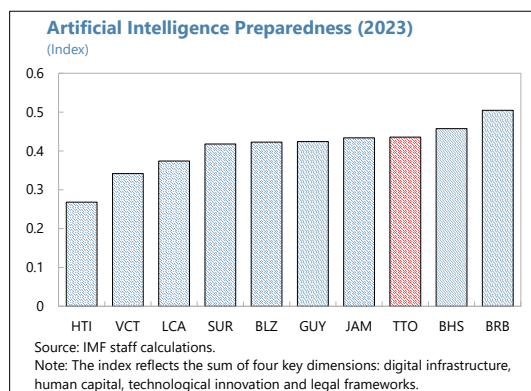
44. Staff commends the authorities' commitment to advance digitalization and bolster AI preparedness, while ensuring its safe, responsible, and ethical use. The newly established Ministry of Public Administration and Artificial Intelligence (*MPPA*) is leading efforts to modernize the state and harness digital and AI technologies for national development. Strengthening digital skills in the workforce, integrating AI into production, and supporting smooth job transition will ensure that workers can benefit from AI, positioning the country to capture AI-driven productivity gains with minimal job displacement risks.

45. Trinidad and Tobago should continue efforts to strengthen adaptation initiatives to protect against the growing risk of natural disasters. Rising threats from sea-level rise, hurricanes, floods, and droughts, and the risk of earthquakes pose significant risks to infrastructure and growth, with potentially adverse effects on fiscal accounts, external stability, and social cohesion. The authorities are stepping up efforts to accelerate adaptation plans, with a comprehensive investment agenda for flood mitigation and erosion control programs in high-risk communities across the country. The authorities are also advancing their renewable policy framework, reaffirming their commitment to a 15 percent reduction in emissions by 2030.

Authorities' Views

46. The authorities emphasized that boosting potential growth hinges on advancing economic diversification as set out in their 2025 Manifesto and Revitalization Blueprint. They highlighted ongoing efforts to address structural bottlenecks, particularly in skills mismatches, access to finance, and trade facilitation, and underscored the urgency of raising labor force

participation and productivity. They emphasized the progress they are making in digitalization and AI to enhance public sector efficiency and private-sector productivity, while managing transition risks. They reaffirmed their commitment to energy transition and building resilience to natural disasters, viewing these initiatives as essential to supporting sustainable growth.



F. Strengthening National Statistics and Data Adequacy

47. While data provision to the Fund is adequate, there is scope to improve the quality, timeliness, and coverage of macroeconomic statistics (Annex VII). Priority should be given to transforming the Central Statistical Office (CSO) into an independent National Statistical Institute; preserving recent improvements in reduced balance of payments errors and omissions, improving timeliness of national accounts data, updating the base year of national accounts and prices, and addressing macro-financial data gaps (e.g., real estate price index).

Authorities' Views

48. The authorities underscored their commitment to strengthen national statistics to support sound policymaking and transparency, and highlighted ongoing efforts to improve the quality, timeliness, and coverage of macroeconomic data. They emphasized progress towards completing the *2023 Household Budget and Living Conditions Surveys*, improvements in balance of payments statistics, and preparations for the population census. They noted recent amendments to the Statistics Act, which formalize an enhanced role for the CBTT Governor within the national statistics system, and reaffirmed plans to advance institutional reforms, including by establishing a National Statistics Institute, alongside stronger coordination across data producing agencies.

STAFF APPRAISAL

49. The outlook is subject to elevated uncertainty. Growth is projected to reach 0.8 percent in 2026, accelerate over the medium term, and converge to its estimated potential of 1.8 percent over the long term. Inflation is expected to rise in the short term before converging to around 2 percent over the medium term. Persistent fiscal deficits have led to an increase in public debt. The external position in 2025 is assessed to be moderately weaker than fundamentals and reserves have declined. While higher global energy prices stemming from the war in the Middle East would raise export receipts and improve fiscal and external balances in the near term, the duration and magnitude of the energy shock are uncertain, the resource is exhaustible, and public debt is still high. The authorities should therefore continue the reform momentum, while protecting the vulnerable, and use additional energy revenues to rebuild macroeconomic buffers, including by resuming deposits in the HSF.

50. Supporting the existing de facto stabilized exchange rate arrangement calls for a tighter macroeconomic policy mix. Maintaining the arrangement has required large, regular FX sales that are contributing to declining reserves, while FX shortages persist, impeding non-energy activity. Supporting the existing exchange rate arrangement therefore requires greater fiscal effort to put debt on a firmly downward path and facilitate external adjustment. This should be combined with moving the policy rate toward a more neutral stance to remove the negative US-TT interest rate differential and encourage capital inflows.

51. In staff's view, a more flexible exchange rate would improve the policy mix and alleviate the impact of fiscal consolidation on growth. A more flexible exchange rate would allow for a more gradual fiscal consolidation, while facilitating external rebalancing by stimulating exports and reducing imports, and enabling more countercyclical monetary policy over the medium term. The transition towards a more flexible regime would require clear communication and should be preceded by measures to strengthen FX market infrastructure, including price discovery, hedging, and developing a FX intervention framework for the CBTT that is consistent with the Fund's IPF.

52. A rules-based fiscal framework is essential to manage volatile energy revenues and ensure intergenerational equity. Staff strongly support the authorities' intention to adopt a medium-term fiscal framework anchored by a well-designed fiscal rule and a credible debt anchor. Broadening fiscal data coverage to include SOEs and developing an integrated asset-liability management framework would strengthen transparency, discipline, and resilience to commodity price shocks.

53. The authorities have taken courageous steps to improve the long-term sustainability of the public pension system. Staff encourage further steps to improve compliance, broaden the contribution base, and introduce automatic adjustment mechanisms, alongside a comprehensive review of contributory and non-contributory schemes.

54. Systemic financial-sector risks remain low, although vulnerabilities are rising due to a growing sovereign-financial nexus and tighter liquidity conditions. While banks are well capitalized, the growing sovereign-financial nexus and emerging cyber-security and climate risks warrant close monitoring. Continued progress on Basel II/III implementation, conglomerate supervision, and macroprudential oversight is needed.

55. Staff commend the authorities for their successful removal from the EU list of non-cooperative jurisdictions. It reflects sustained efforts to strengthen international tax transparency and the legal and institutional framework. Staff also welcome the progress made in enhancing the AML/CFT framework and financial integrity, including improvements in beneficial ownership transparency, asset-recovery tools, and oversight of virtual asset activities. Continued efforts to advance the regulation of virtual assets and further strengthen AML/CFT framework will be important to reinforce governance and investor confidence, safeguard financial integrity, and support macroeconomic stability.

56. The authorities' diversification and revitalization agenda is welcome. The authorities' efforts to revitalize the energy sector by facilitating work on mature fields, advancing deepwater exploration, and fostering regional collaboration are welcome. However, given the structural decline in the energy sector, sustainable and inclusive growth hinges on boosting non-energy growth. Efforts should focus on improving the business environment and investment climate by removing excessive red tape and obstacles to trade, promoting more flexible labor market, removing incentives for informality, and harvesting digitalization and AI to improve public service delivery and foster innovation.

57. Further improvements in statistical capacity and transparency remain a priority. Transforming the CSO into an independent National Statistical Institute would further strengthen data governance, quality, and credibility.

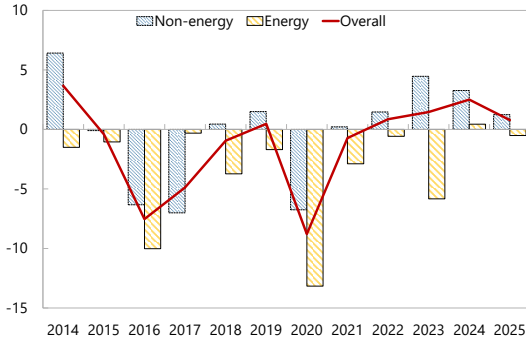
58. Staff proposes the next Article IV consultation remains on a 12-month cycle.

Figure 1. Trinidad and Tobago: Real Sector Developments

Growth has been shaped by the structural decline of the energy sector and gradual recovery from the pandemic.

Real Growth Rate

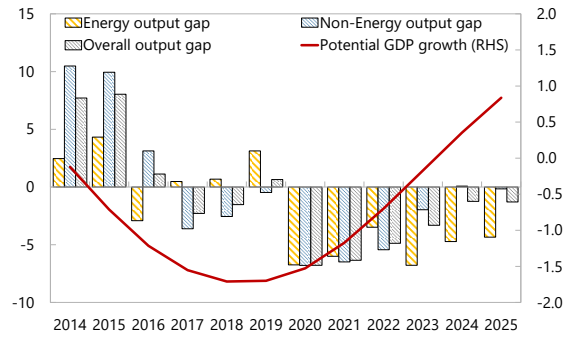
(In Percent Change, YoY)



The non-energy output gap has closed, but the energy sector continues to operate below its potential.

Potential GDP and Output Gap

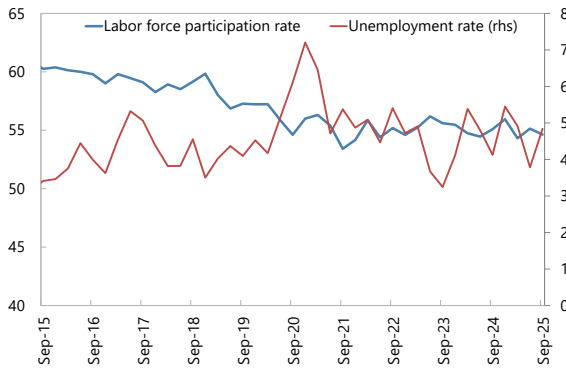
(In Percent, and Percentage Change YoY)



The unemployment rate has recovered from the pandemic, but labor force participation remains subdued ...

Labor Force Participation and Unemployment

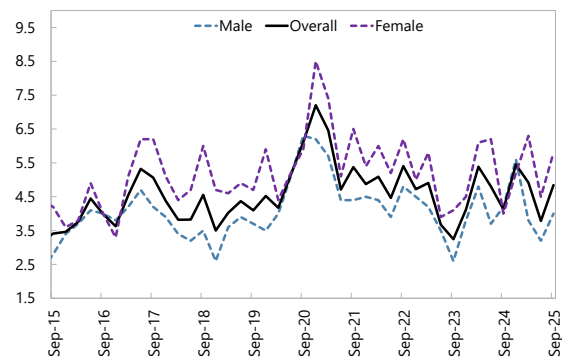
(In Percent)



... and female unemployment has fallen, but remains higher than male unemployment.

Unemployment Rate by Gender

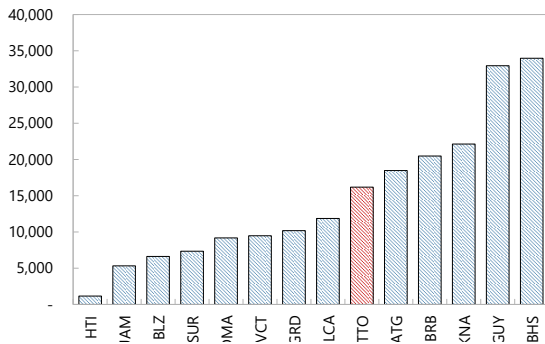
(In Percent)



Trinidad and Tobago's per capita income is in the middle of a range of regional peers...

GDP Per Capita, 2024

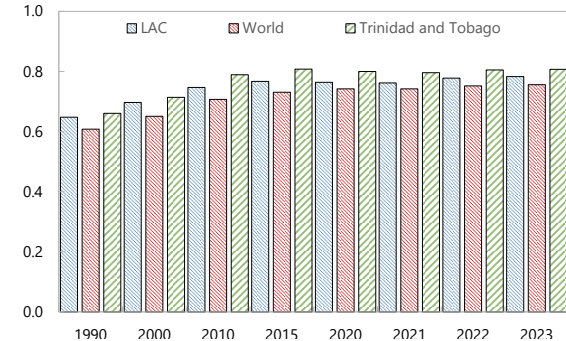
(In Constant 2015 \$US)



...supporting high levels of human development.

Human Development Index

(Index)

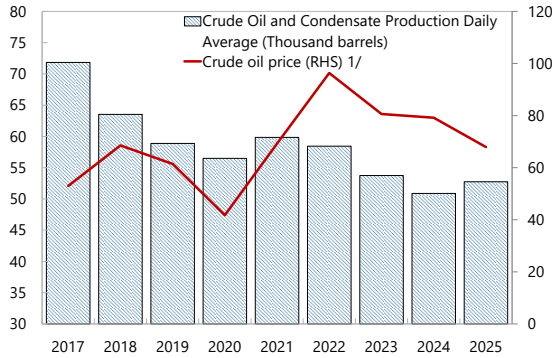


Source: Trinidad and Tobago's authorities and IMF staff calculations.

Figure 2. Trinidad and Tobago: Energy Sector Developments

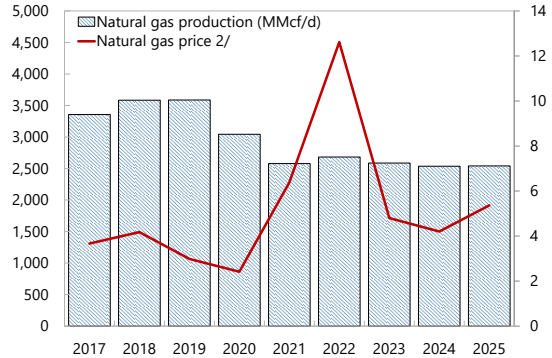
Crude oil and condensate production rose slightly as new projects came on-stream.

Production and Prices of Crude Oil and Condensate
(In Thousand Barrels, US\$ per Barrel)



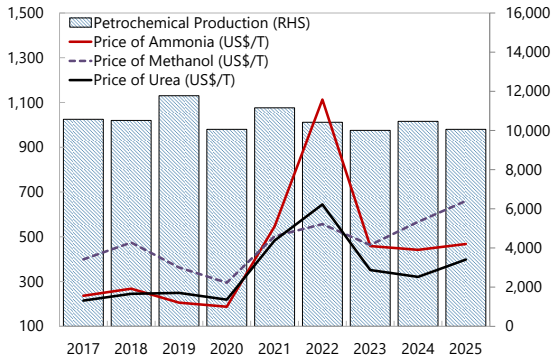
Natural gas production was flat as new projects offset existing structural declines...

Production and Prices of Natural Gas
(In Mmcf/d and US\$ per MMBtu)



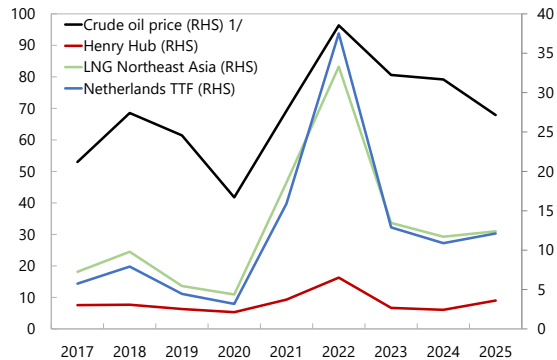
...with a modest decline in petrochemical production.

Production and Prices of Petrochemicals
(US\$/ton, In Constant TT\$)



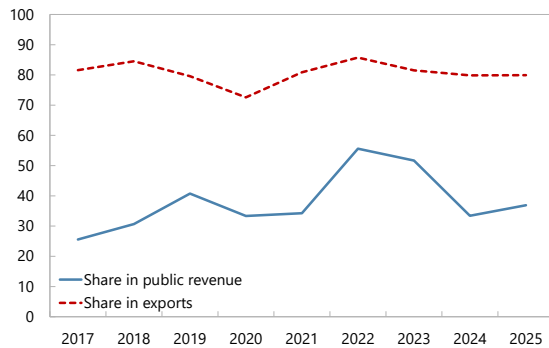
Natural gas prices rose in 2025, while oil prices fell...

Oil and Gas Prices
(US\$ per Barrel [LHS], and US\$ per MMBtu [RHS])



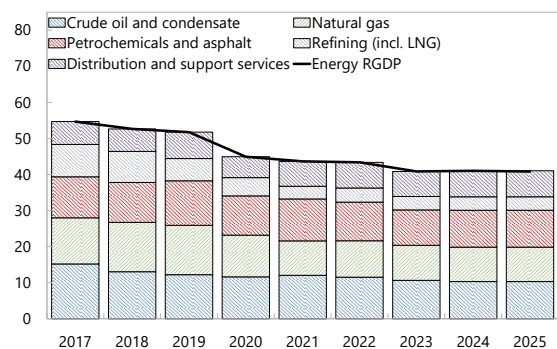
...together, these led to a broadly flat share of energy in projected exports and a slight rise in fiscal revenue...

Role of Energy in Fiscal Revenues and Exports
(In Percent)



...as well as a flat share of energy in GDP.

Contributions of Energy Sector to Real GDP
(In TT\$ Billions)



Sources: Trinidad and Tobago's authorities and IMF staff calculations.

1/ WEO simple average of three spot prices: Dated Brent, West Texas Intermediate, and Dubai Fateh.

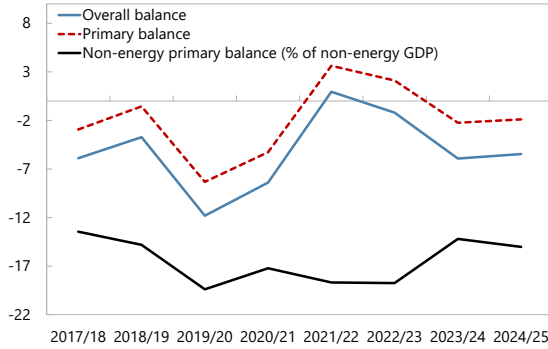
2/ Weighted average of Netherlands TTF, LNG Northeast Asia, and Henry Hub.

Figure 3. Trinidad and Tobago: Fiscal Sector Developments

Persistent fiscal deficits...

Fiscal Stance

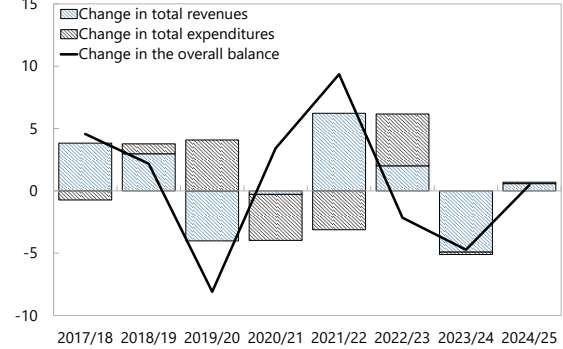
(In Percent of GDP)



...mostly due to a recent decline in revenues...

Contribution to Change in the Fiscal Balance

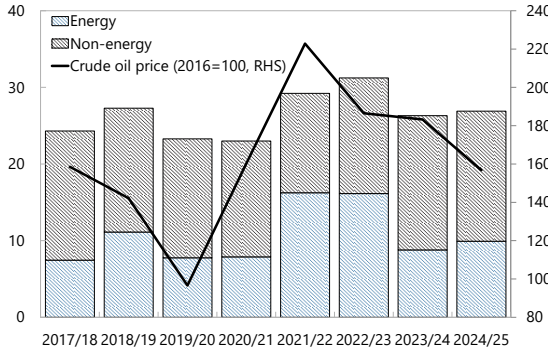
(In Percent of GDP)



...as energy prices and output fell...

Total Revenues

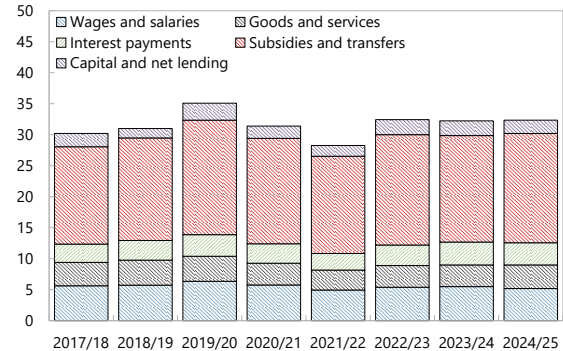
(In Percent of GDP)



...while current spending remained elevated...

Total Expenditures

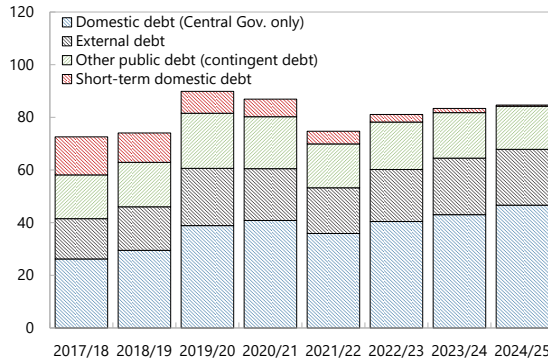
(In Percent of GDP)



...led to a rise in public debt.

Public Sector Debt

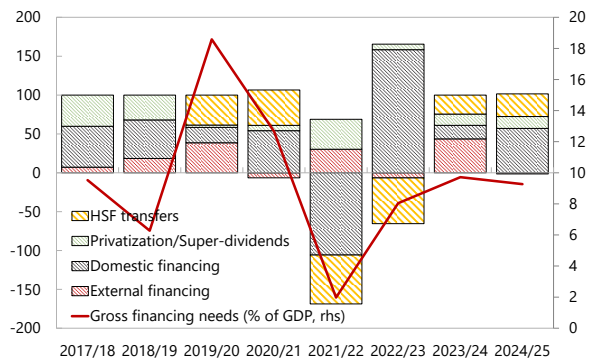
(In Percent of GDP)



Gross financing needs were met from domestic sources.

Sources of Financing

(In Shares of Total, and Percent of GDP)



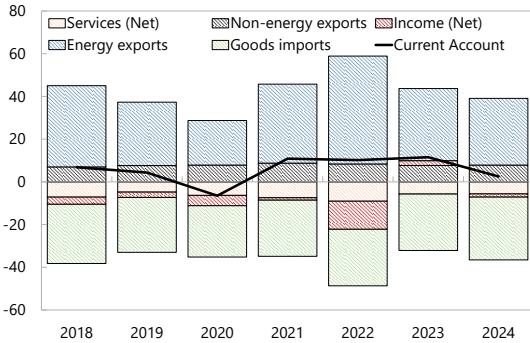
Sources: Trinidad and Tobago's authorities and IMF staff calculations.

Figure 4. Trinidad and Tobago: External Sector Developments

The current account surplus deteriorated in 2024 amid lower exports and higher imports...

Contribution to Current Account Balance

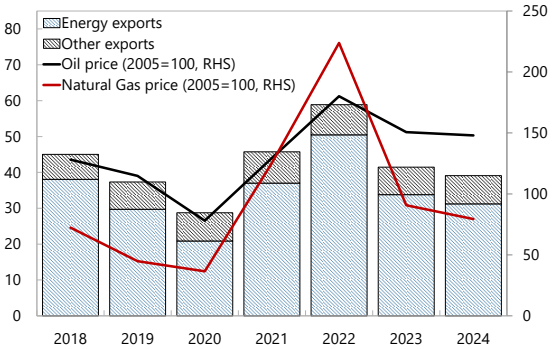
(In percent of GDP)



...with a decline in energy exports primarily driven by lower natural gas prices.

Exports of Goods

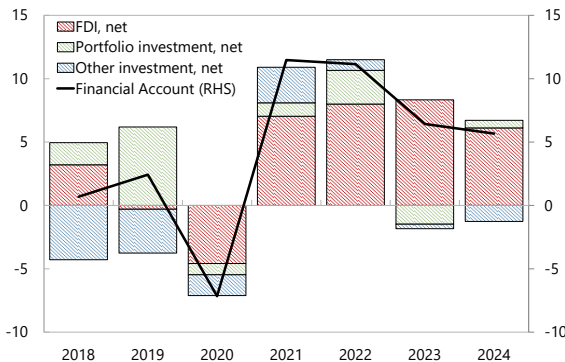
(In Percent of GDP, and Index)



Financial account outflows softened but remained driven by net FDI linked to energy companies.

Contribution to the Financial Account

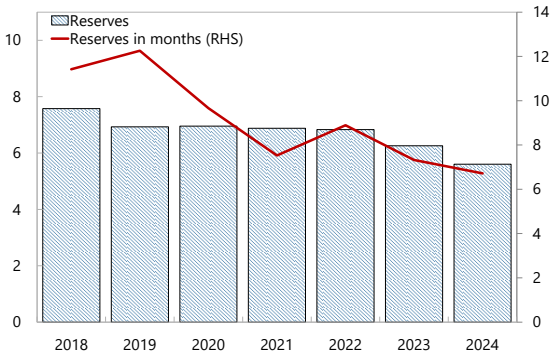
(In percent of GDP)



International reserves are on a declining trajectory, reaching 6.7 months of imports by end-2024.

Gross International Reserves

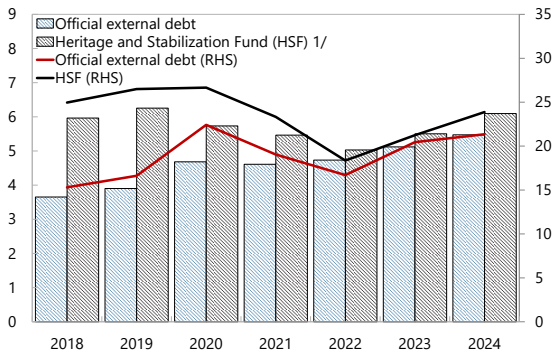
(In US\$ Billion, Months of Imports of Goods and Services)



External debt rose, while the size of the HSF increased due to rising global asset prices.

Official External Debt

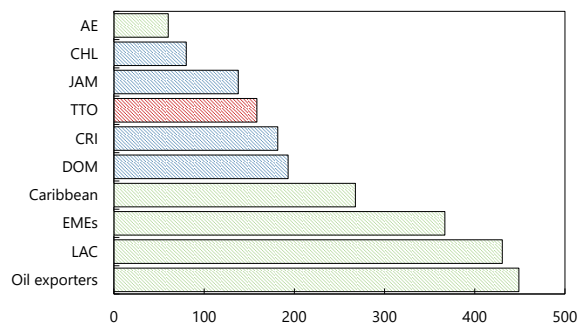
(In US\$ Billion, In Percent of GDP)



TTO's sovereign spreads remain in a similar range to peers.

Sovereign Spreads, 2025

(In Basis Points)



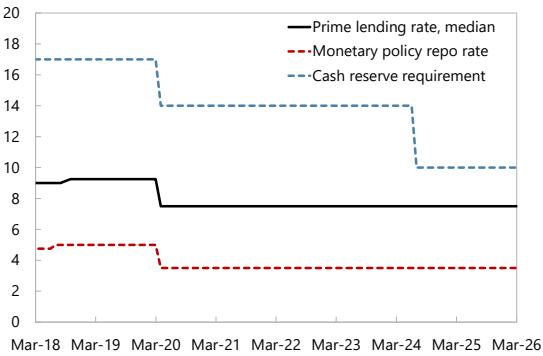
Sources: Bloomberg LP, Trinidad and Tobago's authorities, and IMF staff calculations.

1/ Data on the Heritage and Stabilization Fund refers to a fiscal year (e.g., 2025 refers to FY2025, which corresponds to October 2024-September 2025).

Figure 5. Trinidad and Tobago: Monetary and Banking Sector Developments

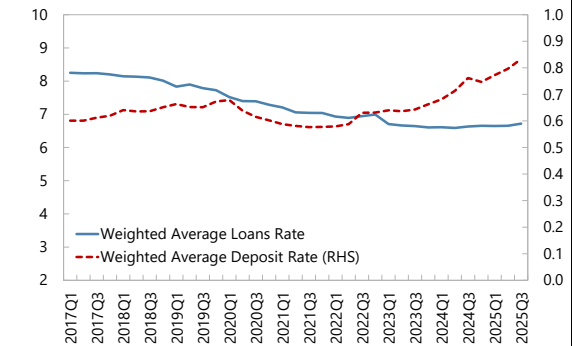
The CBTT has not changed its monetary policy rate since March 2020 but has lowered liquidity ratios....

Liquidity and Interest Rates
(In Percent)



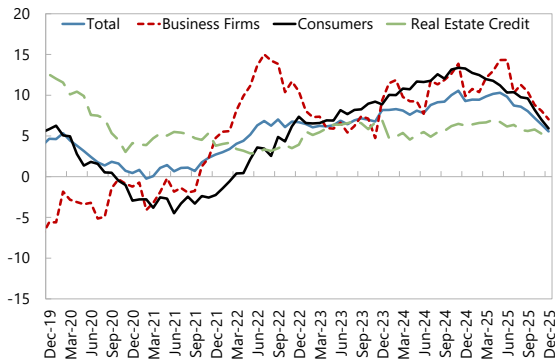
...tighter liquidity has marginally increased deposit rates, while lending rates have gradually eased...

Market Interest Rates
(In Percent)



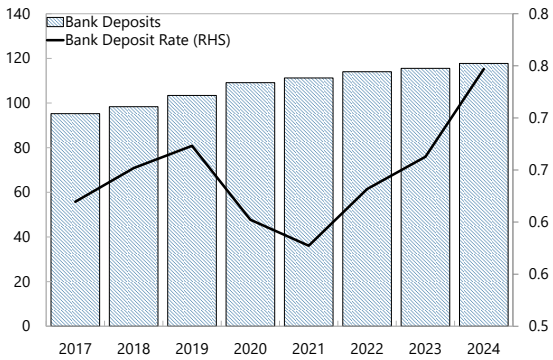
...contributing to robust growth in private sector credit...

Commercial Banks: Credit to the Private Sector
(In Percent Change, YoY)



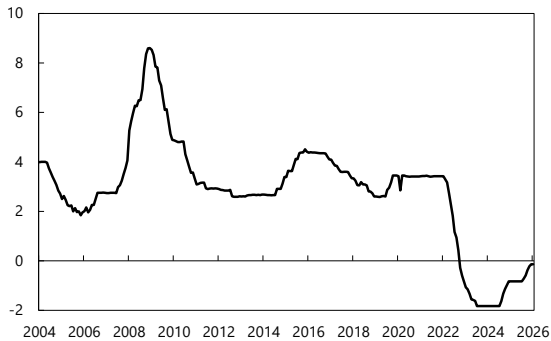
...underpinned by high bank deposits.

Bank Deposits
(In TT\$ Billion, In Percent)



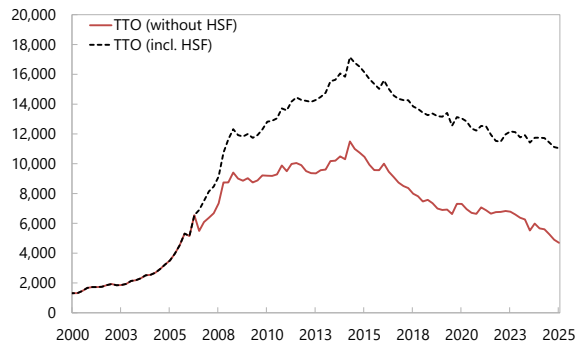
The interest rate differential vis-à-vis the U.S. interest rate has turned negative...

TTO-US Interest Rate Differential
(In Percentage Points)



... while foreign exchange reserves have continued to decline.

Foreign Exchange Reserves
(In \$US Millions)

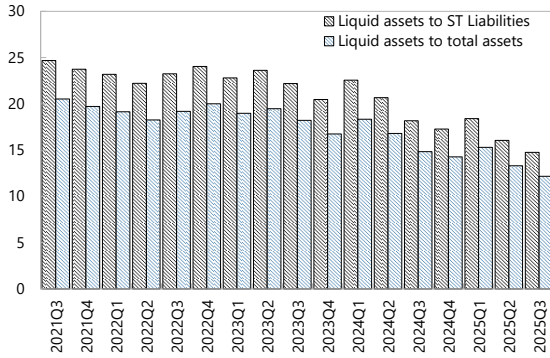


Sources: Trinidad and Tobago's authorities and IMF staff calculations.

Figure 6. Trinidad and Tobago: Financial Soundness Indicators

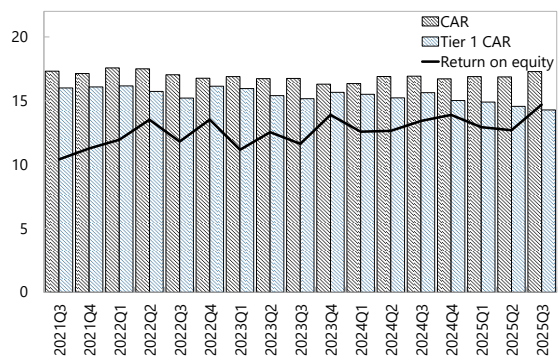
Banks' liquidity ratios declined, although they remain at comfortable levels...

Liquid Assets Indicators
(In Percent)



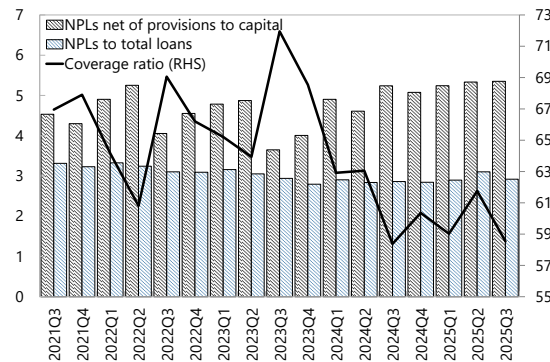
... with capital buffers well above the regulatory requirements.

Capital Adequacy Ratios
(In Percent)



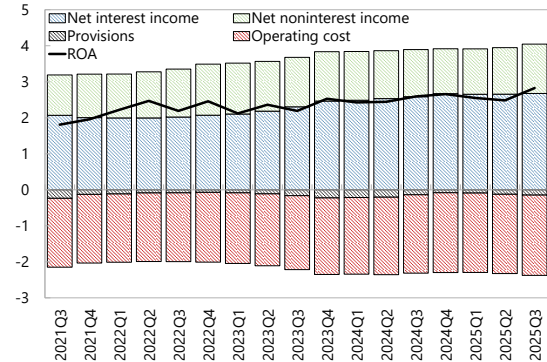
NPL ratios have declined steadily since 2023, indicating improved asset quality

Non-performing Loans (NPLs)
(In Percent)



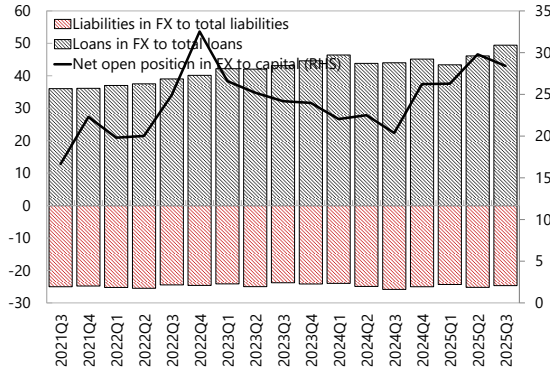
Banks remain profitable, with lower interest income offset by savings on operating costs.

Decomposition of Income
(In Percent of Assets)



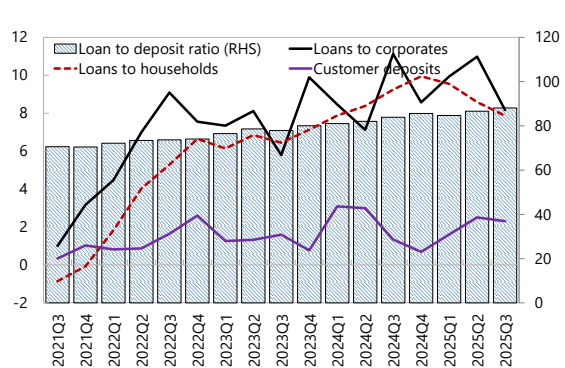
Banks' net FX position relative to capital has increased since 2024...

Banks Exposure to FX
(In Percent of Total Assets)



...and funding ratios stabilized, amid robust growth in loans.

Loans and Deposits Growth
(Annual Percentage Change, In Percent)



Sources: Trinidad and Tobago's authorities and IMF staff calculations.

Table 1. Trinidad and Tobago: Selected Social and Economic Indicators, 2021–31

	2021	2022	2023	2024	Est. 2025	2026	2027	Projections 2028	2029	2030	2031
GDP per capita (US\$, 2024)	18,718										
Population (millions, 2024)	1.37										
Unemployment rate (2025Q3)	4.8										
Human Development Index (2023)											0.8
Life expectancy at birth (years, 2023)											73.5
Under-5 mortality rate (per thousand, 2023)											19.1
(Annual percentage change, unless otherwise indicated)											
National income and prices											
Real GDP	-0.7	0.9	1.5	2.5	0.8	0.8	3.0	3.5	2.8	2.1	1.8
Energy	-2.9	-0.6	-5.8	0.4	-0.5	-4.5	5.1	7.7	4.6	1.7	1.2
Non-energy 1/	0.2	1.5	4.5	3.3	1.2	2.6	2.2	2.1	2.2	2.2	2.0
GDP deflator	16.9	15.9	-13.0	-0.1	0.4	2.8	1.9	0.8	0.5	1.1	1.1
CPI inflation (end-of-period)	3.5	8.7	0.7	0.5	0.4	3.1	2.4	2.1	2.1	2.0	2.0
CPI inflation (period average)	2.1	5.8	4.6	0.5	1.0	1.8	2.8	2.2	2.1	2.0	2.0
Unemployment rate (period average) 2/	5.4	4.9	4.0	4.9	4.5	...	...	...	...	...	...
Real effective exchange rate	-3.2	3.8	0.8	-1.0	-1.7	...	...	...	...	...	...
(In percent of fiscal year GDP, unless otherwise indicated) 3/											
Central government finances											
Central government primary balance	-5.3	3.6	2.1	-2.2	-1.9	-0.8	1.3	2.0	1.5	1.2	1.0
Of which: non-energy primary balance 4/	-17.2	-18.7	-18.7	-14.2	-15.0	-14.0	-13.1	-12.9	-12.8	-12.8	-12.8
Central government overall balance 5/	-8.4	1.0	-1.2	-5.9	-5.5	-4.6	-2.5	-1.7	-2.2	-2.5	-2.7
Budgetary revenue	23.0	29.2	31.2	26.3	26.9	30.2	31.3	31.8	31.1	30.9	30.7
Energy	7.9	16.2	16.1	8.8	9.9	10.2	11.6	12.1	11.5	11.3	11.1
Non-energy	15.1	13.0	15.1	17.5	17.0	19.9	19.7	19.7	19.6	19.6	19.7
Budgetary expenditure	31.4	28.3	32.4	32.2	32.4	34.7	33.8	33.5	33.2	33.4	33.5
Of which: current expenditure	29.4	26.5	30.0	29.9	30.2	31.3	30.7	30.1	29.9	29.8	29.7
Of which: interest expenditure	3.1	2.7	3.3	3.7	3.6	3.7	3.8	3.7	3.7	3.7	3.7
Of which: capital expenditure 6/	2.0	1.7	2.4	2.4	2.1	3.4	3.1	3.3	3.3	3.6	3.8
Central government debt 7/	60.5	53.2	60.2	64.5	67.8	67.8	66.5	64.4	64.4	64.9	65.7
Public sector debt 8/	80.2	69.9	78.2	81.8	84.2	84.1	82.8	80.7	80.7	81.2	82.1
Heritage and Stabilization Fund assets	23.3	18.4	21.2	23.9	24.5	24.8	24.8	24.8	25.0	25.2	25.6
(In percent of GDP, unless otherwise indicated)											
External sector											
Current account balance	10.9	10.2	11.5	2.5	3.1	3.8	4.8	5.5	4.3	4.3	4.3
Exports of goods (annual percentage change)	84.6	50.6	-37.8	-3.5	2.3	8.5	4.0	3.6	-1.8	1.5	1.4
Imports of goods (annual percentage change)	26.9	17.8	-11.9	14.0	-5.0	6.3	0.2	1.7	1.7	1.5	1.2
Terms of trade (annual percentage change)	-0.6	3.1	-2.3	-0.2	0.6	-0.1	0.2	0.4	-0.3	0.1	0.0
External public sector debt	19.0	16.7	20.5	21.4	21.1	22.0	21.8	21.4	21.4	21.6	21.9
Gross official reserves (in US\$ million)	6,880	6,832	6,256	5,601	5,369	4,811	4,347	4,188	3,887	3,613	3,363
In months of prospective imports of goods and services	7.5	8.9	7.3	6.7	6.1	5.5	4.8	4.6	4.2	3.8	3.5
(In annual percentage change)											
Money and credit											
Net foreign assets	0.2	1.5	-7.3	-10.6	-4.3	-6.2	-5.4	-1.5	-3.5	-3.3	-3.0
Net domestic assets	2.0	3.3	19.6	7.6	14.4	7.8	9.3	4.8	4.3	5.3	4.8
Of which: private sector credit	1.9	6.4	8.3	8.8	5.3	5.3	4.4	4.3	4.2	4.5	4.2
Broad money (M3)	1.7	1.9	1.4	1.5	3.3	2.0	3.8	2.7	1.8	2.6	2.5
(In annual percentage change)											
Memorandum items:											
Nominal GDP (in TT\$ billion)	163.7	191.4	169.0	173.0	175.0	181.3	190.2	198.5	205.1	211.8	218.0
Share of non-energy sector (in percent)	74.1	65.7	78.3	77.5	79.1	79.3	78.7	78.2	78.4	78.7	78.9
Share of energy sector (in percent)	25.9	34.3	21.7	22.5	20.9	20.7	21.3	21.8	21.6	21.3	21.1
Public expenditure (in percent of non-energy GDP)	41.1	41.8	43.3	41.5	41.1	43.8	42.9	42.7	42.4	42.5	42.4
Exchange rate (TT\$/US\$, end of period)	6.8	6.7	6.8	6.8	6.8	...	...	...	...	...	...
Holdings of SDRs, in millions of U.S. dollars	1080	1028	1042	1025	1071	1080	1081	1082	1082	1082	1082
Crude oil price (US\$ per barrel) 9/	70.8	99.0	82.3	79.9	68.3	80.2	71.5	69.7	69.4	69.4	69.1
Henry Hub natural gas price (US\$ per MMBtu) 10/	3.7	6.5	2.7	2.4	3.6	3.5	3.8	3.7	3.6	3.7	3.7
Energy output gap (In percent of energy potential GDP)	-6.0	-3.5	-6.8	-4.7	-4.3	-8.6	-4.5	1.6	4.8	4.9	4.6
Non-energy output gap (In percent of non-energy potential GDP)	-6.5	-5.4	-2.0	0.1	-0.2	0.6	0.8	0.8	0.8	0.8	0.5

Sources: Trinidad and Tobago's authorities, World Bank, UN Human Development Report, WEO, and IMF staff estimates and projections.

1/ Includes taxes less subsidies on products.

2/ As of 2025Q3.

3/ Data refer to fiscal year, for example 2025 covers FY2025 (October 2024-September 2025).

4/ Defined as non-energy revenue minus expenditure (net of interest payments) of the central government, as a share of non-energy GDP.

5/ The fiscal overall balance excludes proceeds from sales of financial assets, issuance of NIF bonds, and transfers from the Heritage and Stabilization Fund.

6/ In accordance with the 2014 GFSM, capital expenditure includes costs incurred to settle wage increases for public servants that pertain to previous fiscal years.

7/ Excluding debt issued for sterilization, public bodies' debt, and borrowing from the Central Bank of Trinidad and Tobago (CBTT).

8/ Includes central government debt and guaranteed debt of non-self serviced State-Owned Enterprises (SOEs) and statutory authorities.

9/ Refers to Dated Brent.

10/ WEO price reported as a reference. Trinidad and Tobago exports energy to markets in the Americas, Europe, and East Asia each of which has different price benchmarks.

Table 2a. Trinidad and Tobago: Central Government Operations, 2021–31 1/
(In Millions of TTD)

	2021	2022	2023	2024	Est. 2025	Projections 2026	2027	2028	2029	2030	2031
	(In millions of Trinidad and Tobago dollars)										
Total revenue and grants	36,343	53,914	54,527	45,266	46,945	54,206	58,892	62,409	63,181	64,976	66,537
Energy	12,450	29,972	28,179	15,126	17,321	18,361	21,869	23,785	23,363	23,724	23,925
Tax revenue	10,337	24,056	20,636	12,603	13,883	13,468	15,664	16,885	16,662	16,970	17,143
Corporate	7,193	19,111	15,444	8,663	8,603	9,120	10,864	11,784	11,377	11,555	11,617
Other	3,143	4,945	5,193	3,940	5,280	4,348	4,800	5,101	5,285	5,414	5,526
Non-tax revenue	2,113	5,915	7,542	2,523	3,438	4,892	6,206	6,900	6,702	6,755	6,782
of which: Royalties	2,004	5,802	7,425	2,410	3,284	4,534	5,835	6,503	6,291	6,335	6,356
Non-energy	23,894	23,942	26,349	30,140	29,623	35,845	37,023	38,625	39,818	41,251	42,612
Tax revenue	19,953	19,426	21,309	24,842	25,222	27,559	29,257	30,910	32,226	33,412	34,537
Income tax	7,651	9,855	10,110	10,770	12,273	12,594	13,289	14,048	14,754	15,356	15,922
Goods and services tax	9,671	6,562	8,118	10,850	9,654	11,379	11,880	12,594	13,051	13,488	13,907
International trade tax	2,287	2,608	2,741	2,703	2,778	2,773	3,100	3,239	3,355	3,465	3,569
Property tax	2	2	1	100	38	421	579	601	622	645	666
Other	342	399	339	419	479	392	410	428	444	458	472
Non-tax revenue	3,933	4,510	5,028	5,298	4,401	8,283	7,762	7,710	7,588	7,835	8,071
Other	7	6	11	0	0	4	4	4	4	4	4
Expenditure	49,608	52,149	56,617	55,457	56,471	62,413	63,600	65,763	67,647	70,148	72,448
Current	46,482	48,950	52,390	51,373	52,729	56,332	57,768	59,199	60,920	62,601	64,275
Wages and salaries	9,094	9,149	9,420	9,442	9,042	10,980	11,370	11,809	12,072	12,324	12,575
Goods and services	5,571	5,912	6,106	6,036	6,667	7,232	7,362	7,493	7,762	8,016	8,257
Interest payments	4,938	4,927	5,780	6,344	6,228	6,692	7,179	7,291	7,460	7,733	8,056
Transfers and subsidies	26,880	28,963	31,084	29,552	30,792	31,428	31,857	32,606	33,627	34,529	35,387
Fuel subsidies	18	1,110	1,600	200	0	300	0	0	0	0	0
Transfers to households	9,679	9,590	9,879	9,597	9,771	10,162	10,333	10,518	10,896	11,252	11,590
Transfers to SOEs	3,232	3,386	3,643	3,692	4,339	3,969	4,150	4,337	4,493	4,639	4,779
Transfers to utilities	1,867	1,868	2,011	1,993	1,954	2,039	2,132	2,228	2,308	2,383	2,455
Transfers to local government and Tobago	3,418	3,586	3,683	3,775	3,758	4,028	4,212	4,401	4,560	4,708	4,850
Transfers to statutory authorities	442	598	593	665	823	758	779	796	832	862	890
Other transfers (including health)	8,224	8,825	9,675	9,631	10,147	10,173	10,251	10,327	10,539	10,685	10,823
Capital expenditure and net lending 2/	3,126	3,199	4,227	4,084	3,742	6,082	5,832	6,564	6,727	7,547	8,174
Capital expenditure	3,135	3,213	4,236	4,105	3,676	4,190	5,182	5,914	6,727	7,547	8,174
Net lending	-10	-13	-9	-1,022	-684	-8	0	0	0	0	0
Primary balance	-8,326	6,692	3,690	-3,846	-3,298	-1,515	2,472	3,937	2,993	2,560	2,144
Overall balance 3/	-13,264	1,764	-2,090	-10,191	-9,526	-8,207	-4,707	-3,354	-4,467	-5,172	-5,911
Financing	13,264	-1,764	2,090	10,191	9,526	8,207	4,707	3,354	4,467	5,172	5,911
External financing	-872	535	-139	4,450	-142	2,736	1,569	1,118	1,489	1,724	1,970
Domestic financing	14,136	-2,299	2,229	5,741	9,668	5,471	3,138	2,236	2,978	3,448	3,941
of which:											
Net transfers to HSF	6,041	-1,111	-1,230	2,496	2,776	1,689	0	0	0	0	0
Net privatization proceeds	914	680	148	1,477	1,451	3,508	1,561	0	0	0	0
Memorandum items:											
Non-energy primary balance	-20,776	-23,280	-24,489	-18,972	-20,619	-19,876	-19,397	-19,848	-20,370	-21,164	-21,781
Non-energy overall balance	-25,714	-28,207	-30,269	-25,317	-26,847	-26,568	-26,577	-27,139	-27,830	-28,897	-29,837

Sources: Trinidad and Tobago's authorities and IMF staff projections.

1/ Data refer to fiscal year, for example 2025 covers FY2025 (October 2024–September 2025).

2/ In line with the 2014 GFSM, the settlement of back pay is recorded under capital expenditure.

3/ The overall balance excludes proceeds from sales of financial assets, proceeds from NIF bond, and transfers from Heritage and Stabilization Fund.

Table 2b. Trinidad and Tobago: Central Government Operations, 2021–31 1/
(In Percent of GDP)

	2021	2022	2023	2024	Est.		Projections				
					2025	2026	2027	2028	2029	2030	2031
(In percent of fiscal-year GDP, unless otherwise indicated)											
Total revenue and grants	23.0	29.2	31.2	26.3	26.9	30.2	31.3	31.8	31.1	30.9	30.7
Energy	7.9	16.2	16.1	8.8	9.9	10.2	11.6	12.1	11.5	11.3	11.1
Tax revenue	6.5	13.0	11.8	7.3	8.0	7.5	8.3	8.6	8.2	8.1	7.9
Corporate	4.6	10.4	8.8	5.0	4.9	5.1	5.8	6.0	5.6	5.5	5.4
Other	2.0	2.7	3.0	2.3	3.0	2.4	2.6	2.6	2.6	2.6	2.6
Non-tax revenue	1.3	3.2	4.3	1.5	2.0	2.7	3.3	3.5	3.3	3.2	3.1
of which: Royalties	1.3	3.1	4.3	1.4	1.9	2.5	3.1	3.3	3.1	3.0	2.9
Non-energy	15.1	13.0	15.1	17.5	17.0	19.9	19.7	19.7	19.6	19.6	19.7
Tax revenue	12.6	10.5	12.2	14.4	14.5	15.3	15.6	15.7	15.8	15.9	16.0
Income tax	4.8	5.3	5.8	6.3	7.0	7.0	7.1	7.2	7.3	7.3	7.4
Goods and services tax	6.1	3.6	4.6	6.3	5.5	6.3	6.3	6.4	6.4	6.4	6.4
International trade tax	1.4	1.4	1.6	1.6	1.6	1.5	1.6	1.6	1.6	1.6	1.6
Property tax	0.0	0.0	0.0	0.1	0.0	0.2	0.3	0.3	0.3	0.3	0.3
Other	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Non-tax revenue	2.5	2.4	2.9	3.1	2.5	4.6	4.1	3.9	3.7	3.7	3.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expenditure	31.4	28.3	32.4	32.2	32.4	34.7	33.8	33.5	33.2	33.4	33.5
Current	29.4	26.5	30.0	29.9	30.2	31.3	30.7	30.1	29.9	29.8	29.7
Wages and salaries	5.8	5.0	5.4	5.5	5.2	6.1	6.0	6.0	5.9	5.9	5.8
Goods and services	3.5	3.2	3.5	3.5	3.8	4.0	3.9	3.8	3.8	3.8	3.8
Interest payments	3.1	2.7	3.3	3.7	3.6	3.7	3.8	3.7	3.7	3.7	3.7
Transfers and subsidies	17.0	15.7	17.8	17.2	17.6	17.5	16.9	16.6	16.5	16.4	16.4
Fuel subsidies	0.0	0.6	0.9	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Transfers to households	6.1	5.2	5.7	5.6	5.6	5.7	5.5	5.4	5.4	5.4	5.4
Transfers to SOEs	2.0	1.8	2.1	2.1	2.5	2.2	2.2	2.2	2.2	2.2	2.2
Transfers to utilities	1.2	1.0	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Transfers to local government and Tobago	2.2	1.9	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Transfers to statutory authorities	0.3	0.3	0.3	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Other transfers (including health)	5.2	4.8	5.5	5.6	5.8	5.7	5.5	5.3	5.2	5.1	5.0
Capital expenditure and net lending 2/	2.0	1.7	2.4	2.4	2.1	3.4	3.1	3.3	3.3	3.6	3.8
Capital expenditure	2.0	1.7	2.4	2.4	2.1	2.3	2.8	3.0	3.3	3.6	3.8
Net lending	0.0	0.0	0.0	-0.6	-0.4	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance	-5.3	3.6	2.1	-2.2	-1.9	-0.8	1.3	2.0	1.5	1.2	1.0
Overall balance 2/	-8.4	1.0	-1.2	-5.9	-5.5	-4.6	-2.5	-1.7	-2.2	-2.5	-2.7
Financing	8.4	-1.0	1.2	5.9	5.5	4.6	2.5	1.7	2.2	2.5	2.7
External financing	-0.6	0.3	-0.1	2.6	-0.1	1.5	0.8	0.6	0.7	0.8	0.9
Domestic financing	8.9	-1.2	1.3	3.3	5.5	3.0	1.7	1.1	1.5	1.6	1.8
of which:											
Net transfers to HSF	3.8	-0.6	-0.7	1.5	1.6	0.9	0.0	0.0	0.0	0.0	0.0
Net privatization proceeds	0.6	0.4	0.1	0.9	0.8	2.0	0.8	0.0	0.0	0.0	0.0
Memorandum items:											
Non-energy primary balance (percent of non-energy GDP)	-17.2	-18.7	-18.7	-14.2	-15.0	-14.0	-13.1	-12.9	-12.8	-12.8	-12.8
Non-energy balance (In percent of non-energy GDP)	-21.3	-22.6	-23.2	-18.9	-19.5	-18.7	-17.9	-17.6	-17.5	-17.5	-17.5
Non-energy balance (percent of GDP)	-16.3	-15.3	-17.3	-14.7	-15.4	-14.8	-14.1	-13.8	-13.7	-13.8	-13.8
Central government debt (percent of GDP) 3/	60.5	53.2	60.2	64.5	67.8	67.8	66.5	64.4	64.4	64.9	65.7
Gross public debt (percent of GDP) 4/	80.2	69.9	78.2	81.8	84.2	84.1	82.8	80.7	80.7	81.2	82.1
Crude oil price (US\$/barrel, FY) 5/	70.8	99.0	82.3	79.9	68.3	80.2	71.5	69.7	69.4	69.4	69.1
Henry Hub natural gas price (US\$ per MMBtu, FY)	3.3	5.8	3.6	2.5	3.3	3.6	3.7	3.7	3.6	3.7	3.7
Nominal GDP (in billions of TT\$, FY)	158.0	184.5	174.6	172.0	174.5	179.7	187.9	196.4	203.5	210.1	216.4

Sources: Trinidad and Tobago's authorities and IMF staff projections.

1/ Data refer to fiscal year, for example 2025 covers FY2025 (October 2024–September 2025).

2/ In line with the 2014 GFSM, the settlement of back pay is recorded under capital expenditure.

3/ The overall balance excludes proceeds from sales of financial assets, proceeds from NIF bond, and transfers from Heritage and Stabilization Fund.

4/ Excluding debt issued for sterilization, public bodies' debt, and borrowing from the CBTT.

5/ Includes central government debt and guaranteed debt of non-self serviced SOEs and statutory authorities.

5/ Refers to Dated Brent.

Table 3. Trinidad and Tobago: Balance of Payments, 2021–31
(In Millions of U.S. Dollars)

	2021	2022	2023	2024	Est. 2025	2026	2027	Projections			
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	(In millions of U.S. dollars unless otherwise indicated)										
Current account balance	2,629	2,883	2,891	645	812	1,031	1,365	1,624	1,308	1,348	1,385
Goods and services	2,906	6,616	2,326	1,023	1,622	2,015	2,430	2,702	2,312	2,340	2,379
Goods balance	4,712	9,181	3,763	2,474	3,088	3,506	3,938	4,227	3,874	3,928	3,997
Credit	11,082	16,687	10,378	10,019	10,254	11,124	11,568	11,990	11,772	11,943	12,111
Petroleum crude and refined	2,239	2,991	2,333	2,513	2,230	2,710	2,499	2,573	2,777	2,819	2,833
Gas	2,322	4,785	2,753	2,210	2,470	2,907	3,467	3,540	3,146	3,121	3,135
Petrochemicals	4,402	6,529	3,374	3,278	3,494	3,329	3,305	3,462	3,339	3,369	3,401
Other	2,120	2,382	1,918	2,018	2,060	2,179	2,297	2,414	2,510	2,634	2,743
Debit	6,370	7,506	6,616	7,545	7,166	7,619	7,630	7,762	7,898	8,015	8,115
Fuel imports	1,161	1,863	1,300	1,698	1,457	1,715	1,546	1,530	1,542	1,554	1,561
Capital	1,584	1,424	1,388	1,516	1,544	1,587	1,626	1,682	1,706	1,731	1,754
Other	3,625	4,220	3,928	4,330	4,165	4,317	4,458	4,551	4,650	4,730	4,800
Services (net)	-1,806	-2,565	-1,437	-1,452	-1,466	-1,490	-1,508	-1,525	-1,562	-1,587	-1,617
Primary income (net)	-392	-3,806	448	-407	-866	-1,043	-1,120	-1,129	-1,049	-1,037	-1,036
Secondary income (net)	115	73	118	30	56	59	55	51	45	45	42
Capital and financial account (net)	2,785	1,074	1,553	866	1,046	1,589	1,830	1,784	1,610	1,623	1,636
Capital account	7	0	0	0	0	0	0	0	0	0	0
Financial account	2,778	1,074	1,553	865	1,045	1,589	1,830	1,784	1,610	1,623	1,635
Direct investment (net)	1,704	182	2,029	980	1,072	1,136	1,095	944	794	817	840
Assets	769	1,354	531	527	656	710	749	778	752	756	761
Liabilities	-935	1,172	-1,498	-453	-416	-426	-346	-166	-41	-61	-79
Portfolio investment (net)	256	754	-370	153	102	130	432	559	563	548	534
Of which: Official, medium- and long-term (net)	-129	79	-20	659	-21	405	232	165	220	255	292
Disbursements	129	250	384	1,170	179	1,631	613	435	462	986	1,114
Amortization	258	171	405	511	200	1,227	380	269	242	731	823
Financial derivatives	137	-100	-16	55	55	55	55	55	55	55	55
Other investment (net)	680	238	-90	-323	-184	268	247	225	198	202	206
Change in reserve assets	-48	14	-587	-621	-233	-557	-464	-159	-301	-274	-250
Net errors and omissions	94	-1,794	-1,925	-401	0	0	0	0	0	0	0
Gross official reserves	6,880	6,832	6,256	5,601	5,369	4,811	4,347	4,188	3,887	3,613	3,363
	(In percent of GDP, unless otherwise indicated)										
Memorandum items:											
Current account balance	10.9	10.2	11.5	2.5	3.1	3.8	4.8	5.5	4.3	4.3	4.3
Energy 1/	22.2	21.4	20.8	14.0	13.3	13.8	14.3	14.4	12.9	12.5	12.1
Non-energy	-11.4	-11.2	-9.3	-11.5	-10.2	-9.9	-9.5	-8.9	-8.6	-8.2	-7.8
Exports of goods	45.8	58.9	41.5	39.1	39.5	41.5	41.1	40.8	38.8	38.1	37.5
Energy exports	37.0	50.5	33.8	31.2	31.6	33.3	32.9	32.6	30.5	29.7	29.0
Non-energy exports	8.8	8.4	7.7	7.9	7.9	8.1	8.2	8.2	8.3	8.4	8.5
Imports of goods	26.3	26.5	26.4	29.4	27.6	28.4	27.1	26.4	26.0	25.6	25.2
Gross official reserves (in months of prospective imports of goods and services)	7.5	8.9	7.3	6.7	6.1	5.5	4.8	4.6	4.2	3.8	3.5
Crude oil price (US\$/barrel) 2/	70.8	99.0	82.3	79.9	68.3	80.2	71.5	69.7	69.4	69.4	69.1
Henry Hub natural gas price (US\$ per MMBtu) 3/	3.7	6.5	2.7	2.4	3.6	3.5	3.8	3.7	3.6	3.7	3.7
Net international investment position	25.2	17.6	28.7	25.6	...	...	...	...	...	...	...
Exchange rate (TT\$/US\$, end of period)	6.8	6.7	6.8	6.8	6.8	...	...	...	...	...	...
Exchange rate (TT\$/US\$, average)	6.8	6.8	6.8	6.8	6.8	...	...	...	...	...	...

Sources: Central Bank of Trinidad and Tobago, Central Statistical Office, and IMF staff projections.

1/ Includes goods and services for the energy sector.

2/ Refers to Dated Brent.

3/ WEO price reported as a reference. Trinidad and Tobago has a broader energy export market in the Americas, Europe, and East Asia each of which has different price benchmarks.

Table 4a. Trinidad and Tobago: Depository Corporations, 2021–31
(In Millions of TTD)

	2021	2022	2023	2024	Est.		Projections				
					2025	2026	2027	2028	2029	2030	2031
CENTRAL BANK OF TRINIDAD AND TOBAGO											
(In millions of Trinidad and Tobago dollars)											
Net Foreign Assets	40,100	40,451	38,129	32,172	30,246	26,481	23,344	22,271	20,235	18,384	16,698
Foreign Assets	50,564	51,964	48,247	40,822	38,192	34,427	31,290	30,217	28,182	26,331	24,645
Gross Reserves	46,652	46,722	44,729	38,187	36,489	32,724	29,587	28,514	26,479	24,628	22,942
of which: Gross Reserves (US\$)	6,889	6,940	6,604	5,653	5,401	4,844	4,380	4,221	3,920	3,646	3,396
Foreign Liabilities	10,464	11,513	10,118	8,650	7,947	7,947	7,947	7,947	7,947	7,947	7,947
Net Domestic Assets	-11,326	-9,883	-10,858	-6,928	-4,532	2,765	6,360	8,224	10,794	13,463	15,956
Net Domestic Claims	-3,596	-2,285	1,765	1,820	8,508	8,887	9,266	9,364	9,463	9,561	9,660
Net Claims on Central Government	-3,877	-2,563	1,541	1,650	8,376	8,749	9,121	9,213	9,306	9,398	9,491
Claims on Central Government	8,545	7,079	8,480	6,329	9,710	10,141	10,573	10,680	10,787	10,894	11,001
Liabilities to Central Government	12,422	9,641	6,939	4,679	1,333	1,392	1,452	1,466	1,481	1,496	1,511
Claims on Other Depository Corporations	87	0	0	0	0	0	0	0	0	0	0
Claims on Other Resident Sectors	194	278	224	170	132	138	145	151	157	163	170
Other Items (Net)	-7,730	-7,598	-12,623	-8,748	-13,040	-6,121	-2,906	-1,140	1,331	3,902	6,296
Reserve Money	28,774	30,567	27,271	25,244	25,713	29,246	29,704	30,495	31,029	31,847	32,654
(Percent change, by contribution to change in reserve money)											
Net Foreign Assets	-14.7	1.2	-7.6	-21.8	-7.6	-14.6	-10.7	-3.6	-6.7	-6.0	-5.3
Net Domestic Assets	-1.9	5.0	-3.2	14.4	9.5	28.4	12.3	6.3	8.4	8.6	7.8
DEPOSITORY CORPORATIONS											
(In millions of Trinidad and Tobago dollars)											
Net foreign assets	69,183	70,249	65,094	58,179	55,704	52,241	49,410	48,646	46,922	45,386	44,018
Central Bank Net Foreign Assets	40,100	40,451	38,129	32,172	30,246	26,481	23,344	22,271	20,235	18,384	16,698
Other Depository Corporations Net Foreign Assets	29,083	29,799	26,965	26,007	25,458	25,761	26,067	26,375	26,687	27,002	27,320
Net domestic assets	51,036	52,203	59,046	67,804	74,418	80,536	88,416	92,851	97,052	102,384	107,497
Net Domestic Claims	90,263	92,251	105,206	108,331	122,886	129,003	136,884	141,319	145,519	150,852	155,965
Net claims on central government	14,103	10,718	16,685	14,334	24,704	25,208	26,167	26,864	27,334	28,055	28,766
Claims on central government	32,736	25,516	28,656	24,600	30,528	31,151	32,335	33,196	33,778	34,668	35,547
Liabilities to Central Government	18,633	14,798	11,970	10,265	5,824	5,942	6,168	6,333	6,444	6,614	6,781
Claims on the rest of the public sector	9,817	9,734	10,656	10,470	9,799	9,999	10,380	10,656	10,843	11,129	11,411
Claims on the nonfinancial private sector	66,766	71,069	76,947	83,706	88,176	92,868	96,996	101,191	105,483	110,235	114,907
Claims on Nonfinancial Enterprises	29,161	31,269	34,275	37,033	38,616	41,338	42,479	45,043	46,196	49,068	50,324
Claims on Households	37,606	39,800	42,672	46,673	49,559	51,530	54,516	56,149	59,287	61,167	64,584
Net Claims on Other Financial Corporations	-424	730	918	-179	207	207	207	207	207	207	207
Other items (net)	-39,226	-40,048	-46,160	-40,527	-48,467	-48,467	-48,467	-48,467	-48,467	-48,467	-48,467
Broad Money	120,219	122,452	124,140	125,983	130,122	132,777	137,827	141,497	143,974	147,771	151,516
Currency in circulation	7,503	7,551	7,697	7,513	7,726	8,287	8,602	8,832	8,986	9,223	9,457
Transferable Deposits	45,476	48,703	47,251	47,993	47,040	50,226	52,136	53,524	54,461	55,898	57,314
Other deposits	67,240	66,198	69,192	70,478	75,357	74,264	77,088	79,141	80,526	82,650	84,745
(Percent change, by contribution to change in broad money)											
Net Foreign Assets	0.1	0.9	-4.2	-5.6	-2.0	-2.7	-2.1	-0.6	-1.2	-1.1	-0.9
Net Domestic Assets	1.5	1.0	5.6	7.1	5.2	4.7	5.9	3.2	3.0	3.7	3.5
(In annual percentage change)											
Net foreign assets	0.2	1.5	-7.3	-10.6	-4.3	-6.2	-5.4	-1.5	-3.5	-3.3	-3.0
Credit to private sector	1.9	6.4	8.3	8.8	5.3	5.3	4.4	4.3	4.2	4.5	4.2
Reserve Money	-16.6	6.2	-10.8	-7.4	1.9	13.7	1.6	2.7	1.8	2.6	2.5
Broad Money	1.7	1.9	1.4	1.5	3.3	2.0	3.8	2.7	1.8	2.6	2.5
Memorandum items:											
Private Sector Credit / GDP	40.8	37.1	45.5	48.4	50.4	51.2	51.0	51.0	51.4	52.1	52.7
Velocity of Broad Money	1.4	1.6	1.4	1.4	1.3	1.4	1.4	1.4	1.4	1.4	1.4
Money Multiplier	4.2	4.0	4.6	5.0	5.1	4.5	4.6	4.6	4.6	4.6	4.6

Sources: Central Bank of Trinidad and Tobago and IMF staff projections.

Note: Depository corporations comprise the CBIT, commercial banks and licensed nonbank financial institutions (finance companies, merchant banks, and trust and mortgage finance companies). Data exclude money market income funds.

Table 4b. Trinidad and Tobago: Financial Corporations, 2015–24
(In Millions of TTD)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OTHER FINANCIAL CORPORATIONS										
(In millions of Trinidad and Tobago dollars)										
Net Foreign Assets	47,832	49,160	52,858	50,905	59,224	53,720	54,121	47,168	56,557	58,223
Net Domestic Assets	25,994	25,614	24,003	25,755	21,851	28,104	32,572	37,612	29,388	27,641
Net Domestic Claims	68,928	70,031	74,072	72,645	75,315	75,978	79,577	82,226	81,819	82,207
Net Claims on Central Government	23,229	24,056	29,002	28,076	28,717	29,306	31,743	32,638	34,284	36,775
Claims on Central Government	29,266	28,192	30,903	29,758	30,037	30,307	32,783	33,666	35,330	37,839
Liabilities to Central Government	6,037	4,137	1,900	1,682	1,320	1,001	1,040	1,028	1,046	1,064
Claims on the rest of the public sector	9,172	10,046	9,748	10,736	11,814	12,212	11,464	11,230	11,479	10,362
Claims on the nonfinancial private sector	19,143	20,244	19,081	17,729	18,941	18,556	20,138	19,502	19,593	18,982
Claims on Depository Corporations	17,385	15,685	16,241	16,104	15,844	15,904	16,232	18,857	16,462	16,087
Other Items (Net)	-42,935	-44,417	-50,070	-46,890	-53,464	-47,874	-47,005	-44,614	-52,431	-54,566
Insurance Technical Reserves	14,665	15,594	16,941	16,947	19,676	19,769	21,482	20,170	22,113	23,018
Household Equity in Pension Funds	59,162	59,179	59,920	59,715	61,398	62,056	65,212	64,611	63,832	62,846
FINANCIAL CORPORATIONS										
(In millions of Trinidad and Tobago dollars)										
Net foreign assets	128,048	131,209	127,318	120,524	124,412	122,742	123,304	117,417	121,651	116,402
Net domestic assets	-34,030	-33,568	-31,005	-21,917	-23,872	-14,749	-12,662	-4,084	-5,660	292
Net Domestic Claims	108,505	117,910	126,705	130,669	142,771	149,069	154,031	154,891	169,645	174,630
Net claims on central government	13,346	19,126	27,384	29,015	34,819	42,161	45,806	43,314	50,918	51,069
Claims on central government	58,222	62,243	60,848	62,580	58,291	62,955	65,479	59,140	63,934	62,399
Liabilities to Central Government	44,876	43,117	33,464	33,565	23,472	20,794	19,673	15,826	13,016	11,330
Claims on the rest of the public sector	20,266	20,789	19,674	20,962	23,284	22,840	21,321	21,006	22,187	20,873
Claims on the nonfinancial private sector	74,893	77,995	79,648	80,693	84,668	84,068	86,904	90,570	96,541	102,688
Other Items (Net)	-68,708	-76,706	-80,848	-75,925	-85,568	-81,994	-80,000	-74,195	-89,360	-88,475
Insurance Technical Reserves	14,665	15,594	16,941	16,947	19,676	19,769	21,482	20,170	22,113	23,018
Household Equity in Pension Funds	59,162	59,179	59,920	59,715	61,398	62,056	65,212	64,611	63,832	62,846
Liquidity	94,019	97,641	96,313	98,607	100,540	107,993	110,643	113,333	115,991	116,694
Currency in circulation	7,493	7,620	7,724	7,349	4,524	6,537	7,257	7,322	7,479	7,265
Transferable Deposits	31,850	32,745	32,761	33,153	37,020	40,758	40,744	43,583	43,094	43,198
Other deposits	54,675	57,276	55,829	58,105	58,996	60,697	62,642	62,428	65,419	66,231
Debt Securities	0	0	0	0	0	0	0	0	0	0
(In annual percentage change)										
Net foreign assets	-4.1	2.5	-3.0	-5.3	3.2	-1.3	0.5	-4.8	3.6	-4.3
Credit to private sector	4.4	4.1	2.1	1.3	4.9	-0.7	3.4	4.2	6.6	6.4
Liquidity	2.0	3.9	-1.4	2.4	2.0	7.4	2.5	2.4	2.3	0.6
(Percent of GDP)										
Memorandum items:										
Net Foreign Assets	74.8	83.3	78.8	74.5	78.5	87.0	75.3	61.3	72.0	67.3
Credit to the nonfinancial private sector	43.8	49.5	49.3	49.9	53.4	59.6	53.1	47.3	57.1	59.3
Liquidity	54.9	62.0	59.6	61.0	63.4	76.6	67.6	59.2	68.6	67.4

Sources: Central Bank of Trinidad and Tobago and IMF staff projections.

Note: Other Financial Corporations comprise insurance corporations, pension funds, the Heritage Stabilization Fund, Trinidad and Tobago Mortgage Finance Company, and the Agricultural Development Bank. Data exclude the Unit Trust Corporation, Home Mortgage Bank, and other financial intermediaries and financial auxiliaries. The financial corporations survey consolidates the positions of depository corporations and other financial corporations.

Table 5. Trinidad and Tobago: Financial Soundness Indicators, 2021–25
(In Percent)

	2021	2022	2023	2024	2025 1/
	(In percent)				
Core FSIs					
Regulatory capital to risk-weighted assets	17.1	16.8	16.3	16.7	17.3
Tier 1 capital to risk-weighted assets	16.1	16.1	15.7	15.0	14.3
Nonperforming loans net of provisions to capital	4.3	4.6	4.0	5.1	5.4
Tier 1 Capital to assets (leverage ratio)	...	...	...	...	...
Nonperforming loans to total gross loans	3.2	3.1	2.8	2.8	2.9
Loan concentration by economic activity	56.8	61.6	58.5	56.9	60.4
Provisions to nonperforming loans	67.9	66.2	68.5	60.4	58.5
Return on assets	2.0	2.5	2.5	2.7	2.8
Return on equity	11.3	13.5	13.9	13.9	14.7
Interest margin to gross income	61.5	59.1	63.3	67.6	64.4
Noninterest expenses to gross income	58.6	55.0	54.0	55.6	54.4
Liquid assets to total assets	20	20	17	14	12
Liquid assets to short-term liabilities	24	24	20	17	15
Net open position in foreign exchange to capital	22.3	32.5	24.0	26.2	28.4
Additional FSIs					
Trading income to total income	10.9	11.0	8.4	9.2	11.8
Personnel expenses to noninterest expenses	42.8	39.7	38.7	39.3	38.9
Spread between reference lending and deposit rates (base points)	6.5	6.4	5.9	5.9	5.9
Spread between highest and lowest interbank rates (base points)	0	0	0	0	0
Customer deposits to total (noninterbank) loans	141.9	135.1	124.9	116.8	113.5
FX loans to total loans	15.7	16.3	16.4	16.5	17.1
FX liabilities to total liabilities	24.8	24.6	24.2	25.0	24.6
Credit growth to private sector	2.7	6.7	8.2	9.3	8.0
Residential real estate loans to total gross loans	22.1	21.8	21.0	20.9	20.7
Commercial real estate loans to total gross loans	11.4	10.8	10.9	10.7	10.3

Source: IMF Financial Soundness Indicators.

1/ Refers to Q3.

Table 6. Trinidad and Tobago: Indicators of External and Financial Vulnerability, 2021–25

	2021	2022	2023	2024	Est. 2025
	(In percent, unless otherwise indicated)				
External indicators					
Exports (percent change, 12-month basis in US\$)	84.6	50.6	-37.8	-3.5	2.3
Imports (percent change, 12-month basis in US\$)	26.9	17.8	-11.9	14.0	-5.0
Terms of trade (annual percentage change)	-0.6	3.1	-2.3	-0.2	0.6
Current account balance (in percent of GDP)	10.9	10.2	11.5	2.5	3.1
Capital and financial account balance (in percent of GDP)	-12.2	-18.4	-7.0	-6.6	-7.0
Gross official reserves (in US\$ millions)	6,880	6,832	6,256	5,601	5,369
Official reserves in months of prospective imports of goods and services	7.5	8.9	7.3	6.7	6.1
Ratio of reserves to broad money	38.8	37.6	34.1	30.0	27.9
Ratio of total central government external debt to exports of goods and services	48.1	26.7	40.6	49.8	49.0
Ratio of central government external interest payments to exports of goods and services	1.55	0.81	1.62	2.40	2.67
Ratio of central government external debt service to exports of goods and services	4.3	1.8	4.8	7.0	4.5
REER (CPI-based, appreciation (+)/depreciation (-), percent change)	-3.2	3.8	0.8	-1.0	-1.7
Foreign currency debt rating, (Moody's, end of period) 1/	Ba2	Ba2	Ba2	Ba2	Ba2
Foreign currency debt rating, (Standard & Poor's, end of period) 2/	BBB-	BBB-	BBB-	BBB-	BBB-
Financial indicators 3/					
90-day treasury bill, average discount rate	0.4	0.6	1.1	2.5	3.3
90-day treasury bill, real rate	-1.6	-5.2	-3.6	2.0	2.3
Capital adequacy					
Regulatory capital to risk-weighted assets	17.1	16.8	16.3	16.7	17.3
Regulatory Tier I capital to risk-weighted assets	16.1	16.1	15.7	15.0	14.3
Banking sector asset quality					
Nonperforming loans-to-gross loans	3.2	3.1	2.8	2.8	2.9
Nonperforming loans (net of provisions)-to-capital	4.3	4.6	4.0	5.1	5.4
Specific provisions-to-impaired assets	67.9	66.2	77.3	...	...
Specific provisions-to-gross lending	2.2	2.1	2.3	...	...
Banking sector earnings and profitability					
Return on equity	11.3	13.5	13.9	13.9	14.7
Return on assets	2.0	2.5	2.5	2.7	2.8
Interest margin-to-gross income	61.5	59.1	63.3	67.6	64.4
Spread between average lending and deposit rates	6.5	6.4	6.0	5.9	5.9
Banking sector liquidity					
Liquid assets-to-total assets	19.7	20.0	16.7	14.3	12.2
Liquid assets-to-total short-term liabilities	23.7	24.0	20.5	17.3	14.8
Foreign currency liabilities-to-total liabilities	24.8	24.6	24.2	25.0	24.6

Sources: Central Bank of Trinidad and Tobago, Moody's, Standard and Poor's, and IMF staff estimates.

1/ Bonds with ratings Baa3 and above are considered as investment grade.

2/ Bonds with BBB- and above are considered as investment grade.

3/ Data as of 2025Q3 and includes commercial banks only.

Annex I. Implementation of Recommendations from the 2024 Article IV Consultation

Recommendations	Status
Fiscal Policy	
Maintain Fiscal Discipline and Strengthen the Medium-term Fiscal Position:	
Improve revenue mobilization, compliance, and administration.	Ongoing. The new authorities have repealed the Trinidad and Tobago Revenue Authority Act and property tax and are instead prioritizing strengthening and modernizing the Inland Revenue Division and Customs, investing in digital systems, expanding audit and compliance measures. The Gambling Act is awaiting proclamation, once in place the collection of gambling licensing fees is expected to begin in FY2026.
Enhance the energy sector's fiscal regime.	Ongoing. The authorities completed a Deep-Water Competitive Bid Round, resulting in four bids. Separately, a production sharing contract for ultra-deepwater blocks off the east coast was executed following direct negotiations. The Atlantic LNG restructuring agreements came into effect in October 2024.
Speed up reforms of SOEs and other public bodies.	Ongoing. Three state entities (<i>InvesTT, ExportTT, and CreativeTT</i>) were amalgamated into Global Trinidad and Tobago to strengthen its institutional framework and mandate. The government is updating the State Enterprise Performance Monitoring Manual to ensure best international practices in corporate governance, accountability, and transparency.
Phase out remaining fuel, electricity, and water subsidies.	Ongoing. The Regulated Industries Commission (RIC) is reviewing the <i>Water and Sewerage Authority (WASA)</i> Business Plan. The authorities rejected the electricity rate review proposed by the RIC in its 2023 Final Determination and, instead, introduced an electricity surcharge in the budget as a targeted measure to address energy subsidies.
Clear VAT refund arrears.	Ongoing. Outstanding VAT arrears remain. The authorities issued additional interest-bearing VAT bonds in FY2025. Small and medium enterprises were paid in cash in early-2025.

Recommendations	Status
Strengthen Fiscal Policy Framework	
Adopt a rule-based medium-term fiscal framework, including the consideration of a fiscal anchor	Ongoing. TA from the Fiscal Affairs Department (FAD) on fiscal rules took place in January 2024. The authorities have requested follow-up assistance.
Develop a debt management strategy to preserve debt sustainability.	Ongoing. The government has developed an internal debt management strategy intended to ensure a sound debt profile. Fund TA was provided but the report was not published.
Improve the efficiency and quality of public investment.	Ongoing. The <i>Public Procurement and Disposal of Public Property Act</i> was amended in April 2024. Further regulations were published in June 2024 to establish the process and procedures for the review of decisions taken by the Office of Procurement Regulator (OPR). The OPR is fully operational, and the first Annual Report of the OPR was laid in Parliament. A new Financial Oversight and Appropriations Committee will oversee, review, and monitor major budget items, projects, and investment decisions.
Adopt a sovereign asset-liability management framework.	Ongoing. Fund provided CD to assist the authorities in assessing the institutional arrangement, functioning and performance of the Heritage and Stabilization Fund, and to contribute to the development of a sovereign asset and liability management framework.
Reform the National Insurance System (NIS) to ensure long-term sustainability.	Ongoing. The FY26 budget increased contribution rates by 6 percent over two years and announced a gradual adjustment to the retirement age over a 10-year period starting in 2028. The 12th Actuarial Review will be published shortly.
Broaden fiscal data coverage of SOEs and other public bodies.	Ongoing. The FY26 budget emphasizes digitizing manual public sector systems, introducing more frequent returns and cash statements for certain public bodies, and strengthening oversight and transparency for SOEs and other public entities.
Monetary and Exchange Rate Policy	
Maintain sound and consistent policies to support the current exchange rate arrangement.	Little progress. Fiscal deficits remain elevated and debt has risen. The CBTT kept its policy rate unchanged and there is a negative differential with the U.S. treasuries. FX shortages persist and resident holdings of U.S. treasuries continue to increase.
Address foreign exchange (FX) shortages, build infrastructure for a more efficient and market-clearing system, and over the medium term, remove all restrictions on current international transactions and allow greater exchange rate flexibility.	No progress. The CBTT continues to provide FX to the market through regular and ad-hoc interventions.

Recommendations	Status
Financial Sector Reforms	
Strengthen the AML/CFT framework, including measures required to improve compliance with beneficial ownership requirements and resolve tax transparency and exchange of information deficiencies related to the EU and the Global Forum.	Ongoing. See Annex VIII. In 2025, the authorities signed and brought into force the Convention on Mutual Administrative Assistance in Tax Matters (MAAC) and improved the maintenance and access to legal ownership and beneficial ownership information through amendments to the Companies Act. In February 2026, Trinidad and Tobago's was removed from the EU of non-cooperative jurisdictions.
Strengthen regulation and supervision in line with the 2020 Financial Sector Assessment Program (FSAP).	Ongoing. See Annex V.
Embrace Fintech and the digital economy, foster financial inclusion, develop payments system services, and continue efforts to strengthen cyber-security.	<p>Ongoing. The newly established Ministry of Public Administration and Artificial Intelligence (MPAAI) is leading efforts to modernize government operations and harness digital and AI technologies for national development and has revised and strengthened its National Digital Transformation Strategy. The strategy is now structured around three main pillars: Citizen Services, Smart Government, and Future Nation. Updates are continuing in e-Government, Fast Payments, Cybersecurity and Developer's Hub (now CodeTT).</p> <p>The Government of Trinidad and Tobago has partnered with NPCI International Payments Ltd (NIPL) to develop a Unified Payments Interface (UPI)-style platform to enable fast, secure digital payments for government-to-person (G2P), peer-to-peer (P2P), and peer-to-merchant (P2M) transactions. Trinidad and Tobago has officially adopted India's Unified Payments Interface (UPI), becoming the eighth country worldwide and the first in the Caribbean to implement the instant digital payment system.</p> <p>The authorities continue to develop and adopt regulatory and legal reforms to support the fintech framework and strengthen the cybersecurity framework.</p>
Structural Reforms	
Implement structural reforms to diversify the economy, tackle insecurity, and improve the business environment and trade logistics.	<p>Ongoing. The authorities have outlined several initiatives in the <i>Budget Statement 2026</i>, including supporting the manufacturing and agriculture sectors, promoting non-energy exports diversification, addressing skill gaps and youth unemployment, and strengthening the safety and security in the country.</p> <p>To promote investment, the authorities have recently launched the <i>TT Revitalization Blueprint</i> – a national infrastructure development plan aimed at revamping and upgrading key areas across the country.</p>

Recommendations	Status
	<p>The Trinidad and Tobago <i>Trade and Investment Promotion Agency</i> continues to advance its core mandate, which will help transform and enhance the competitiveness of the country's trade and business environment.</p> <p>The full proclamation of the <i>Special Economic Zones Act</i> occurred in July 2024. In January 2024, the Phoenix Park Industrial Estate was opened.</p> <p>The Single Electronic Window (SEW) - <i>TTBizLink</i> - is a secure, neutral and user-friendly IT platform accessed online that currently provides 24/7 access to applications for fifty-three (53) trade and business-related government services and collaborates with twenty (24) agencies across ten (10) Ministries together with the Trinidad and Tobago Chamber of Industry and Commerce.</p>
Continue advancing the climate and decarbonization agenda, manage energy transition risks, including those raised by Border Carbon Adjustments (BCAs), and consider a carbon pricing policy.	<p>Ongoing. The authorities have set a target for 30 percent power generation from renewable sources by 2030. They are encouraging energy-efficiency through the <i>Green Manufacturing Initiative</i>, developing solar energy, and began a study for wind generation under the <i>Wind Resource Assessment Programme</i>. All duties and taxes on electric vehicle charging equipment and related accessories were removed in January 2025. A <i>Renewable Energy</i> policy and implementation plan by the Ministry of Energy and Energy Industries was completed in January 2024 and is under review. The Tobago House of Assembly plans to establish the <i>Environmental, Climate Change and Energy Department</i>.</p>
Upgrade and build climate-resilient infrastructure.	<p>Ongoing. The authorities are continuing with a coastal defense system to protect against coastal flooding and shoreline erosion and building a more robust drainage system.</p>
Statistics	
Further improve the quality, timeliness, and coverage of macroeconomic statistics.	<p>Ongoing. The authorities received Fund TA from on rebasing GDP and developing Supply and Use Tables, and on the external and balance of payments statistics. The authorities completed the Household Budget Survey and the Survey of Living Conditions and intend to publish them in 2026. The authorities have indicated plans to increase the timeliness of the quarterly GDP series.</p>

Recommendations	Status
Operationalize the independent National Statistical Institute.	Ongoing. Efforts to create the National Statistical Institute continue. The legislation needs to be presented to Cabinet.
Address the large errors and omissions in the balance of payments.	Ongoing. Recent methodological revisions have significantly reduced the magnitude of total errors and omissions, and work is ongoing to keep these at a lower level.
Address macro-financial data gaps in line with the 2020 FSAP recommendations.	Ongoing. See Annex V.
Collect and disseminate comprehensive climate- and GHG emissions-related data, including at the industry level.	Ongoing. The authorities released updated data on greenhouse gas emissions, including by sector, through the <i>First Biennial Transparency Report to the United Nations Framework Convention on Climate Change</i> .

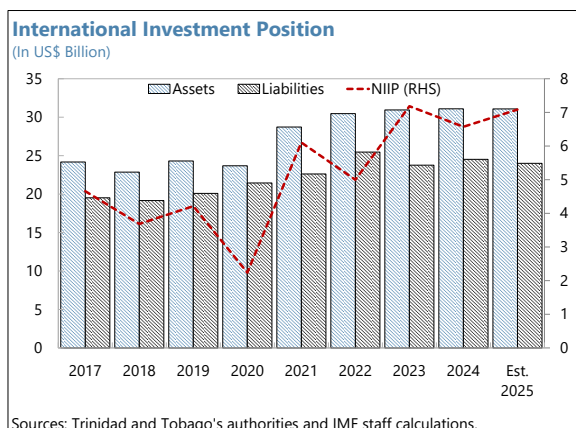
Annex II. External Sector Assessment

Overall Assessment: The external position of Trinidad and Tobago in 2025 was moderately weaker than the level implied by fundamentals and desirable policies. Large macroeconomic imbalances driven by fiscal deficits and real exchange rate overvaluation have contributed to the moderately weaker assessment by widening the current account relative to fundamentals. In addition, international reserves declined in 2025, although coverage remains adequate supported by large external liquid assets in the Heritage and Stabilization Fund. Methodological improvements to the balance of payments data (supported by IMF TA), led to a substantial decline in net errors and omissions, and a more accurate picture of the country's external position.¹

Potential Policy Responses: A policy mix that includes a strong fiscal consolidation, raising the policy rate to reduce the interest rate differential with the US, and the steadfast implementation of structural reforms to boost non-energy exports and incentivize inward foreign direct investment, will support bringing the current account to a level consistent with the norm over the medium term, and contribute to rebuilding external buffers.

Foreign Assets and Liabilities: Position and Trajectory

Background. The NIIP remains positive and strong at a projected 27.3 percent of GDP in 2025. After bottoming at 10.7 percent of GDP in 2020, the NIIP has steadily increased, reflecting persistent current account surpluses, with a significant increase in foreign assets offsetting a smaller increase in foreign liabilities. The increase in foreign assets has been driven by direct and portfolio investment (the largest component of foreign assets), while reserve assets declined. Similarly, the smaller rise in foreign liabilities was due to higher direct and portfolio investment, with the latter reflecting increased government external borrowing.



In 2024 the NIIP experienced a slight decline driven by valuation effects which outweighed the current account surplus. Foreign assets were broadly unchanged, with a rise in direct investment and portfolio assets broadly offset by lower other investment and a \$0.7 billion decline in reserve assets. The total net asset value of the HSF was \$6.3 billion as of September 2025, 15.3 percent higher than in September 2023.

Assessment. The NIIP is projected to remain strong over the medium term driven by current account surpluses. This will help mitigate risks, including those associated with the volatility in global energy prices. An adequate sovereign asset and liability management framework would help mitigate the impact of valuation effects arising from the increased volatility in global financial markets.

2025 (% GDP) (projected)	NIIP:	Gross Assets:	Debt Assets:	Gross Liab.:	Debt Liab.:
	27.3	119.9	66.6	92.5	58.9

¹ The balance of payments data have been significantly revised since the last staff report. Methodological improvements (supported by IMF TA) led to a large upward revision to travel imports from 2023, and a corresponding decline in the current account, reserve import coverage ratio, and net errors and omissions (E&O). Additional methodological adjustments have further reduced E&Os, which were just -1.6 percent of GDP in 2024.

Current Account

Background. The current account surplus has been driven by strong private sector savings that more than offset the fiscal deficit, potentially crowding out private investment. In 2024, the CA surplus declined sharply to 2.5 percent from 11.5 percent in 2023, driven by weaker energy exports, higher imports, and sharply lower primary income. The drop in energy exports reflected a drop in both volumes and prices for natural gas and crude oil exports.

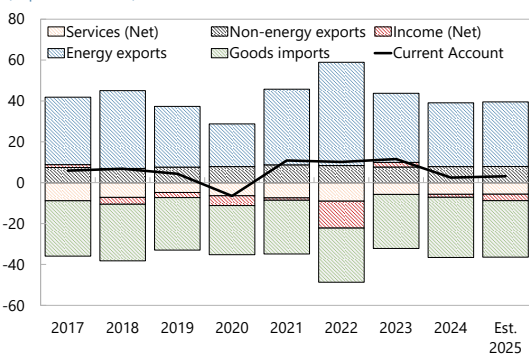
Trinidad and Tobago: Current Account Balance
(In percent of GDP)

	2021	2022	2023	2024	2025
Public (S-I): CGOB	-8.4	1.0	-1.2	-5.9	-5.5
Private (S-I)	19.3	9.2	12.7	8.4	8.6
Current Account	10.9	10.2	11.5	2.5	3.1

Note: The current account balance is equal to the difference between savings (S) and investment (I). This is split into public (S-I), proxied by the Central Government Overall Balance (CGOB), and private (S-I), as the residual.

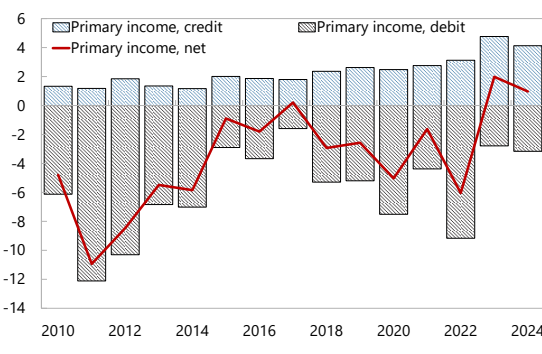
The current account is projected to rise modestly to 3.1 percent of GDP in 2025, based on the outturn in 2025 H1, and reflecting a continuation of the pattern described above for the savings-investment balances of the public and private sector. Exports are expected to rise modestly, with a pickup in natural gas exports (largely due to higher prices) more than offsetting lower crude oil exports (due to lower prices). Imports are set to fall by nearly 2 percentage points of GDP, driven by both lower refined oil imports (amid lower prices), and a moderation in non-capital goods imports. Net primary income is projected to deteriorate significantly amid large outflows, driven by dividend payments by energy companies.

Contribution to Current Account Balance
(In percent of GDP)



Sources: Trinidad and Tobago's authorities and IMF staff calculations.

Primary Income Flows
(Percent of GDP)



Sources: Trinidad and Tobago's authorities and IMF staff calculations.

Assessment. Trinidad and Tobago's cyclically adjusted CA is estimated at 2.8 percent of GDP in 2025 after accounting for cyclical contributions and statistical factors. The 2025 EBA-lite model estimates a CA norm of 3.9 percent of GDP, which, when compared to the cyclically adjusted CA, results in an estimated CA gap of -1.1 percent of GDP. Thus, staff concludes that the current account is moderately weaker than the level implied by fundamentals and desirable policies. An alternative non-regression approach based on consumption allocation rules (which complements the CA model by exploiting deeper the feature of Trinidad and Tobago being an exporter of exhaustible commodities) provides a similar CA norm of 4.0 percent of GDP.

Trinidad and Tobago: EBA-lite Model Results, 2025

	CA model 1/	REER model 1/	Consumption rules model 2/
	(in percent of GDP)		
CA-Actual	3.1		
Cyclical contributions (from model) (-)	0.3		
Additional temporary/statistical factors (-) 3/	0.0		
Natural disasters and conflicts (-)	0.0		
Adjusted CA	2.8		
CA Norm (from model) 4/	3.9		4.0
Adjusted CA Norm	3.9		4.0
CA Gap	-1.1	0.2	-1.2
o/w Relative policy gap	0.3		
Elasticity	-0.3		
REER Gap (in percent)	3.8	-0.7	

- 1/ Based on the EBA-lite 3.0 methodology
- 2/ Based on Bems and de Carvalho Filho (2009), Araujo Li, Poplawski-Ribeiro and Zanna (2016).
- 3/ In previous Article IV reports a statistical adjustor was added to account for the large errors and omissions; given the improvement in these this adjustor has been removed.
- 4/ Cyclically adjusted, including multilateral consistency adjustments.

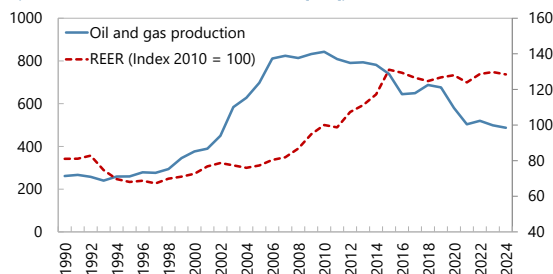
Real Exchange Rate

Background. The real effective exchange rate (REER) appreciated sharply in tandem with Trinidad and Tobago’s natural gas boom in the 2000s. While energy production has since peaked and is steadily declining, the REER remains elevated, notwithstanding a modest decline over the past two years (as Trinidad and Tobago’s inflation has been persistently weaker than trading partners). The nominal effective exchange rate (NEER) has been broadly stable over the past two years, as has the exchange rate vis-à-vis the U.S. dollar, due in part, to the interventions by the Central Bank in the FX market.

Assessment. The staff assessed CA gap implies a modest REER gap of 3.8 percent (with a -0.3 elasticity applied), while the REER model indicates a minimal gap. However, these tools may not fully reflect the structural decline in energy production and the impact of FX intervention on the exchange rate—while the fit of the REER model has performed well in recent years, it missed the significant appreciation that occurred during the natural gas boom in the 2000s. The sharp decline in energy exports, steady decline in reserves to support the exchange rate, and persistent FX shortages indicate that the REER is likely overvalued. To support realignment of the exchange rate with fundamentals, policies should focus on fiscal consolidation, closing the interest rate differential with the US, and efforts to boost non-oil exports and competitiveness.

Energy Production and the REER

(In Thousands of boe/d, Index 2010 = 100 [RHS])

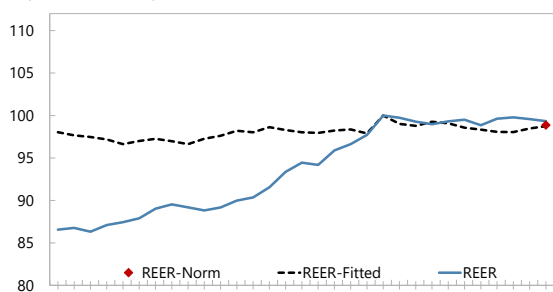


Sources: Müller, Xu, Lehibib, and Chen (2025), Trinidad and Tobago’s authorities, and IMF staff calculations.

Note: An increase in the REER represents an appreciation of the local currency. Natural gas production is converted to barrels of oil equivalent.

REER: Actual, Fitted and Norm

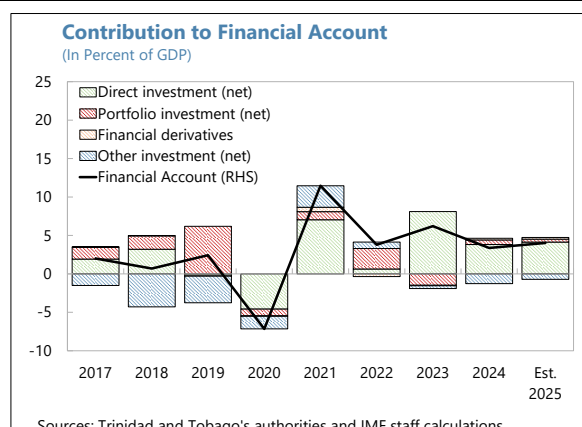
(Index, 2015 = 100)



Sources: Trinidad and Tobago’s authorities and IMF staff calculations.

Capital and Financial Accounts: Flows and Policy Measures

Background. The financial account continued to see large net outflows in 2024, albeit at a slightly lower pace relative to recent years. Foreign direct investment declined relative to 2023, largely due to a moderation in direct investment liability flows (due to energy companies reducing their liabilities but at a slower rate relative to 2023). There was a small net outflow from portfolio investment, with private sector asset accumulation more than offsetting public sector external borrowing and a withdrawal from the HSF.²



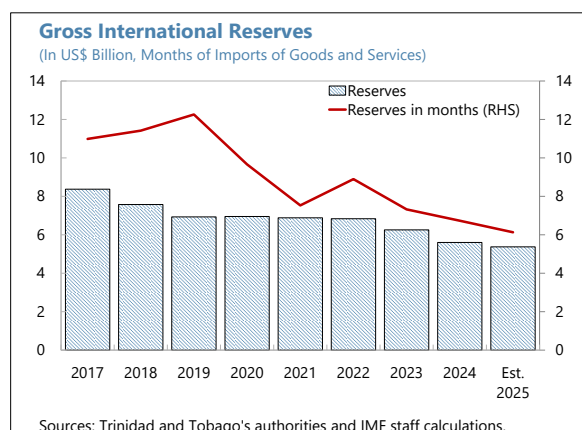
Assessment. Direct investment inflows associated with new investments by energy companies and the authorities' Revitalization Blueprint will support the capital and financial account over the medium term, however, net financial outflows are expected to continue, given the expectation of continued current account surpluses. The risk of accelerating portfolio outflows is mitigated by the authorities exchange restrictions.³

FX Intervention and Reserves Level

Background. Trinidad and Tobago's exchange rate is classified as a stabilized arrangement and the country maintains an exchange restriction subject to the Fund's approval under Article VIII, Section 2(a) (see Informational Annex). Gross international reserves were broadly stable between 2019-2022 at about US\$6.9 billion, supported by external borrowing, the 2021 general allocation of Special Drawing Rights (SDR), the 2022 positive terms of trade shock, and fiscal consolidation following the pandemic. However, reserves have since declined, reaching US\$5.4 billion at end-2025. The decline in reserves reflects the CBTT's FX interventions, with regular annual sales to authorized dealers of US\$1.2 billion, while FX receipts to the government from energy companies have declined, mirroring developments in energy exports.

Liquidity in the domestic FX market is largely driven by FX inflows from energy companies which supply about three-quarters of FX earnings, and FX shortages persisted in 2025 in part due to their reduced need for TT dollars amid large VAT refunds.

Assessment. Gross international reserve adequacy has deteriorated. They stand at 94 percent of the IMF's composite reserve adequacy (ARA) metric, and at 6.1 months of imports (from 6.7 months at end-2024). They remain above the threshold of 20 percent of broad money and short-term debt falling due within one year, however. In the short term, reserves are expected to see a further decline as oil and natural gas production softens and the CBTT maintains its regular FX interventions. However, over the medium term, increased foreign direct investment, higher energy production and growing non-energy exports from manufacturing are expected to reduce the rate of decline of reserves and stabilize by 2031. Further, the inclusion of the large external assets in the HSF would raise reserve adequacy metrics into safer territory. If counted together with reserves, the authorities' usable liquid FX assets would amount to US\$11.7 billion or 204 percent of the ARA metric.



² The HSF is a resident entity, but its assets are primarily held overseas in portfolio investment.

³ The unapproved exchange restriction is inconsistent with the country's obligations under Article VIII, Section 2(A) and should be gradually removed over the medium-term (see ¶27).

Annex III. Sovereign Risk and Debt Sustainability Assessment¹

Trinidad and Tobago's central government (CG) debt remains sustainable over the medium term.² The CG debt-to-GDP ratio rose to 67.8 percent of GDP in FY2025 from 64.5 percent in FY2024—primarily due to a decline in non-energy nontax revenue and increased spending on transfers and goods and services. While the primary deficit is expected to become a surplus in FY2027, overall fiscal deficits are expected to continue. CG debt is expected to decline in the near-term before beginning to increase again beginning in FY2030, reaching around 66 percent of GDP in FY2031. Debt dynamics are vulnerable to fluctuations in global energy prices, energy production delays, and contingent liabilities from guaranteed and non-guaranteed debt of SOEs and statutory bodies. Over the long run, debt becomes less favorable if key macro-fiscal drivers—such as growth and fiscal balances—remain at their historical averages rather than improving as assumed in the baseline. Other long-run vulnerabilities include risks from a faster depletion of natural resources and social security fund depletion. However, recent reforms to the national social insurance system have greatly reduced the risk of materialization of these contingent liabilities (Staff Report ¶25). Large fiscal buffers of 24.5 percent of GDP in the Heritage and Stabilization Fund (HSF) and a favorable debt profile (i.e. longer-maturity profile and low share of debt denominated in foreign currency) help to mitigate these risks. Ensuring debt sustainability and resilience to future shocks requires restoring fiscal discipline, the rebuilding of fiscal buffers, and the implementation of structural reforms to diversify the economy.

- 1. Trinidad and Tobago's CG debt increased in FY2025.** CG debt rose by 14.6 percentage points over three years to 67.8 percent of GDP in FY2025.³ This reflects a deterioration in the fiscal position due to a drop in energy sector revenues and rising current expenditures since FY2023.
- 2. CG debt has a resilient structure.** Currency risks are minimized as most CG debt is denominated in domestic currency, with only 31 percent of CG debt outstanding in foreign currency, which is comprised mostly of external debt denominated in U.S. dollars. The U.S. dollar liabilities are matched against FX energy revenues. Roll-over risks are minimized by a debt profile dominated by medium-to long-term maturities, comprising approximately 32 percent and 68 percent of CG debt,

¹ Prepared by Justin Matz.

² The analysis follows the [Sovereign Risk and Debt Sustainability Framework](#) (SRDSF) for market access countries. Trinidad and Tobago's debt perimeter encompasses the CG sector only due to limited availability of consolidated general government and public sector debt data. It excludes short-term debt linked to monetary policy operations, which accounted for approximately 0.5 percent of GDP in FY2025 and are matched by "frozen" government deposits with the banking system and overdraft borrowing from the Central Bank of Trinidad and Tobago, which must be legally "repaid as soon as possible" and only represents a short-term advance.

³ Trinidad and Tobago has faced several adverse shocks over the past decade, including the 2014 global energy price collapse, domestic energy production disruptions, and the 2020 pandemic. Real GDP contracted by 20.7 percent cumulatively across 2015-21. A significant downward revision to GDP has led to an increase in the debt-to-GDP ratio across all periods compared to previous assessments.

respectively. About 44 percent of debt is nonmarketable. This reduces interest rate risk, roll-over risk, and the risk of capital flight⁴. However, nonmarketable debt may not have a clear amortization schedule, is often harder to restructure, and can contribute to growing sovereign-financial nexus.

3. The baseline scenario of this Sovereign Risk and Debt Sustainability Assessment (SRDSA) reflects staff’s projections based on medium-term macroeconomic assumptions and policies. It relies on staff costing of measures from the approved FY2026 budget, and macroeconomic outlook, assuming the continuation of current policies. It excludes revenue or spending targets lacking concrete supporting measures. It incorporates higher short-term energy prices stemming from the war in the Middle East. The assessment uses the following assumptions:

- **Macroeconomic assumptions.** Real GDP is estimated to have expanded by 0.8 percent in 2025 and will grow by 0.8 percent in 2026. Growth will pick up from 2027 through 2029 as new energy projects come onstream and will then converge towards its potential of 1.8 percent over the long-term. Inflation has remained very low, reaching 0.4 percent in end-2025 and is expected to increase to 3.1 percent in 2026, reflecting higher international prices and second-round effects associated with wage increases and higher domestic gas prices, before decelerating to around 2 percent from 2027 onward, consistent with external price developments. The current account surplus is expected to gradually increase from 3.1 percent in 2025 to 5.5 percent in 2028 before declining to 4.3 percent over the rest of the medium-term, mirroring developments in domestic energy production.
- **Fiscal path.** The overall fiscal deficit is expected to decline to 4.6 percent in FY2026, following a deficit of 5.5 percent of GDP in FY2025. This stems from increased energy revenue due to higher international prices (0.3 percent of GDP), new tax measures (0.7 percent of GDP), and the receipt of larger dividends from state-owned enterprises. However, the government is faced with the one-off costs related to the settlement of back-pay (1.1 percent in FY2026) and faces higher wage bills going forward. The deficit is expected to narrow in FY2027, as the one-off transaction for settlement of back-pay is not repeated and additional revenues from new liquified natural gas streams expected to come online. Subsequently, the overall deficit is expected to gradually narrow through FY2029 as these energy projects increase capacity before gradually declining as the fields are depleted. The primary balance is projected to reach a small surplus in FY2027 and will remain in surplus over the medium-term.
- **Gross financing needs (GFNs).** GFNs are expected at 11.8 percent of GDP in FY2026, driven by the rollover of a large maturing international bond. GFNs will average around 10.5 percent of GDP from 2026-31. About two-thirds of the GFNs will be covered by issuance of medium- and long-term domestic debt, with the rest borrowed externally. The authorities have frequently made use of “one-off” financing measures and withdrawals from the HSF⁵ in the last several

⁴ Some non-marketable debt is held by regulated domestic investors and is thus not subject to market sentiment or refinancing pressures.

⁵ The government can make a withdrawal from the HSF when there is a precipitous decline in budgeted revenues based on the production or price of crude oil or natural gas or when there is a declaration of a disaster area or

(continued)

years to limit the debt accumulation. The authorities tapped the HSF in FY2026 and plan to issue another National Investment Fund bond, financing operations not classified as CG borrowing. There is uncertainty regarding the realization of “one-off” financing given legal complexities involved in unwinding the assets of CL Financial and its subsidiaries and repaying the government for the bailout.⁶ The government holds large amounts of equity in domestic banks that is traded in the stock exchange that could also be sold to finance deficits, if needed.

Annex III. Table 1. Trinidad and Tobago: One-Off Financing Measures
(In Percent of GDP)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Withdrawals from HSF	0.0	4.6	3.8	-0.6	-0.7	1.5	1.6	0.9
Sale of fixed assets	0.6	0.4	0.6	0.4	0.1	0.6	0.8	0.6
NIF & Escrow	0.6	0.0	0.0	0.0	0.0	0.2	0.0	1.2

Sources: Trinidad and Tobago's authorities and IMF staff calculations.

4. CG debt is projected to remain around 65 percent of GDP through the medium-term under the baseline scenario. CG debt-to-GDP is projected to remain at 67.8 percent of GDP in FY2026. Higher energy prices stemming from the ongoing war in the Middle East are expected to increase energy revenues over the short-term, supporting the fiscal position until new LNG projects begin production. After falling through FY2029, CG debt is expected to increase again as depletion rates from existing fields exceed inflows from new projects and as real interest rate dynamics continue to drive debt accumulation.

5. Uncertainty exists around the baseline assumptions and projections. The debt trajectory is vulnerable to the volatility and uncertainty of global energy prices and domestic crude oil and natural gas production. Trinidad and Tobago's dependence on the energy sector makes it vulnerable to energy prices and production shocks, and this poses risks to growth and fiscal balances. Debt levels have increased during past episodes of energy price collapses. A key baseline assumption is that energy prices remain high into 2027 until new energy projects will come onstream in 2027-28, bolstering growth and fiscal revenues over the medium-term.⁷ Forecast errors have highlighted optimism in staff projections concerning the gap between the real interest rate and economic growth. The anticipated change in 3-year debt is within the normal historical range observed in peer

dangerous infectious disease. Withdrawals are limited to US\$1.5 billion during any financial year and cannot be made if it would result in the balance of the HSF falling below US\$1.0 billion.

⁶ The government of Trinidad and Tobago supported policy holders when Colonial Life Insurance Company (CLICO), a subsidiary of CL Financial, experienced a liquidity crisis. In exchange for support, the government received a 49 percent stake in CLICO and a claim against CL Financial. CL Financial is currently under resolution and the government's advance is repaid as assets are liquidated. The 2025 Budget Statement, *Steadfast and Resolute: Forging Pathways to Prosperity*, indicates that the government is still owed TT\$13 billion (over 7 percent of GDP) in additional funds related to the bailout.

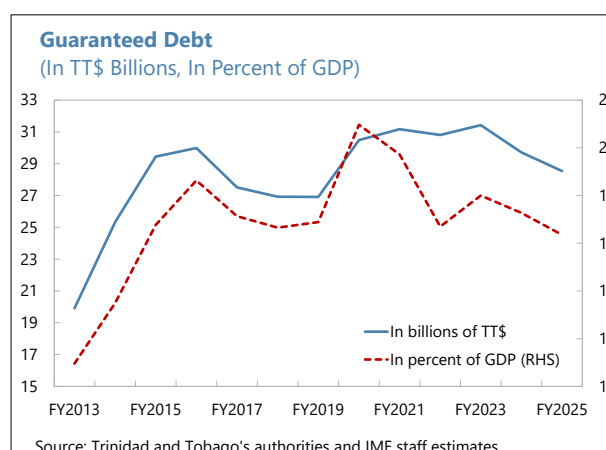
⁷ See Annex II of the [2024 Article IV](#).

countries. However, the maximum adjustment over any three years for the cyclically adjusted primary balance is an outlier, which reflects the large deficits run during the pandemic followed by a primary surplus three years later during a period with high energy prices.

6. The fan chart illustrates uncertainty about the evolution of CG debt over the medium term. The debt fan chart—measuring medium-term solvency risks—points to substantial uncertainty surrounding the baseline projections. There is wide dispersion in the distribution of possible debt paths, owing to the volatility of energy prices and GDP that has historically affected the country.

7. Sizeable contingent liabilities from the public bodies also pose additional risks to the debt path if they materialize.

Contingent liabilities to the government stem from borrowing by public bodies (i.e., state-owned enterprises (SOEs) and statutory bodies), where CG guarantees are initially issued in the form of a letter of comfort and are eventually replaced by formal guarantees. As of end-FY2025, guaranteed debt, which is denominated primarily in domestic currency, reached 16.4 percent of GDP. The exposure of domestic banks to public bodies, their reliance on government support,⁸ and the high sovereign-bank nexus sets up for a negative feedback loop that could amplify macroeconomic shocks and weaken debt sustainability and macroeconomic stability.



8. Long-term risk stress-tests signal potential pressures on fiscal sustainability over the long run stemming from: a projected large amortization shock, systemic vulnerabilities in the social insurance (pension) system, and the anticipated depletion of natural resource wealth.

- A looming wave of debt repayments poses a risk to fiscal sustainability. Potentially significant debt repayments scheduled over the long-term could create rollover and liquidity pressures, despite a broadly stable debt trajectory. While these risks warrant close monitoring, fiscal consolidation efforts aimed at achieving a debt-stabilizing primary balance would mitigate potential vulnerabilities.
- The pay-as-you-go social insurance system had been previously projected to face deficits over the next decade due to demographic shifts and a declining worker-to-retiree ratio. The government recognized the urgent need for parametric reforms to safeguard the national insurance fund and avert the depletion of its reserves. In the FY2026 budget, the authorities

⁸ The CG pays the interest and principal of guaranteed debt of non-self-serviced SOEs and statutory bodies through budget transfers. As of end-FY2025, transfers to SOE, utilities, and statutory bodies amounted to about 4.1 percent of GDP.

courageously raised contribution rates and announced a phased increase to the retirement age to better align contribution inflows with payment outflows. These actions strengthened the system's sustainability (postponing the depletion of NIS assets by 12 years) and reduced the long-term fiscal risks that would have otherwise led to higher GFNs and an upwards CG debt trajectory in the long-term.

- A further decline in natural resources production beyond the baseline is likely to erode the fiscal revenue base and widen the primary deficit. Nevertheless, GFNs and CG debt can remain at a manageable level supported by sustained growth in the non-energy sector.

9. Fiscal risks are mitigated by the country's large buffers. Trinidad and Tobago remains exposed to the uncertainty and volatility of global energy prices. The SRDSA framework also highlights the risks from the realization of contingent liabilities from public bodies and, over the longer-term, the national social insurance system. However, these vulnerabilities are mitigated by the country's large fiscal buffers in the HSF (with assets amounting to 24.6 percent of GDP at end-February 2026), the medium-and long-term maturity profile, and a moderate foreign currency share of outstanding debt. The government also owns sizeable disposable equity in state-owned enterprises of about 45 percent of GDP, including in share of financial corporations that regularly traded in the stock exchange. Restoring fiscal discipline and rebuilding fiscal buffers will be important to ensure fiscal sustainability and resilience from future shocks.

Annex III. Figure 1. Trinidad and Tobago: Risk of Sovereign Stress

Trinidad and Tobago: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	Moderate	The overall risk of sovereign stress is assessed as moderate, reflecting a rising debt burden and moderate medium- and long-term vulnerabilities. In the absence of identified measures and given significant implementation risks, sustained efforts will be required to reduce net central government debt.
Near term 1/			
Medium term	Moderate	Moderate	Medium-term sovereign stress is assessed as moderate but rising, driven by higher financing needs. Fan chart results indicate elevated risks, largely reflecting historical energy price volatility and its spillovers to macroeconomic outcomes. Commodity price shocks and adverse interest-growth differentials could pose additional medium-term challenges.
Fanchart	High	...	
GFN	Moderate	...	
Stress test	...	...
Long term	...	Moderate	Long-term sovereign risks are assessed as moderate, reflecting natural resource depletion and population aging, which could increase debt pressures. Recent social security reforms have significantly delayed, but not eliminated, the eventual need for budget support. The authorities have addressed near-term social pension pressures and are pursuing structural reforms, including expanding gas and renewable energy production and promoting economic diversification, to mitigate these risks.
Sustainability assessment 2/	Not required for surveillance countries	Not required for surveillance countries	Not applicable
Debt stabilization in the baseline			No

DSA Summary Assessment

Commentary: Trinidad and Tobago faces a moderate risk of sovereign stress despite rising central government (CG) debt. CG debt reached 67.8 percent of GDP in FY2025, reflecting structurally declining energy revenues and higher discretionary spending, but is projected to stabilize at around 65 percent of GDP over the medium term as new energy production comes on stream amid higher global energy prices. Debt dynamics remain vulnerable to energy price volatility and the realization of contingent liabilities from state-owned enterprises and statutory bodies. These risks are mitigated by sizable buffers in the Heritage and Stabilization Fund (24.5 percent of GDP) and a favorable debt profile, with the HSF providing a strong liquidity cushion against near-term shocks.

Source: IMF staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

Annex III. Figure 2. Trinidad and Tobago: Debt Coverage and Disclosures

						Comments	
1. Debt coverage in the DSA: 1/							
		CG	GG	NFPS	CPS	Other	
1a. If central government, are non-central government entities insignificant?						No	
2. Subsectors included in the chosen coverage in (1) above:							
Subsectors captured in the baseline						Inclusion	
CPS	NFPS	GG: expected	CG	1	Budgetary central government	Yes	
				2	Extra budgetary funds (EBFs)	No	Not applicable
				3	Social security funds (SSFs)	No	
				4	State governments	No	Not applicable
				5	Local governments	No	
				6	Public nonfinancial corporations	No	
				7	Central bank	No	
				8	Other public financial corporations	No	
3. Instrument coverage:							
		Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/	
4. Accounting principles:							
			Basis of recording		Valuation of debt stock		
		Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/	
5. Debt consolidation across sectors:							
				Consolidated	Non-consolidated		
Color code: ■ chosen coverage ■ Missing from recommended coverage ■ Not applicable							

Reporting on Intra-Government Debt Holdings

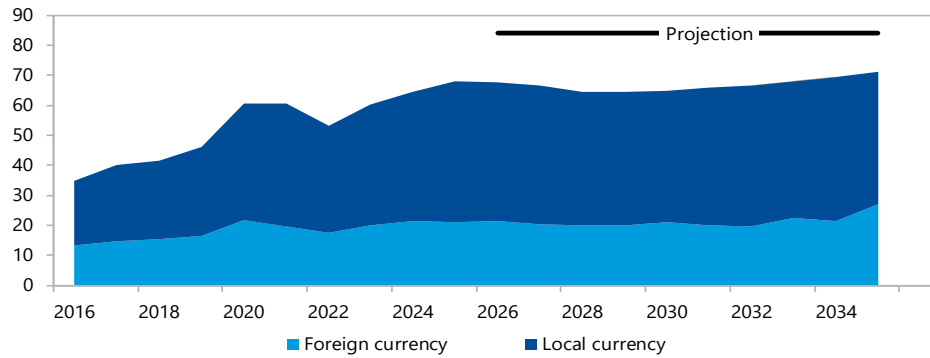
Issuer		Holder	Budget. central gov	Extra-budget. funds (EBFs)	Social security funds (SSFs)	State gov.	Local gov.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total		
CPS	NFPS	GG: expected	CG	1	Budget. central gov							0	
				2	Extra-budget. funds								0
				3	Social security funds								0
				4	State gov.								0
				5	Local gov.								0
				6	Nonfin pub. corp.								0
				7	Central bank								0
				8	Oth. pub. fin. corp								0
Total			0	0	0	0	0	0	0	0	0		

- 1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
- 2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
- 3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
- 4/ Includes accrual recording, commitment basis, due for payment, etc.
- 5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
- 6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
- 7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

Commentary: The debt perimeter only covers the central government sector due to lack of consolidated general government and public sector debt data. Contingent liabilities stem from borrowing by public bodies (i.e., state-owned enterprises and statutory bodies). As of end-FY2025, guaranteed debt, which is denominated primarily in domestic currency, was 16.4 percent of GDP. At end-FY2024, self-serviced, non-guaranteed SOE debt was an additional 11.0 percent of GDP.

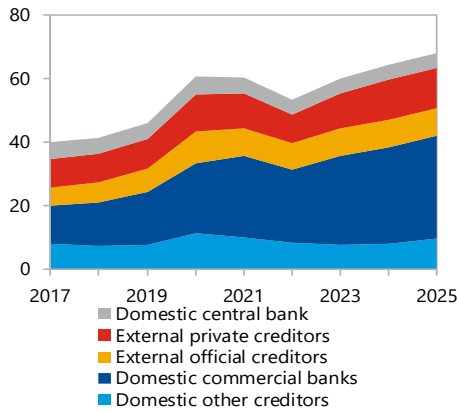
Annex III. Figure 3. Trinidad and Tobago: Central Government Debt Structure Indicators

Debt by Currency (Percent of GDP)



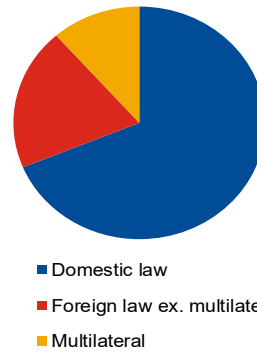
Note: The perimeter shown is central government

Public Debt by Holder (Percent of GDP)



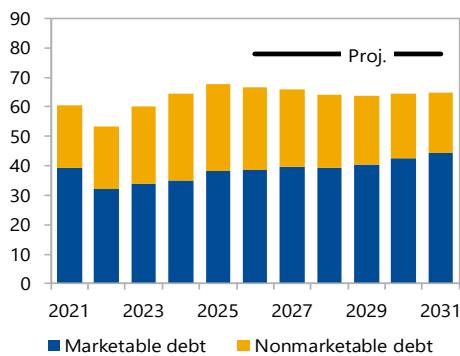
Note: The perimeter shown is central government

Public Debt by Governing Law, 2025 (percent)



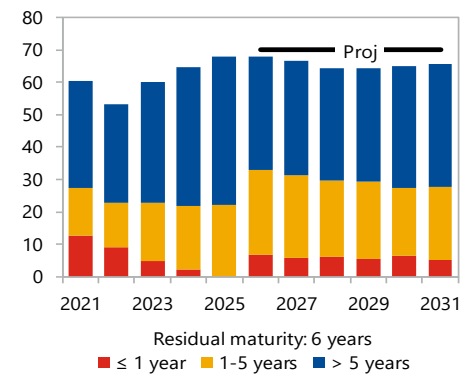
Note: The perimeter shown is central government

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is central government

Public Debt by Maturity (Percent of GDP)



Note: The perimeter shown is central government

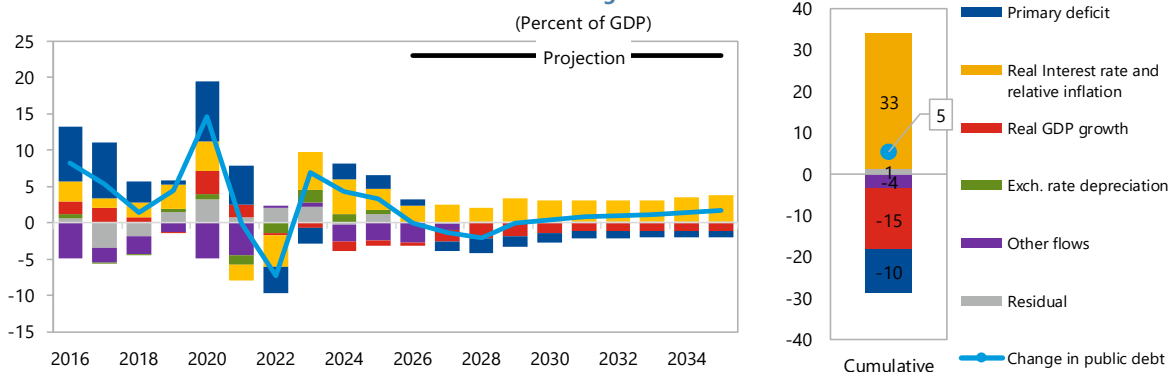
Commentary: Domestic debt was 46.6 percent of GDP at end-FY2025, while external debt is relatively low at 21.2 percent of GDP. Mitigating factors are the debt profile of Trinidad and Tobago which is dominated by medium- and long-term maturities, and a moderate foreign currency share of outstanding debt which is matched by US dollar energy revenues.

Annex III. Figure 4. Trinidad and Tobago: Baseline Scenario

(Percent of GDP unless indicated otherwise)

	Actual	Medium-term projection						Extended projection					
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Public debt	67.8	67.8	66.5	64.4	64.4	64.9	65.7	66.7	67.8	69.3	71.1	73.2	
Change in public debt	3.3	0.0	-1.3	-2.1	0.0	0.5	0.9	1.0	1.1	1.5	1.8	2.1	
Contribution of identified flows	2.0	0.0	-1.2	-2.2	-0.3	0.3	0.7	0.9	1.0	1.3	1.6	2.0	
Primary deficit	1.9	0.8	-1.3	-2.0	-1.5	-1.2	-1.0	-0.9	-0.9	-0.8	-0.8	-0.8	
Noninterest revenues	26.9	30.2	31.3	31.8	31.0	30.9	30.7	30.6	30.5	30.3	30.2	30.0	
Noninterest expenditures	28.8	31.0	30.0	29.8	29.6	29.7	29.8	29.7	29.6	29.5	29.4	29.3	
Automatic debt dynamics	2.6	1.8	0.9	-0.2	1.2	1.5	1.7	1.8	1.9	2.2	2.4	2.8	
Real interest rate and relative inflation	2.9	2.3	2.5	1.9	3.1	2.9	2.9	3.0	3.0	3.3	3.6	4.0	
Real interest rate	3.4	2.3	2.4	2.1	3.3	3.1	3.1	3.1	3.1	3.5	3.7	4.1	
Relative inflation	-0.5	0.1	0.1	-0.1	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	
Real growth rate	-0.8	-0.5	-1.6	-2.2	-1.9	-1.4	-1.2	-1.2	-1.1	-1.1	-1.2	-1.2	
Real exchange rate	0.4	...	...	...	...	...	...	...	...	...	...	...
Other identified flows	-2.4	-2.7	-0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
(minus) Interest Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other transactions	-2.4	-2.7	-0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Contribution of residual	1.3	0.0	-0.1	0.1	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	
Gross financing needs	9.3	11.8	9.9	7.6	10.2	10.7	12.7	12.4	12.7	15.0	14.4	16.5	
of which: debt service	7.4	11.0	11.2	9.6	11.7	11.9	13.7	13.4	13.6	15.9	15.2	17.2	
Local currency	5.1	6.2	7.3	6.6	8.7	7.6	8.4	9.2	9.8	9.9	10.3	9.6	
Foreign currency	2.3	4.8	4.0	3.1	3.0	4.3	5.3	4.2	3.8	5.9	4.9	7.6	
Memo: 1/													
Real GDP growth (percent)	1.2	0.8	2.4	3.4	3.0	2.3	1.9	1.8	1.7	1.7	1.7	1.7	
Inflation (GDP deflator; percent)	0.3	2.2	2.1	1.1	0.6	1.0	1.1	1.2	1.2	1.2	1.2	1.3	
Nominal GDP growth (percent)	1.5	3.0	4.6	4.5	3.6	3.3	3.0	3.0	3.0	3.0	3.0	3.0	
Effective interest rate (percent)	5.6	5.7	5.9	4.3	6.0	6.0	6.0	6.1	6.1	6.5	6.8	7.2	

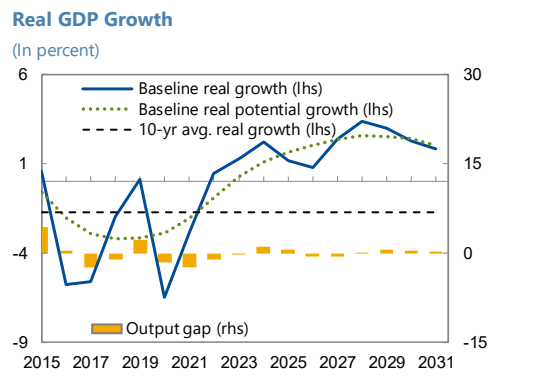
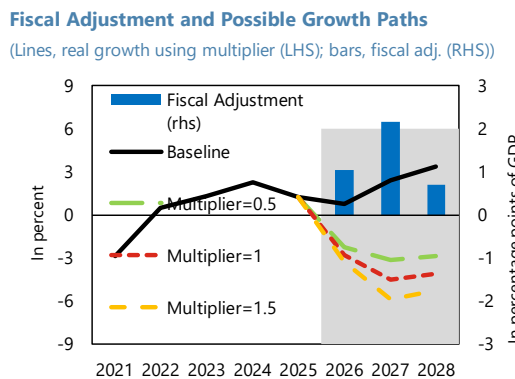
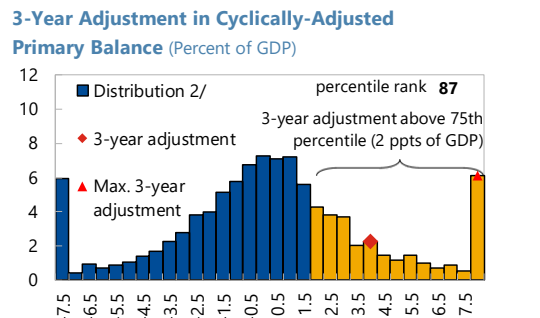
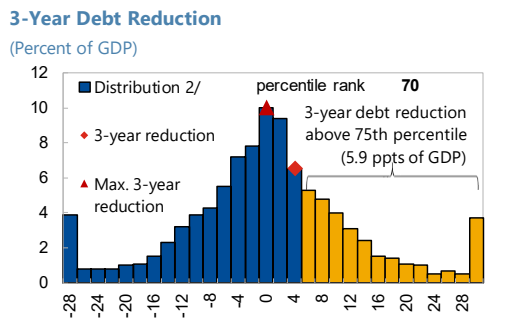
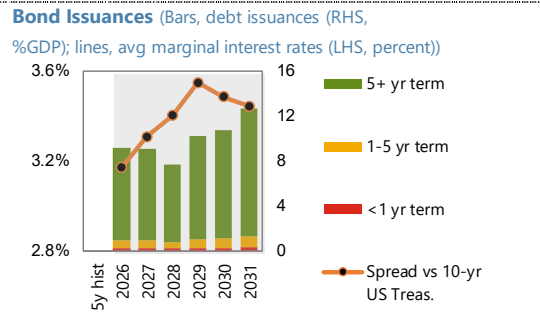
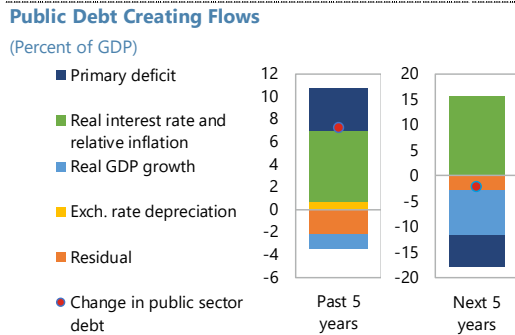
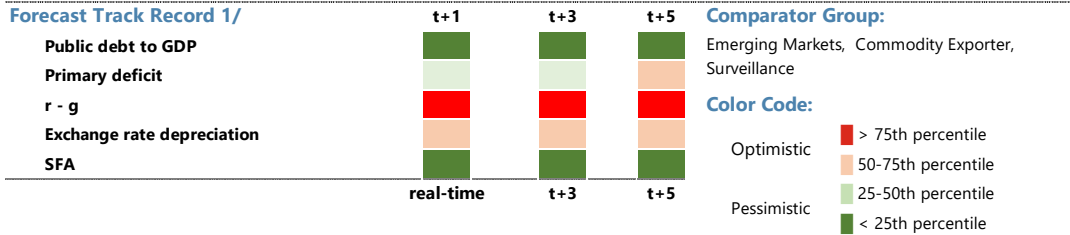
Contribution to Change in Public Debt



Commentary: Central government debt stood at 67.8 percent of GDP in FY2025, and its trajectory is closely linked to developments in Trinidad and Tobago’s energy sector. Debt is projected to stabilize over the medium term as higher projected energy revenues materialize, but is expected to rise over the longer term, driven by real interest rate developments and relative inflation dynamics. Fiscal balances will remain highly dependent on energy sector outcomes. Gross financing needs are projected to remain close to 10 percent of GDP over the medium term, before increasing thereafter.

1/ Real GDP growth as well as inflation are based on fiscal year representations.

Annex III. Figure 5. Trinidad and Tobago: Realism of Baseline Assumptions



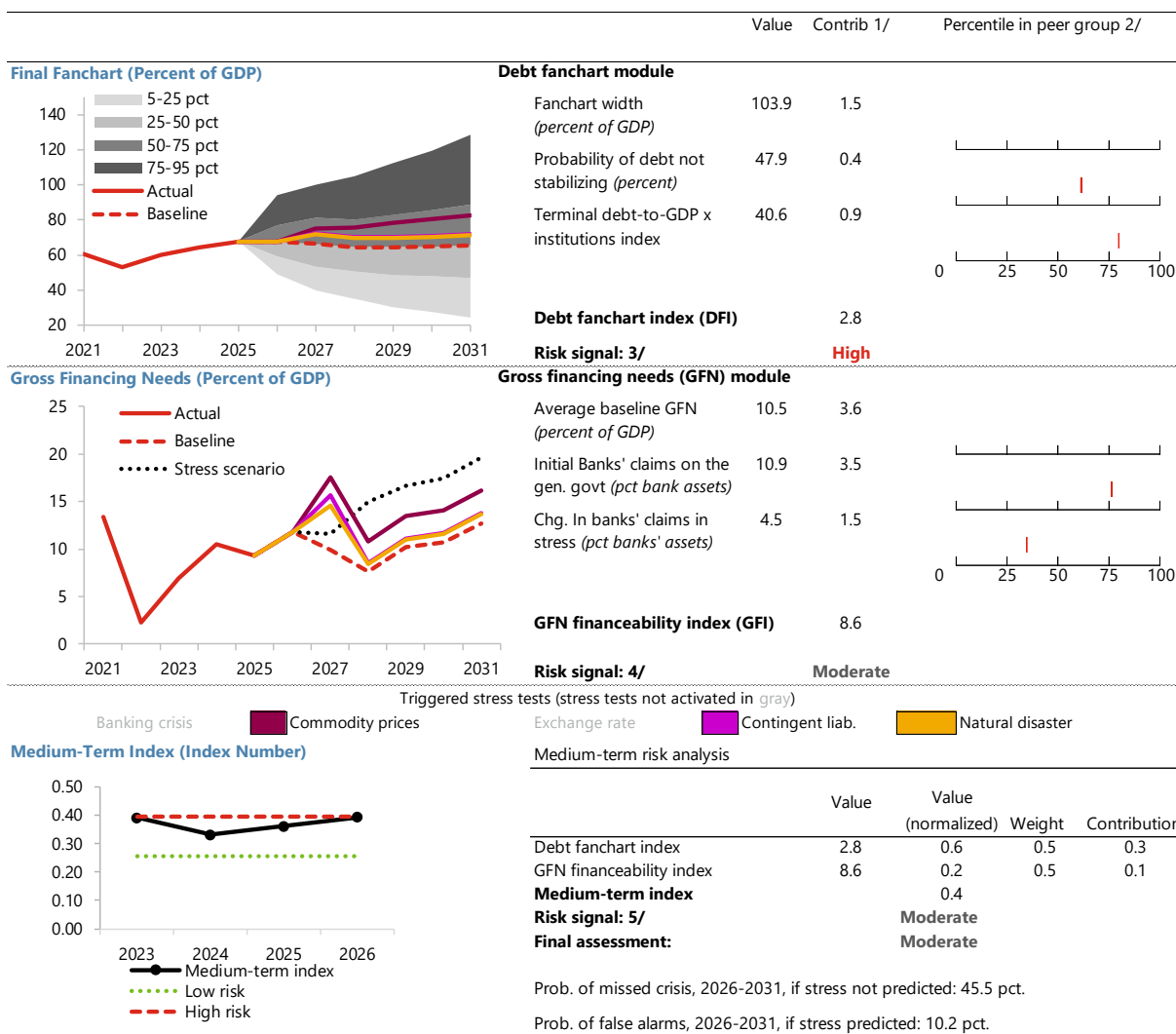
Commentary: Historical developments in energy prices and domestic energy production lead to volatile paths in growth and fiscal balances. A key baseline assumption is that new energy projects will come onstream in 2027-28, boosting growth and fiscal revenues. Trinidad is an outlier with respect to the maximum 3-year cumulative change in the cyclically-adjusted primary balance due to post-pandemic consolidation. Trinidad and Tobago's 3-year change in debt broadly in line with those observed in peer surveillance countries. Forecast errors have highlighted optimism in staff projections concerning the gap between the real interest rate and economic growth. Projected fiscal adjustments are dependent on an eventual increase in energy sector revenue mobilization and one-off transactions, which are less sensitive to the impact of multipliers.

Source: IMF staff.

1/ Projections made in the October and April WEO vintage.

2/ Data cover annual observations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

Annex III. Figure 6. Trinidad and Tobago: Medium-Term Risk Assessment



Commentary: The volatility of energy production and prices significantly contributed to the volatility of past fiscal revenues. Lower energy production and prices led to larger deficits in FY2024 and FY2025. Consequently, the Debt Fanchart Module points to a high level of risk, while the GFN Module suggests a moderate level of risk. The debt level path is vulnerable to global energy price volatility and contingent liabilities from state-owned entities and other statutory bodies.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.

2/ The comparison group is emerging markets, commodity exporter, surveillance.

3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.

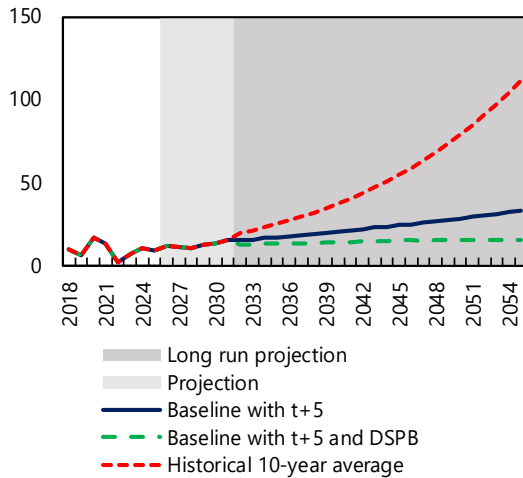
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.

5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

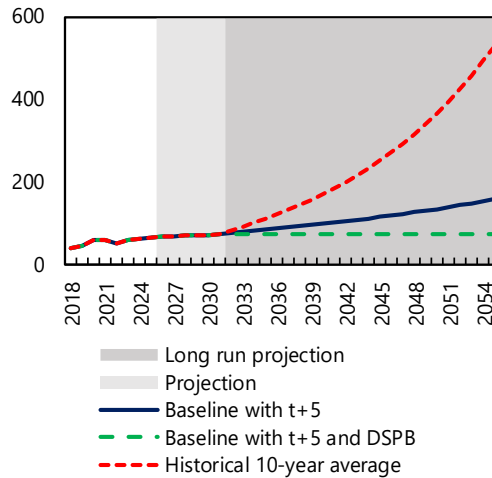
Annex III. Figure 7. Trinidad and Tobago: Long-Term Risk Assessment

Trinidad and Tobago: Long-Term Risk Assessment: Large Amortization

GFN-to-GDP Ratio



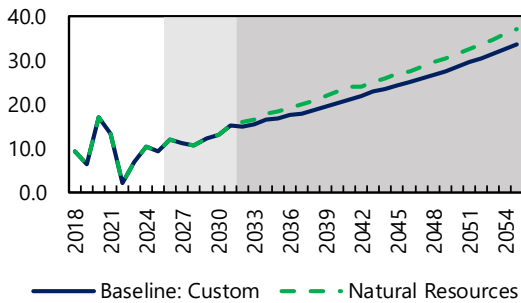
Total Public Debt-to-GDP Ratio



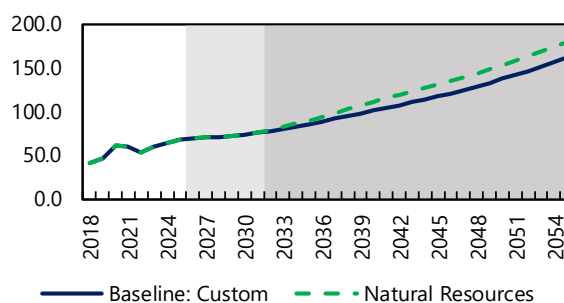
Commentary: The country's debt sustainability is at risk due to the possibility that long-term debt drivers will remain at ten-year averages. It should be noted that this period included the pandemic and multiple energy price shocks. Fiscal consolidation efforts aimed at achieving a debt-stabilizing primary balance would help mitigate this vulnerability.

Trinidad and Tobago: Natural Resources

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio

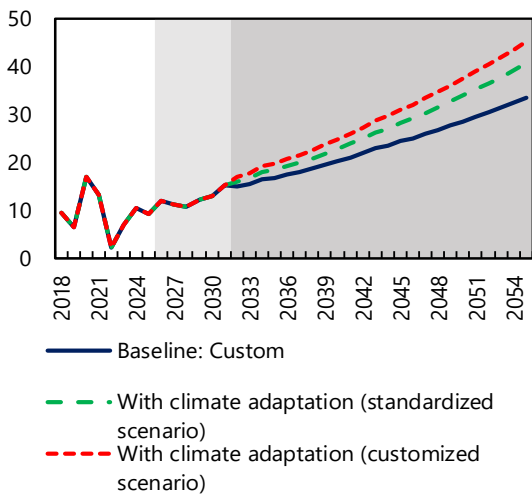


Commentary: The baseline assumptions include a decline in LNG and oil production. However, more rapid natural resource depletion could further weigh on fiscal revenues, exports, and growth over the long-term. Nevertheless, gross financing needs and debt remain at higher but stable levels, underpinned by sustained expansion of the non-energy sector.

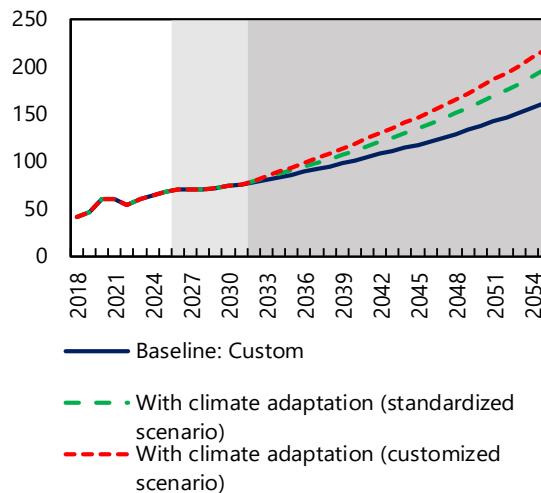
Annex III. Figure 7. Trinidad and Tobago: Long-Term Risk Assessment (continued)

Trinidad and Tobago: Climate Change: Adaptation

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



Commentary: Reflecting the upfront costs of strengthening infrastructure and resilience, climate change adaptation expenditures could raise public debt over the long term. However, by reducing the fiscal and economic losses from natural disasters and climate shocks, well-targeted adaptation spending can lower contingent liabilities and help stabilize debt dynamics over time.

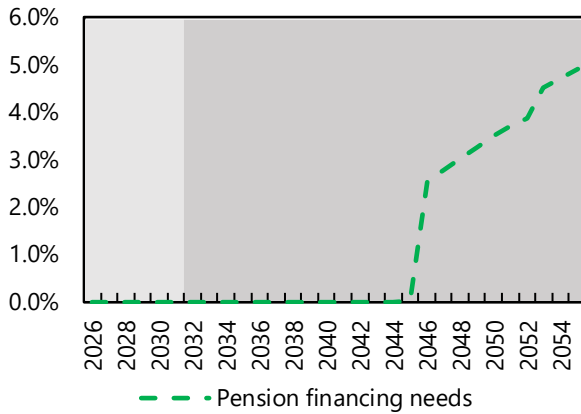
Annex III. Figure 7. Trinidad and Tobago: Long-Term Risk Assessment (concluded)

Trinidad and Tobago: Demographics: Pensions

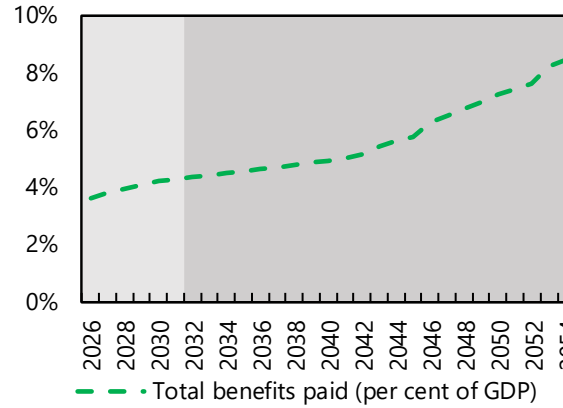
Permanent adjustment needed in the pension system to keep pension assets positive for:

	30 years	50 years	Until 2100
(pp of GDP per year)	1.1%	2.5%	3.4%

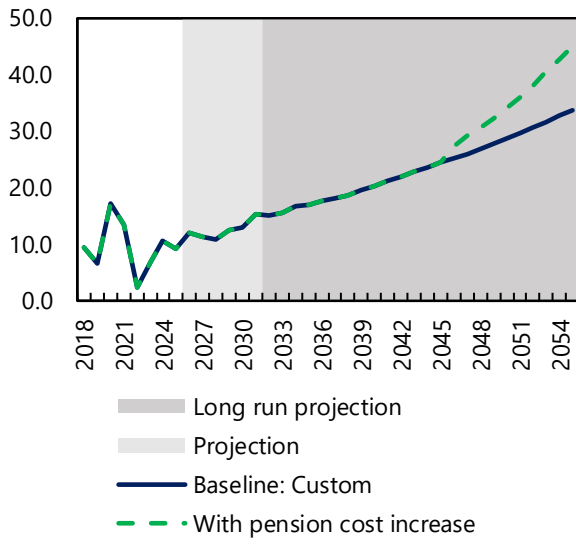
Pension Financing Needs



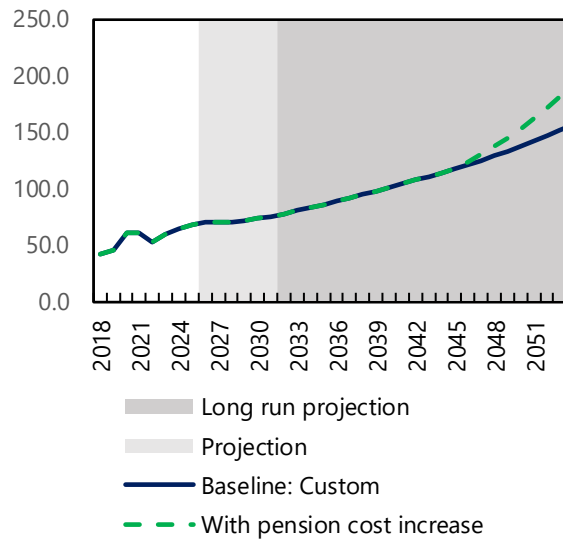
Total Benefits Paid



GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



Commentary: Recent reforms have greatly improved the actuarial outlook for the National Insurance System, delaying depletion of its funds from the mid-2030s to the mid-2040s. However, the pay-as-you-go social insurance system is still projected to eventually face deficits due to demographic shifts.

Annex IV. Risk Assessment Matrix¹

Source of Risk	Likelihood / Horizon	Expected Impact	Policy Response
Global Conjunctural Risks			
<p>Protectionism and Trade Disruptions. Tariff and nontariff measures disrupt global supply chains, weighing on activity while increasing inflation. Trade diversion triggers broader protectionism.</p>	<p>High</p> <p>ST, MT</p>	<p>Medium</p> <ul style="list-style-type: none"> Drop in export volume from lower global demand. Worsening of the fiscal balance resulting from lower export revenues. 	<ul style="list-style-type: none"> Maintain sound policies consistent with the exchange rate regime. Build fiscal and foreign reserve buffers to safeguard macroeconomic stability. Accelerate fiscal reforms to boost non-energy economy and revenues. Continue strengthening trade through bilateral and regional agreements. Enhance competitiveness and promote diversification to support economic resilience to external shocks.
<p>Fiscal Vulnerabilities and Higher Interest Rates. Higher public debt and deficit levels put further upward pressure on long-term interest rates, sharply tightening global financial conditions, amplifying currency volatility, and reducing consumption and investment that exacerbate adverse debt dynamics. Disruptions are amplified by increased role of price-sensitive investors and leveraged NBFIs in sovereign debt markets, limited market absorption capacity when NBFIs offload debt securities, higher roll-over needs on shorter sovereign debt maturities, and strong sovereign-financial nexus. Concurrently, capital outflows from emerging and developing economies elicit a sharp increase in short-term rates.</p>	<p>High</p> <p>ST, MT</p>	<p>Medium</p> <ul style="list-style-type: none"> Sovereign debt distress elsewhere could have spillovers to Trinidad and Tobago. If it lowers external demand and commodities prices, the shock would reduce domestic fiscal and export revenues, and growth prospects. 	<ul style="list-style-type: none"> Implement fiscal consolidation to create fiscal space and strengthen debt sustainability. Create fiscal buffers to absorb risk premia shocks. Maintain sound policies consistent with the exchange rate regime. Accelerate diversification and growth of non-energy sectors. Continue accumulation of HSF.
<p>New Trade Agreements. Tangible progress in trade talks reduces uncertainty and trade barriers. Wider cooperation on services, FDI, and taxation boosts investment and bolsters public finances.</p>	<p>Low</p> <p>MT,LT</p>	<p>Medium</p> <ul style="list-style-type: none"> Reduced uncertainty and improved global trade prospects can strengthen investment and trade flows, but could also lower commodity prices reducing export revenues and fiscal space over the medium term. 	<ul style="list-style-type: none"> Promote export diversification to reduce reliance on energy exports. Strengthen fiscal frameworks to manage revenue volatility. Enhance investment in infrastructure and human capital to boost productivity, competitiveness, and economic integration.

¹ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline. Likelihood reflects staff's subjective assessment: "low" (below 10 percent), "medium" (10-30 percent), and "high" (30-50 percent). The RAM captures staff views on the source of risks and overall concern as of the time of discussions with the authorities. Risks may interact and materialize jointly. The conjunctural shocks reflect shorter-term risks (12-18 months) while structural risks are more persistent.

Source of Risk	Likelihood / Horizon	Expected Impact	Policy Response
Geopolitical Tensions and Intensification of Conflicts. Rising geopolitical tensions, and a weakening of multilateralism, raise the risk of an escalation in military conflicts, accompanied by damage to key physical and financial infrastructure, disruptions in major transit routes and supply chains, higher migration pressures, additional financial frictions and market volatility.	High ST, MT	High <ul style="list-style-type: none"> • Globally, a shock would lower economic activity and raise risk-premia and commodity prices. • War-affected countries would see a sharp decline in economic activity, capital, and refugee outflows. • If not directly affected, Trinidad and Tobago could see increased export and fiscal energy revenues from higher commodity prices, partly offset by lower global economic activity or rising risk premia. 	<ul style="list-style-type: none"> • As an oil and gas exporter, save windfall earnings to rebuild macroeconomic buffers. • Diversify non-energy sectors.
Commodity prices volatility. Supply and demand imbalances—triggered by geopolitical tensions, coordinated production decisions, shifts in investor preferences, or structural changes in demand—fuel commodity price swings, amplifying external and fiscal pressures, social unrest, and macro instability.	High ST, MT	High <ul style="list-style-type: none"> • Volatile energy prices would affect Trinidad and Tobago’s external and fiscal positions and liquidity in the banking system, with potential spillovers on credit growth and asset quality. • Changes in commodity prices could affect domestic prices with potential second-round effects on non-food inflation. 	<ul style="list-style-type: none"> • Accelerate fiscal reforms to boost non-energy revenues and offset the decline in energy revenue in times of low prices, while accumulating buffers when energy prices are high. • Adopt a medium-term fiscal framework with a fiscal anchor to reduce the procyclicality of fiscal policy. • Monitor closely liquidity in the banking system and its impact on asset quality in line with the 2020 FSAP recommendations. • Implement reforms to support private sector development and economic diversification to reduce the impact of energy price volatility.
Global Structural Risks			
Cyberthreats. Cyberattacks on physical or digital infrastructure, technical failures, or misuse of AI technologies could trigger financial and economic instability	High ST, MT	Medium <ul style="list-style-type: none"> • A shock could trigger financial instability and disrupt economic activities and payment systems; weaken confidence reducing consumer spending, trigger capital outflows and withdrawals from the financial system <p>It could also increase fiscal spending on cybersecurity.</p>	<ul style="list-style-type: none"> • Strengthen cyber-security of infrastructure and public awareness while preparing contingency plans. • Continue strengthening information security and data protection; business continuity procedures; routine off-site tests; and the payment and financial system following the 2020 FSAP recommendations. <p>Map financial and technological networks to identify critical risk concentrations.</p>

Annex V. Status of Main Recommendations from 2020 FSAP¹

Recommendations and Authority Responsible for Implementation	Time ¹	Status
Financial Sector Oversight		
Undertake scenario solvency and cashflow-based liquidity stress tests for banks and conglomerate stress tests. (CBTT, TTSEC).	NT	<p>Ongoing. The CBTT conducts liquidity stress tests for commercial banks, but not at the conglomerate level. In August 2023, the CBTT conducted a liquidity contagion stress test using the IMF Stress Tester 3.0 framework.</p> <p>In FY2025-2026 CBTT is prioritizing the development of operational risk stress testing, particularly in the area of cyber risk. Initial research and capacity building efforts are underway, including staff training. In FY 2025-26, operational risk and climate risk analysis will be the main areas of focus in their stress testing framework.</p> <p>Foreign currency (FX) liquidity stress testing is not currently a focus. The CBTT began conducting thematic liquidity and market risk examinations of the financial institutions in November 2023, but the development of scenario-based stress test is suspended due to resource constraints and also to incorporate lessons learned from the thematic reviews. The findings for all the onsite examinations were issued to the licensees. The thematic report was completed and published on the Central Bank’s website in March 2026.</p> <p>The TTSEC began conducting periodic liquidity stress test of systematically important market registrants and Fixed Net Asset Value (“Fixed NAV”) Collective Investment Schemes in 2019. Its most recent test, which was completed in August 2025 and finalized during the last quarter of 2025 included thematic climate-related stress scenarios.</p>
Strengthen the independence, governance, and resources of financial supervisors, including assigning powers to issue regulation. (MoF, CBTT, TTSEC).	NT	<p>Ongoing. The policy proposals to amend the Financial Institution Acts (FIA) 2008 were presented to the Bank’s senior management in November 2025 and the proposals were being updated for issuance for stakeholders comment in January 2026. The proposed amendments include proposals to strengthen the independence of CBTT, including conferring the CBTT with the power to specify prudential rules (for capital, liquidity, large exposures) or criteria either by rules or by guidelines as relevant.</p> <p>The CBTT has reviewed the staffing of its Financial Institutions Supervision Department (FISD) and began filling vacant positions. The approved manpower, not including FISD senior management and administrative staff is 79 (as of October 1, 2025 one vacancy exists for an examiner 1). A new Deputy Inspector Insurance/ Actuary was recruited with effect from November 1, 2024. The key gaps in the CBTT Financial Technology and Information Systems Department (FTIS) were filled to ensure capacity in cybersecurity and cybersecurity supervision. The CBTT is also planning to establish a dedicated cyber security supervision unit within the FISD and a proposal for this is under development.</p>

¹ Prepared by Carlos Chaverri (WHD). Olga Bepalova (WHD) provided contributions to this annex.

Recommendations and Authority Responsible for Implementation	Time ¹	Status
		<p>In addition, the CBTT is exploring the use of supervisory technology to improve its operational efficiency, automate key supervisory processes, and foster innovation. Risk assessment, risk monitoring, visualization, data reporting with the sup tech solution is expected to reduce processing time from days to minutes. During 2025 the CBTT considered requests for proposals from four vendors and one vendor was selected in December 2025, to conduct a pilot in early 2026. Subject to a successful pilot testing, the Central Bank will proceed to the next step of commencing the project of implementation on a phased basis.</p> <p>The TTSEC's phased implementation of cost recovery after completion of the fee structure revision is ongoing. The election of a new Government resulted in a reset of the process. Talks with the new Government over the implementation of the cost recovery continue.</p>
<p>Banks. Implement the new Basel II/III banking regulations; update supervisory guidance and conduct more in-depth analysis in key risk areas. (MoF, CBTT).</p>	NT	<p>Ongoing. The CBTT adopted a phased approach to implementing the Basel II/III.² The current Phase 2 includes: <i>Pillar 2 (Basel II)</i>—the Supervisory Review Process; <i>Pillar 3 (Basel II)</i>—Market Discipline; the Leverage Ratio (LR); the Capital Conservation Buffer (CCB); and the Liquidity Coverage Ratio (LCR).</p> <p>The <i>Pillar 2 Supervisory Review and Evaluation Process (SREP)</i> of Basel II commenced with implementation of the Internal Capital Adequacy Assessment Process (ICAAP) in January 2022 and continues. The ICAAP is applied at the group level once the parent is domiciled in Trinidad and Tobago (non-licenses subsidiaries are included in the consolidated data but are not assessed individually). Group ICAAPs require the individual assessment of risks and capital needs for licensed or regulated subsidiaries.</p> <p>The LR, the CCB, and the Capital Add-on for D-SIBs, came into effect on January 1, 2024. The LCR was implemented effective October 1, 2025 following the making of the Financial Institutions (Liquidity) Regulations 2025 in August 2025 by the Minister of Finance and the laying in Parliament of the Bill. The Central Bank also issued the LCR Guideline in August 2025.</p> <p>To strengthen the banking sector's long-term liquidity the bank plans to move ahead with the implementation of the Net Stable Funding Ratio (NSFR) by 2027. Following CARTAC training on the NSFR in 2024 the Central Bank has commenced preparatory work for the development of the NSFR and plan to issue a draft consultation paper on the NSFR in the 2025-2026 financial year.</p> <p>The draft Pillar 3 Market Disclosures Guideline was issued for industry consultation on June 17, 2025 and feedback was received by August 15, 2025. Following consultation, the Pillar 3 Guideline was amended and submitted to the Minister of Finance on December 4, 2025. The Pillar 3 will come into effect via Notice published in the Gazette by the Minister of Finance. The proposed date of implementation is April 1, 2026.</p> <p>The CBTT updated its <i>Corporate Governance Guideline</i> (March 2021) and followed with a survey of corporate governance practices in banks, providing feedback on its findings to industry in August 2022.</p>

Recommendations and Authority Responsible for Implementation	Time ¹	Status
		<p>The CBTT also issued new regulations in key risk areas: (i) Guideline for the Management of Liquidity Risk (January 2021); (ii) Credit Risk Management Guideline (November 2021); (iii) Guideline for Management of Outsourcing Risks (February 2022); (iv) Guideline for the Management of Market Risk (July 2022); (v) Cybersecurity Best Practices Guideline, including a Cybersecurity Incident Reporting template (September 2023); (vi) Guideline for Recovery Planning for Financial Institutions (October 2023); (vii) Leverage Ratio Guideline and Reporting framework (October 2023); (viii) Framework for Identification of a Domestic Systemically Important Bank and Higher Loss Absorbency Requirement (October 2023); (ix) Liquidity Coverage Ratio (LCR) Guideline (August 2025).</p>
<p>Insurers. Implement modern insurance legislation and risk-based supervision. (MoF, CBTT).</p>	I	<p>Addressed. The Insurance Act (IA) 2018 and its amendments, along with the Insurance (Approved Securities) Regulations 2020, the Insurance (Capital Adequacy) Regulations 2020, and the Insurance (Financial Condition Report) Regulations 2020, came into effect in January 2021. The reorganization of four foreign insurers to form locally incorporated entities per the IA has been completed. The restructuring of three insurance groups under a Financial Holding Company (FHC) is in progress, in collaboration with the supervisors in other jurisdictions. To operationalize the IA, the CBTT conducted assessment of capital adequacy and credit exposures and issued the Market Conduct Guideline for Registrants under the 2018 IA in July 2023, which became effective in July 2024. The on-going Thematic Review is a desk based or off-site review (gap analysis) of the registrant's compliance with the 'Guideline' based on standardized self-assessments submitted by the registrants.</p> <p>The implementation of the International Financial Reporting Standard (IFRS) 17, which became effective for reporting periods on or after January 1, 2023, is ongoing. The CBTT issued a circular letter on Integrating IFRS 17 into the Capital Framework and Financial Condition assessment, amended annual returns and reporting instructions to incorporate IFRS 17 requirement, trained its staff and provides guidance to the relevant stakeholders. The CBTT is in the process of reviewing the returns, appointed actuary reports, financial condition reports, and other information, and have been integrating these reviews into our risk-based supervisory framework. CARTAC and the Caribbean Association of Insurance Regulators continued to support the industry in implementing IFRS 17.</p> <p>Following IMF TA received in 2023, the CBTT has developed the Own Risk Solvency Assessment (ORSA) forms to survey insurance companies. The draft ORSA Guideline was circulated to stakeholders for consultation in October 2024. Feedback has since been received and reviewed by the Central Bank. Finalization of the guideline continues.</p> <p>The revised Guideline for the Approval of New or Significantly Amended Insurance Policies Under the Insurance Act, 2018 was finalized after the industry consultation and stakeholders' feedback; it was issued to the industry and became effective on April 2, 2024. A Guideline for the Management of Liquidity Risk for Insurers has been drafted and is currently under internal review.</p>

Recommendations and Authority Responsible for Implementation	Time ¹	Status
		The CBTT received two rounds of technical assistance from CARTAC in 2024 to assist with the development of this guideline, which were issued for consultation in 2025.
<p>Investment Funds. Introduce regulation for investment funds, require industry-wide compliance; and implement carefully sequenced industry-wide transition to floating funds. (MoF, TTSEC, CBTT).</p>	<p>NT</p> <p>MT</p>	<p>Ongoing. The Securities (Collective Investment Schemes) Bye-laws, 2023 (CIS By-laws) came into effect in May 2023 and included a two-year transitional period to allow existing Collective Investment Schemes (CIS) to align their operations with the new requirements. This transitional period concluded in May 2025. During the transitional period the TTSEC received feedback during its outreach sessions, as well as through other engagement channels, which identified several provisions of the CIS Bye-laws that would benefit from further clarification and, in some cases, adjustment. In recognition of these issues and to support an orderly transition, the TTSEC approved a two-year moratorium on selected provisions to facilitate a comprehensive review of the CIS Bye-laws. This review aims to identify practical challenges and consider appropriate amendments. The TTSEC intends to conduct a structured consultation exercise with stakeholders in 2026 to obtain further industry input on the issues identified and on potential regulatory adjustments.</p> <p>In FY 2025, the TTSEC circulated the draft Risk Based Capital and Liquidity Requirements Bye-Laws (RBCAL Bye-Laws) for a third round of market consultation, with the consultation period spanning approximately ten weeks, from December 6, 2024, to February 15, 2025. Fixed NAV CIS Managers would be subjected to an additional capital charge equal to the market risk of the fund Capital to be held separately. The Fixed NAV Capital charge shall be held in instruments prescribed by the TTSEC and be subjected to valuation haircuts.</p> <p>Following the consultation period, the TTSEC held preliminary discussions with key industry stakeholders. Feedback received during these engagements was carefully reviewed and incorporated into a fourth Qualitative Impact Assessment, which evaluated the potential effects of the proposed amendments on the market. The TTSEC continues to amend the proposed RBCAL Bye-Laws in anticipation of its submission to the Ministry of Finance for consideration and subsequent implementation.</p> <p>The CBTT and TTSEC continue to collaborate through a joint Steering Committee and Technical Working Group to review the FSAP recommendations on investment funds.</p> <p>A two-staged IMF TA was recently completed, with the first stage focusing on the mitigation of the risks associated with the fixed NAV CISs, while the second specific to the legislation surrounding the largest fixed NAV CIS manager. The Joint Steering Committee continues to focus on the mitigation of the risks associated with the fixed NAV CISs.</p>
<p>Credit Unions. Adopt new legislation and regulation for supervision and assign a</p>	<p>NT</p>	<p>Ongoing. The finalized Policy Proposal Document for the Development of a Co-operative Authority for the Co-Operative Sector in Trinidad and Tobago (PPD) was submitted to the Ministry of Youth Development and National Service (MYDNS, currently responsible for the supervision of the co-operative sector) in July 2024, following consultation with all relevant stakeholders.</p>

Recommendations and Authority Responsible for Implementation	Time ¹	Status
fully independent supervisor with sufficient powers and resources. (MoF).		<p>The PPD aims to create an independent authority to supervise and regulate the sector and set prudential requirements.</p> <p>The Policy Proposal Document for the Establishment of a Deposit Insurance Scheme for Shares and Deposits held in a Credit Union, which was submitted to the MYDNS in June 2023, was updated to ensure alignment of definitions and terminology with the PPD and resubmitted to the Minister in September 2024. Having finalized both policy proposal documents, and subject to the Cabinet's approval of both policy documents, the legislative drafting of the respective proposal will be the next step. The tenure of the Cabinet appointed Implementation Team came to an end in September 2024 and the CBTT's involvement in future stages is to be determined.</p> <p>A diagnostic survey for all credit unions was conducted in 2022-23, to inform the final prudential ratios to be proposed in the PPD to create an independent authority.</p>
<p>Financial Markets Infrastructure. Enact a comprehensive National Payments Law. (MoF, CBTT).</p>	MT	<p>Ongoing. The development of comprehensive Payments System Bill is underway. In May 2021, the CBTT issued a draft policy proposal for a Payments System Bill. Currently, a Payments' System and Services Bill and accompanying regulations, are being drafted, incorporating the feedback received from the stakeholders, and IMF TA advice. The feedback was posted on the website for the public.</p> <p>The Draft PSS Bill and 3 Regulations (Regs) were completed in June 2024 and is expected to go to consultation in January 2025. The Regulations drafted were specific to E-money, Safeguarding of Customers funds and Licensing Supervision and Oversight. Additional regulations will be drafted after the passing of the PSS Bill and Regs.</p> <p>The CBTT Payments and Financial Markets (PFMI) department of the Central Bank, is responsible for the regulation and supervision of Fintech's that register as E-money issuers (EMI) to offer digital wallets. Eligible entities are registered as Payment service providers (PSPs) and granted a license under the EMI Issuer Order 2022, as amended, to conduct peer-to-peer (P2P) transactions or peer-to-merchant (P2M) or government transactions via wallet.</p> <p>The licensing process was streamlined, and amendments were made to the Licensing Application Form, to facilitate more efficient information collection and a simplified process for potential Fintech applicants.</p> <p>Further, enhancements to the supervisory framework for Payment Service Providers (PSPs) and E-Money Issuers (EMIs)—such as the implementation of a risk-based supervision framework—are in ongoing and are expected to be completed by June 2026.</p> <p>The domestic cheque clearing system was transitioned to a fully electronic system in February 2023. Infolink Services Limited (ISL) as operator, spearheaded the implementation project. CBTT, as a participant in the system has adopted Aperta's Active Check solution which integrates with ISL's core system, to manage the cheque clearing process on behalf of its customers.</p>

Recommendations and Authority Responsible for Implementation	Time ¹	Status
<p>Financial Conglomerates. Implement consolidated risk assessment methodology for financial conglomerates with cross-sector views of all material entities. (CBTT, TTSEC).</p>	NT	<p>Ongoing. The ongoing restructuring of insurance-led financial conglomerates under FHCs will facilitate consolidated supervision.</p> <p>A detailed consolidated supervision framework for bank-led financial groups was updated in March 2026. The framework updated guidance on consolidated supervision and financial groups including insurers and mixed financial groups, and introduced an updated risk assessment framework. The framework will be adapted for insurance-led groups. The development of consolidated capital adequacy requirements for insurers will be addressed separately in the medium term. The CBTT and TTSEC commenced sharing information on dually regulated entities, while sharing of information on other members of a financial group is also planned.</p> <p>A technical working group (TWG), comprising representatives from the region's banking, securities, and insurance regulators is working to develop guidance for regional regulators on assessing <i>inter alia</i> capital adequacy, liquidity, and intra-group exposures within a financial conglomerate. The TWG is seeking also to strengthen supervisory collaboration and cooperation by strengthening memorandums of understanding among the supervisory authorities. IMF TA supported consolidated risk-based supervision of financial conglomerates in October 2020. The work of the regional TWG remains ongoing. Draft guidance papers on assessment of liquidity risk for Financial Conglomerates and a Framework for Consolidated Supervision of Intragroup Exposures and Transactions were prepared in 2024 with limited feedback received from members for the TWG in 2025.</p> <p>Work on the proposal for revision to the Regional MMOU for the sharing of information on financial conglomerates and assessment of consolidated capital did not progress as planned in 2025. The TWG will reconvene in 2026 with a view to setting new timelines for completion.</p>
<p>Systemically Important Financial Institutions (SIFIs). Revise deemed SIFI list, using best practice methodology, assign commensurate supervisory powers, and implement buffers. (MoF, CBTT).</p>	NT	<p>Ongoing. The MOF approved the merger of two deemed SIFIs and the process is in its final stage. The CBTT has reviewed the deemed SIFIs to determine which of those institutions should remain classified as SIFIs and has developed draft proposals for the future treatment.</p> <p>Additionally, based on the application of the criteria in the CBTT's Framework for Identification of a Systemically Important Bank (D-SIB Framework): two banks were determined to be D-SIBs and the CBTT enacted the D-SIB capital add-on from January 1, 2024.</p> <p>The CBTT is considering amendments to the FIA and the Central Bank Act to provide it with explicit power to specify SIFI criteria, designate a SIFI, and stipulate their reporting framework or other regulatory requirements.</p>
<p>Market Integrity. Continue to strengthen the AML/CFT framework and address remaining FATF recommendations. (Authorities).</p>	I	<p>Ongoing. To address the 4th Round MER deficiency for FATF recommendation 35 (deficiency in the administrative sanction regime), legislation establishing the regulatory framework for administrative monetary fines for AML breaches was enacted in December 2021.</p> <p>A simplified due diligence guideline was issued in September 2021 to all commercial banks. The NAMLC has completed the 2nd National Risk Assessment (NRA), supported with TA from the World Bank.</p>

Recommendations and Authority Responsible for Implementation	Time ¹	Status
		<p>Trinidad and Tobago published its second National Risk Assessment (NRA) covering 2016-2020 in June 2025, and its third NRA for 2021-2024 in December 2025, reinforcing a whole-of-government and public-private sector approach to combating financial crime. The 3rd NRA was published on the Attorney General's website and the websites of the regulators.</p> <p>The country received TA from the EU—on beneficial ownership, regulation of non-profit organizations, and the gaming sector; and from the UK's King's College—to conduct a standalone assessment of the proliferation financing risk. Assessments of VAs/VASPs and proliferation financing are completed and the reports are being finalized for Cabinet's approval. The assessment of Legal Persons was included in the 3rd NRA report. NAMLC has deprioritized the assessment of the money lenders sector to focus on immediate NRA/MEV deliverables.</p> <p>The CBTT has completed revisions to its internal AML/CFT/CPF Policy, aiming, inter alia, to strengthen the source of funds requirements, improve the internal reporting form, and enhance guidance on due diligence measures.</p> <p>The authorities are actively addressing the AML/CFT/CPF issues, ahead of the 5th round of the CFATF mutual evaluation, which commenced in March 2025, with the on-site assessment scheduled for March 2026. The country met the first MEV milestone on August 15, 2025 with the submission of information for the Technical Compliance Questionnaire (TCQ) and the country's Risk and Context information. On September 2, 2025, Trinidad and Tobago made a presentation to the CFATF assessors on the country's risk and context which together with independently sourced information, will be used for the MEV risk scoping exercise to focus the assessment on areas deemed to be higher risk. Feedback on the 1st draft technical compliance annex was provided to the assessors in November and the 2nd draft TCA is expected in December. The country's Immediate Outcome submission was submitted on November 24, 2025 to the assessors.</p> <p>Assessments of the money lenders sector, virtual assets (VA)/virtual assets service providers (VASPs) and legal persons are underway. Additionally, the Joint Fintech Steering Committee (JFSC), comprising the Regulatory Authorities (CBTT, TTSEC, and FIUTT) completed a Policy Proposal Document (PPD) for the treatment of VAs/ VASPs, and their related services ("VA/VASP PPD") in Trinidad and Tobago. In September 2025, legislation was laid in Parliament which as subsequently amended in November 2025, implementing a time-bound prohibition on VASP activities and introducing a Regulatory Sandbox framework during the prohibition period, allowing limited, supervised VASP activity by the TTSEC, which will assist with the development of a more comprehensive regulatory framework.</p> <p>The legislation was passed in November 2025 and at the time of this report, was awaiting proclamation.</p> <p>In September 2024, the authorities passed omnibus legislation, which addresses the technical issues related to the country's placement on the EU's List of non-co-operative tax jurisdictions, and would assist in the preparation for the 2026 CFATF mutual evaluation.</p>

Recommendations and Authority Responsible for Implementation	Time ¹	Status
		<p>The legislative reform also included amendments to the definition of beneficial ownership which are consistent with the FATF definition.</p> <p>Following the legislative reform to improve tax transparency and beneficial ownership reporting, the country secured a “largely compliant” rating in the Global Forum’s Second Peer Review.</p> <p>Additional legislation was passed in September 2025: The Miscellaneous Provisions (FATF Compliance) Act makes amendments to several pieces of legislation to strengthen the AML/CFT/CPF regime, including inter alia, regulations establishing administrative monetary penalties for breaches of AML/CFT/CPF requirements and harmonizing the regulations with the FATF’s expectation for the conduct of independent testing/audits of compliance programmes on a risk basis by financial institutions. The Counter-Proliferation Financing Act inter alia, requires financial institutions to establish compliance programmes to manage PF risks and introduces penalties for breaches of these obligations. Furthermore, it empowers supervisory authorities with extensive oversight functions, including monitoring, conducting inspections, and enforcing compliance, as well as granting them the authority to impose administrative fines and sanctions.</p> <p>In preparation for the Global Forum’s Second Round Peer Review on Transparency and Exchange of Information on Request (EOIR) for Trinidad and Tobago, which commenced in June 2024, the FSD commenced targeted thematic on-site examinations of selected commercial banks to assess inter alia Customer Due Diligence processes, particularly in respect of identifying and verifying the identity of beneficial owners of legal persons and legal arrangements who are customers of the banks.</p> <p>Additionally, in January 2025, the CBTT has drafted a Guideline on the Implementation of Declared Tax Agreements to assist reporting financial institutions with implementing compliance programs to meet tax reporting and record-keeping obligations for the automatic exchange of information (“AEOI”). The guideline is being finalized following consultation to submit to the Ministry of Finance for approval to be laid in Parliament. The AEOI requirements are expected to be implemented in 2025.</p> <p>The Miscellaneous Provisions (FATF Compliance) Bill, 2024, passed in the Parliament in November 2024, sets out the procedure for the Supervisors to issue administrative fines to supervised entities that fail to comply with their AML/CFT/CPF legislative obligations.</p> <p>The CBTT is currently reviewing the status updates from financial institutions on remedial actions taken to address the findings of the targeted financial sanctions thematic review, conducted in September 2023.</p> <p>The publication of the TFS thematic report was delayed in 2025. A follow-up review was scheduled for 2026.</p> <p>In 2025, with technical assistance from the European Union Global AML Facility, and utilizing the World Bank methodology, the Central Bank of Trinidad and Tobago, the TTSEC, the Financial Intelligence Unit of Trinidad and Tobago, in collaboration with the Trinidad and Tobago Police Service, and consultation with the private sector, conducted a Risk Assessment to</p>

Recommendations and Authority Responsible for Implementation	Time ¹	Status
		<p>understand the ML/TF/PF risks posed by these products and services. VAs/VASPs were considered to pose a “High” ML/TF risk to Trinidad and Tobago.</p> <p>The regulatory approach taken was therefore to provide a framework for protection of the financial system and investing public in the short term, to give regulators sufficient time to develop more comprehensive regulation. A VA/VASP Bill was debated in Parliament and the Senate in November, 2025 and is expected to be in force upon assent. When the Act comes into force, a Regulatory Sandbox, to be administered by the TTSEC, will be established for VASPs operating prior to commencement of the VA/VASP Act, may be authorized to conduct certain virtual asset activities under conditions to be set out by the TTSEC.</p>
<p>System wide oversight and macroprudential policy. Strengthen financial sector data, assign macroprudential powers to CBTT and implement prudential policies that encourage banks to limit sovereign exposures. (Authorities).</p>	NT	<p>No progress. While internal preparatory work to adopt a macroprudential framework has been substantially completed in line with a 2015 TA mission, a timetable for its operationalization has not been established as amendments to the Central Bank Act would be required to designate CBTT as the macroprudential authority. No amendments to the legislation to provide the CBTT with explicit macroprudential authority and tools have been proposed to date. Currently, only macroprudential surveillance activities are undertaken by the CBTT.</p> <p>The TTSEC has maintained prudential oversight over its market registrants via its Micro and Macro Prudential Reporting Framework (“MMRF”). This involves the quarterly submission of financial data such as Balance Sheet, Profit & Loss Statement, Portfolio Breakdown (for CIS, Repo Dealer and Broker Dealers).</p> <p>The TTSEC conducted its first enhanced its Risk-Based Supervisory (RBS) exercise in 2023. Utilizing this framework, each registrant is assessed for the potential impact it poses to the achievement of the TTSEC’s objectives in the event the firm fails or experiences significant problems. The likelihood that the registrant may fail is determined by analyzing the risks inherent in its significant activities and the effectiveness of its controls. The combination of a registrant’s impact and risk ratings will determine its priority for and the type of supervision.</p>
<p>Financial Safety Net. Amend legislation to align resolution regime with best international practice, establish a resolution unit at CBTT, and initiate resolution planning. Strengthen emergency lending assistance, deposit insurance, and resolution funding. (MoF, CBTT, DIC).</p>	NT	<p>Ongoing. The CBTT approached item (I) along multiple fronts.</p> <p>The CBTT and the Deposit Insurance Corporation (DIC) drafted plans to ensure operationalization of the 2021 Framework for the Recovery and Resolution of Financial Institutions. The CBTT is the lead Resolution Authority.</p> <p>The CBTT’s Crisis Management Committee conducted a gap analysis in accordance with international best practice. Based on this a Policy Proposal Document (PPD) was drafted with the intention of enhancing CBTT as the lead resolution authority to effectively manage a crisis. Consideration was given consideration to the Financial Stability Board’s Key Attributes of Effective Resolution Regimes for Financial Institutions and the IMF Technical Note on Bank Resolution and Crisis Management. The PPD also identifies the required legislative amendments to the Central Bank Act, Financial Institutions Act, and the Insurance Act to effectively implement.</p>

Recommendations and Authority Responsible for Implementation	Time ¹	Status
		<p>In May 2022, the CBTT published its Supervisory Ladder of Intervention Policy, which sets the approach to intervention when there are concerns about a regulated institution's financial performance, governance, risk management, compliance, or internal controls.</p> <p>In October 2023, the CBTT issued the Guideline for Recovery Planning for Financial Institutions. The CBTT is currently reviewing the recovery plans submitted by all financial institutions and insurance companies in 2024.</p> <p>When completed, the review of the recovery plans will inform the development of Resolutions Plans for financial institutions. In November 2025, the CBTT met with the World Bank to discuss technical assistance in the form of training for CBTT staff on the conduct of resolvability assessments and development of resolution plans. In addition, the CBTT is considering the establishment of dedicated Resolution Unit to progress the development of these plans.</p> <p>The Financial Stability Committee comprising senior representatives of the CBTT, the Deposit Insurance Corporation and the TTSEC meets on a quarterly basis. Each entity has been focusing on capacity building of their technical staff as it related to crisis management.</p> <p>To strengthen the emergency lending assistance, deposit insurance, and resolution funding, the CBTT communicated in a letter to the DIC its agreement, in principle, to provide short-term collateralized liquidity funding in accordance with the requirements of the Central Bank Act, should this become necessary. In addition, a PPD for the establishment of a Deposit Insurance Scheme for Deposits and Shares Held in a Credit Union is undergoing public consultations.</p> <p>Effective October 1, 2024, deposit insurance for banks and nonbank financial institutions was increased to \$200,000 from \$125,000 via the Central Bank (Deposit Insurance) Order, 2024.</p>
Financial Development and Climate Risk		
Develop a financial sector development policy strategy covering Development Finance Institutions (DFI) mandates and state-owned commercial banks. (MoF).	MT	No progress.

Recommendations and Authority Responsible for Implementation	Time ¹	Status
<p>Undertake a comprehensive environmental risk assessment of the financial sector and develop a green finance strategy. (MoF).</p>	<p>MT</p>	<p>Ongoing. The CBTT requires banks to consider climate related risk in the preparation of their Pillar 2 Internal Capital Adequacy Assessment Process (ICAAP) submission. The CBTT and SECTT develop the climate risk stress test, to assess its potential impact on banks, insurance, and securities markets. The CBTT identified data needs for the assessment of climate-related risks and is taking steps to improve data collection related to climate change. Some of the data metrics to be amended on a medium term basis include: amending/redesigning regulatory returns to capture exposures to climate-sensitive sectors, including cross border exposures; segregating bank loan and insurance portfolios by geographic location to measure exposure to adverse climatic events; introduce climate disclosure requirements through leveraging regional supervisory cooperation mechanisms.</p> <p>On a short term basis, the Central Bank plans to engage with third party providers to facilitate access to Geographic Information Systems and climate variables and forecasts that can be used as inputs in developing climate scenarios, climate models, and calibrating climate stress tests.</p> <p>The CBTT issued a Climate Risk Survey in 2025 to regulated financial institutions to determine if and how these institutions are incorporating physical and transition risk considerations into their operations. Analysis of the results of the survey is underway with a view to assist in developing climate scenarios/stress tests and to inform the development of a Guideline for the Management of Climate Risk by the regulated financial entities.</p>
<p>1/ "I", "NT", and "MT" stand for "Immediate" (within one year), "near-term" (1–3 years), and "medium-term" (3–5 years). MoF: Ministry of Finance; CBTT: Central Bank of Trinidad and Tobago; TTSEC: Trinidad and Tobago Securities and Exchange Commission; DIC: Deposit Insurance Corporation; DFI: Development Finance Institution.</p> <p>2/ Phase 1 included adoption of Pillar 1 (Basel II) minimum capital requirements for credit, market, and operational risk. It came into effect with the promulgation of the Financial Institutions (Capital Adequacy) Regulations in May 2020.</p>		

Annex VI. Macro-Financial Linkages (Balance Sheet Approach)¹

This annex examines Trinidad and Tobago's macro-financial and sectoral interlinkages over the period 2015-24. By focusing on stocks, rather than flows, the analysis allows to identify exposures and potential transmission channels through which shocks could affect the economy.² While there are key data gaps,³ the analysis reveals improving nonfinancial corporate balance sheets, strong net financial positions of households, and potential vulnerabilities related to the sovereign-financial nexus and nonfinancial corporate (NFC) external debt exposures. The framework is useful to identify vulnerabilities from high debt, currency and maturity mismatches, rollover, and interest rate risk.

A. Key Findings

1. Over the last decade, Trinidad and Tobago's degree of financial interconnectedness has increased, with balance sheet exposures rising from about TT\$800 billion (270 percent of GDP) to over TT\$900 billion (280 percent of GDP). This increased interconnectedness has been driven by larger household savings built up during the pandemic and improved net positions of NFCs, intermediated by the financial sector, which has channeled the resources to the central government, domestic NFCs, and the rest of the world (Figure 1). The analysis shows that over the period 2015-24, the net saving sectors of the economy increased their exposure with the central government, and the rest of the world, and saw a mild reduction in its exposure to domestic NFCs.

2. The country's net foreign currency position is negligible, indicating that foreign currency (FX) assets are well matched with FX liabilities.⁴ However, balance sheet exposures in FX remain significant at about 230 percent of GDP, unchanged since 2019. While currency mismatches are minimal for the overall economy, there is heterogeneity amongst sectors. The positive position is supported by FX investments of OFC and reserves at the CBTT. The CG and NFCs

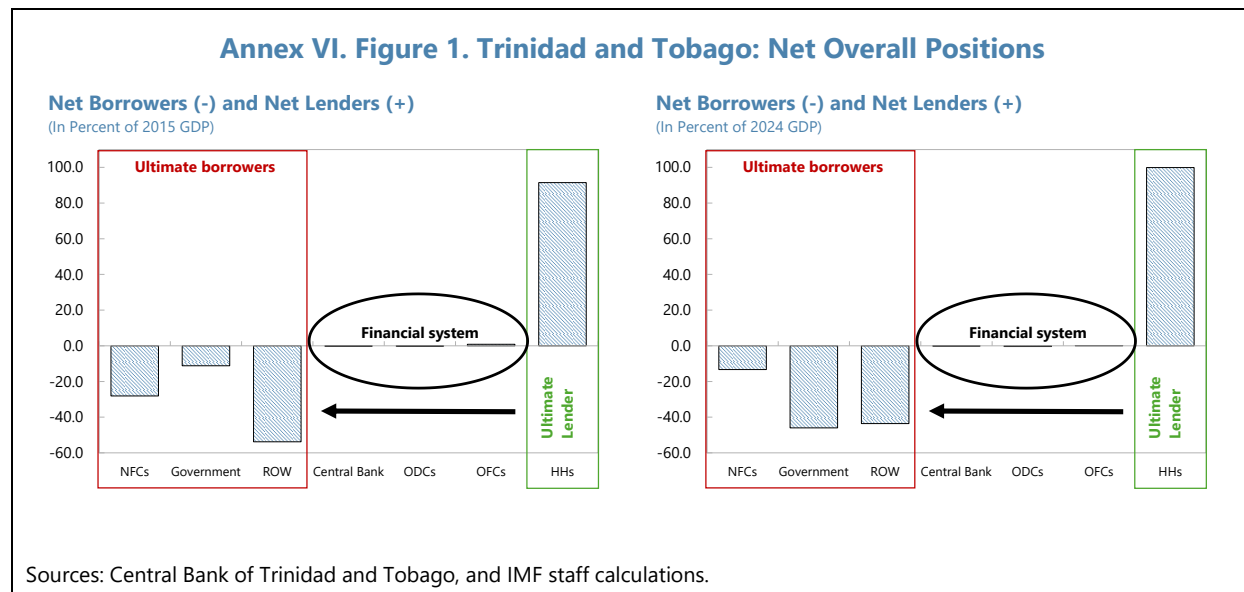
¹ Prepared by Justin Matz.

²The balance sheet analysis (BSA) is stock-based, closely related to the traditional flow-of-funds matrix. It classifies the economy into sectors based on their objectives, functions, and behavior. It covers the central government, central bank, other depository corporations (ODCs), other financial corporations (OFCs), nonfinancial corporations (NFCs), and households (see IMF, 2015). This note is based on balance sheet data compiled by the Central Bank of Trinidad and Tobago (CBTT), covering end-of-year stocks for the years 2015, 2019, and 2024. ODCs comprise commercial banks and licensed non-bank financial institutions (finance companies, merchant banks, and trust and mortgage finance companies). Data exclude money market income funds. OFCs comprise insurance corporations, pension funds, the Heritage Stabilization Fund, Trinidad and Tobago Mortgage Finance Company, and the Agricultural Development Bank. Data exclude the Unit Trust Corporation, Home Mortgage Bank, and other financial intermediaries and financial auxiliaries.

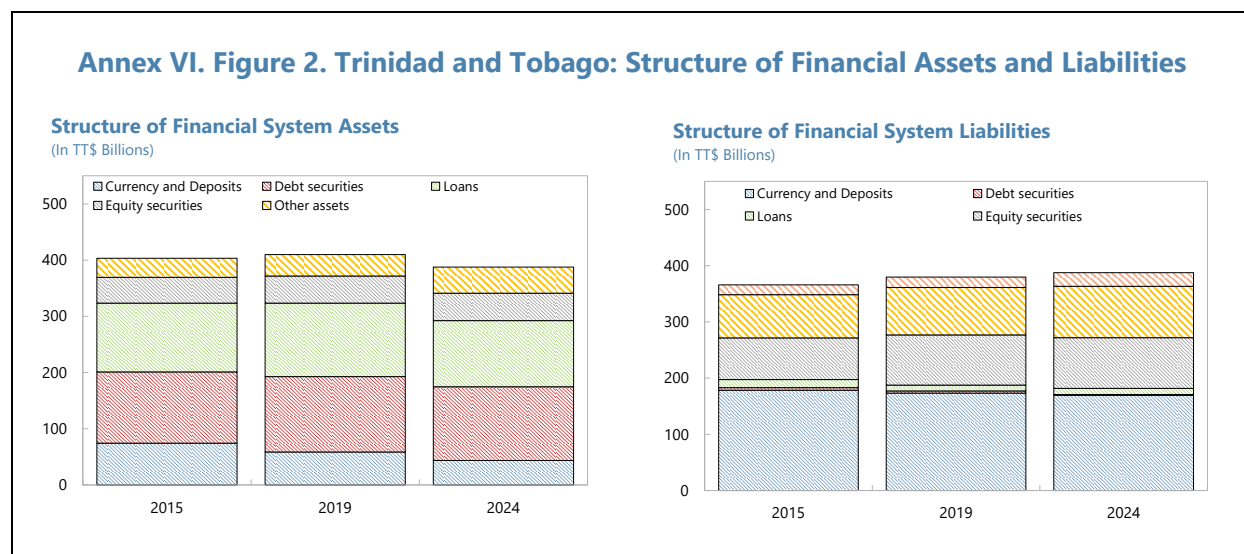
³ Important gaps include the absence of a public sector balance sheet, nonfinancial corporate balance sheet data, and missing information for credit unions and collective investment schemes including the Unit Trust Corporation. Amongst the collective investment schemes money market funds, which issue liabilities that serve as deposit substitutes are properly attributed to the ODCs sector.

⁴ Changes to outstanding amounts of FX exposures reflect both financial transactions and valuation effects due to exchange rate movements.

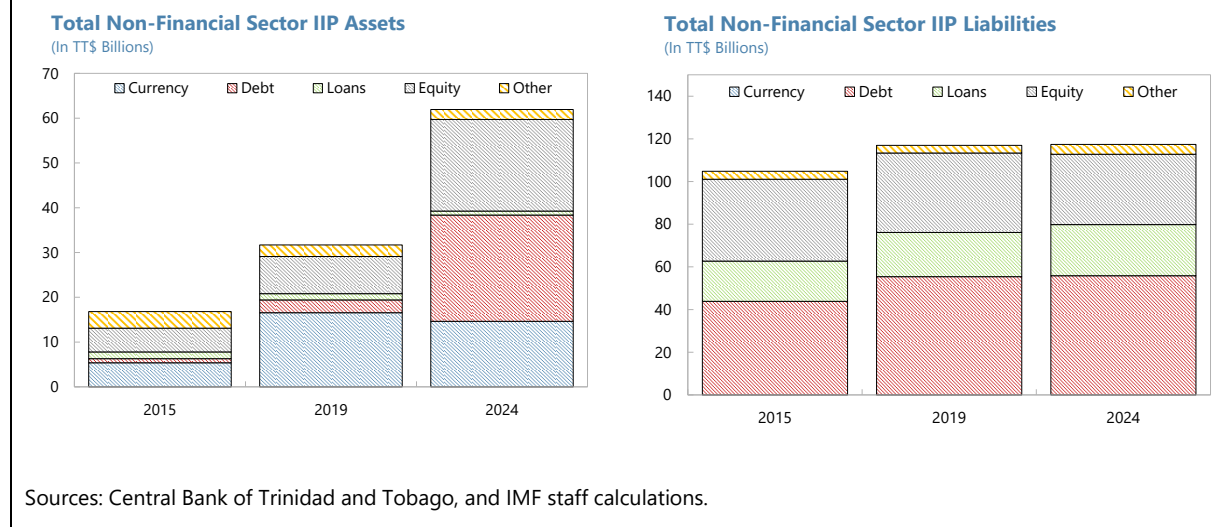
have net negative foreign currency positions, primarily due to FDI and FX related borrowing. While mitigated by energy sector related FX inflows and the country’s market access, these exposures underscore the importance of maintaining adequate reserve levels and prudent external debt management.



3. The financial system, particularly other depository corporations (ODCs), faces a typical maturity mismatch (Figure 2). The banking sector typically holds long-term assets against short-term liabilities. Trinidad and Tobago’s capital market size permits banks with investment opportunities to transform the maturity structure, reducing associated liquidity and interest rate risks. In contrast, the OFCs experience less mismatch, as they are primarily funded by household assets in insurance and pension products, which align with longer-term government debt holdings.



Annex VI. Figure 2. Trinidad and Tobago: Structure of Financial Assets and Liabilities
(concluded)

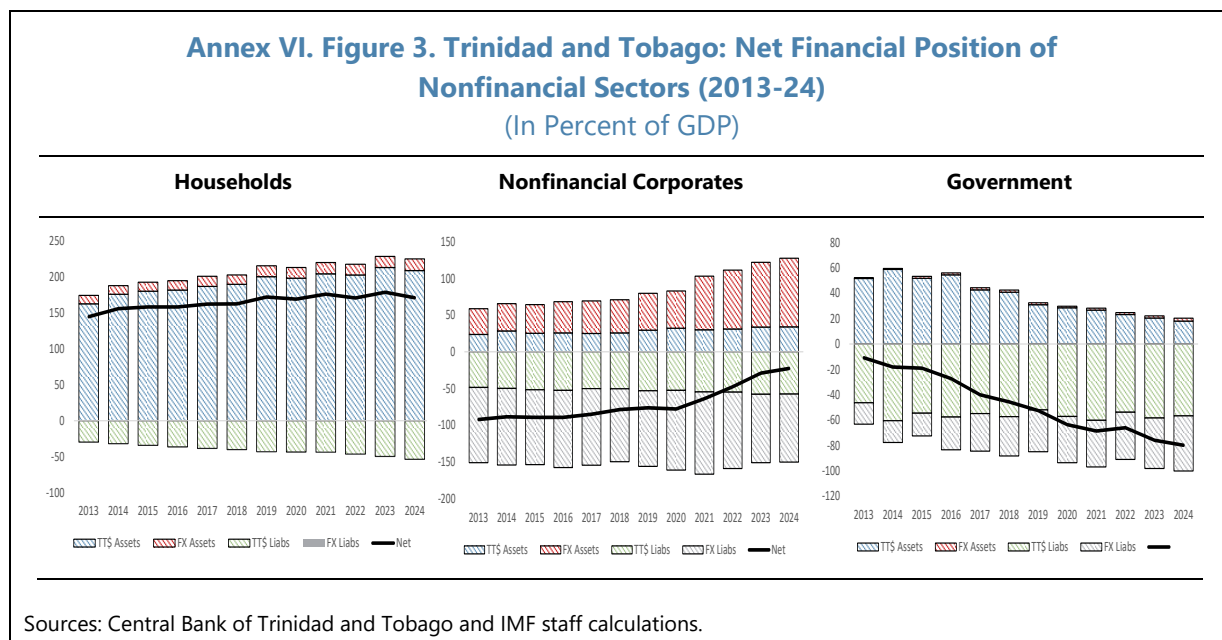


4. Although the country’s NFCs rely less on foreign direct investment (FDI), they do not seem to face significant currency risk or capital flight. NFC foreign financing is primarily FDI and long-term loans, and debt securities. While they face the risk of capital flight, primarily in the form of investment in debt securities, the overall structure of TTO’s overseas exposures has evolved (Figure 2). The nonfinancial sector (government, NFCs, and households) has increased its overseas asset holdings—first in currency and deposits (2015 to 2019) and subsequently in debt and equity securities (2019 to 2024). These liquid assets provide a buffer against potential capital outflows. The net position of NFCs has also improved since the pandemic (Figure 3).

5. A notable strength in the economy is the overall robust net financial position of households (Figure 3), though there are likely pockets of vulnerability. The net financial position of households exceeds 100 percent of GDP. These assets are largely in the form of longer-term pension and life insurance products, which imply that households could face liquidity pressures on their ability to repay short-term debt during a crisis. Shorter-term debts in the form of consumer loans and residential mortgages have recently risen, leading to higher leverage and potential repayment challenges. Risks could be pronounced if recent credit growth was channeled to more high-risk borrowers who would be more susceptible to financial shocks or less able to access their long-term savings. This highlights the need for further development of macroprudential tools that focus on debt-service-to-income.

6. The central government’s net financial position continues to deteriorate. The government has drawn down its foreign currency assets and increased its borrowing over the last decade reflecting accumulated deficits. This underscores the need for prudential asset and liability management. Increased reliance on domestic borrowing in recent years has created a pronounced

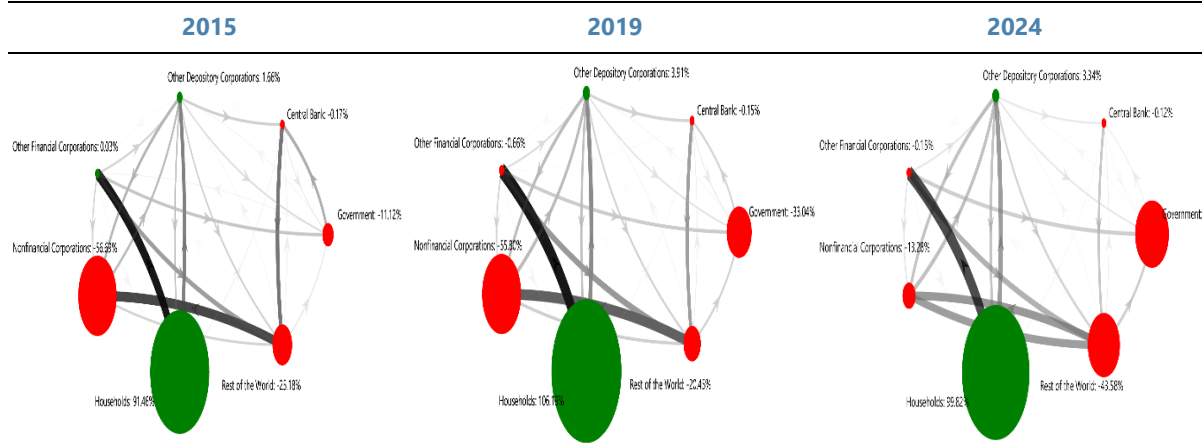
sovereign-financial nexus—particularly between the government and institutional investors—and increased banking sector exposure to liquidity and interest rate risks. Large maturities in the coming year pose roll-over risk, while the smaller size of FX denominated debt and the stable exchange rate arrangement reduce exchange rate risks. Regular debt sustainability analysis and careful monitoring of external exposures are essential to safeguard fiscal sustainability. Outside of direct balance sheet exposures, explicit government guarantees or implicit expectation of state support during a crisis can raise sovereign risks. This emphasizes the importance of sound capital and liquidity controls, concentration limits, and fiscal governance strategies⁵.



7. A network representation of the financial accounts illustrates gross (arrows) and net (nodes) balance sheet exposures and their evolution (Figure 4). Household savings in deposits and pension assets have risen. NFCs improved their net negative position by increasing holdings of FX assets abroad. The central government’s position deteriorated in response to economic shocks, with its net liabilities rising from 11 percent to 46 percent of GDP. Despite external debt issuance and declining CBTT reserves, TTO’s net claims on the rest of the world rose from 25 percent to 43 percent of GDP due to increased investments overseas and increasing buffers in the HSF. TTO remains a net creditor nation. Risks associated with external debt are mitigated by the HSF balance and a significant portion of government revenues denominated in US\$.

⁵ See Thomas, N., & Duke, K. (2022). *Domestic banking industry network analysis: The sovereign-bank nexus* (Working Paper No. 02/2022). Central Bank of Trinidad and Tobago. <https://www.central-bank.org.tt/wp-content/uploads/pdf/wps-02-2022-domestic-banking-industry-network-analysis-sovereign-bank-nexus-20221007.pdf>

Annex VI. Figure 4. Trinidad and Tobago: Network of Balance Sheet Exposures 1/



Sources: CBTT and IMF staff calculations.

1/Red nodes represent net borrowers and green nodes represent net lenders. The diameter of the nodes and thickness of the arrows show the relative size of imbalances and exposures, respectively.

B. Conclusion

8. Potential macro-financial risks from cross-sectoral exposures necessitate close surveillance. While the financial system remains sound, the BSA reveals vulnerabilities linked to the increasing sovereign-financial nexus and non-financial corporate exposures.

- **Sovereign-financial nexus:** As government financing needs have risen, the domestic financial system has become a major holder of government debt. Caution is essential to avoid crowding out effects and to safeguard bank liquidity amid significant fiscal debt issuance. A macroprudential framework comprising the appropriate tools to enhance risk-based supervision, including specialized buffers that incorporate sovereign exposure risk could strengthen oversight and limit risks.
- **Financial system risks:** Like any financial system, TTO's financial corporations are susceptible to interest rate and liquidity shocks. Banks also encounter maturity risks in event of problems in capital markets. A prolonged economic slowdown could challenge the financial system's stability by impairing the NFC's ability to meet their obligations. Continuous monitoring of asset quality across the financial system is vital.
- **Corporate vulnerabilities and data gaps:** With substantial leverage, corporates may face interest rate and liquidity risks, though these currently seem contained. However, the absence of comprehensive data raises concerns about potential hidden risks. Concentration risks are likely; issues in the energy sector could spill over to the balance sheet of other sectors.

Annex VII. Data Issues¹

Annex VII. Table 1. Trinidad and Tobago: Data Adequacy Assessment Rating 1/

B							
Questionnaire Results 2/							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	B	B	B	B	A	B	B
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	B	B	B	A	B		
Granularity 3/	B		A	B	A		
			B		A		
Consistency			B	B		B	
Frequency and Timeliness	C	A	A	B	A		

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.

1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice and takes into consideration country-specific characteristics.

2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance*, January 2024, Appendix I).

3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

Rationale for staff assessment. The data provided to the Fund have some shortcomings but are broadly adequate for surveillance. Surveillance is challenged by significant time lags in the dissemination and frequent revisions of traditional economic activity statistics. In contrast, the granularity and timeliness of fiscal and monetary data contribute positively to the quality of staff analyses. Surveillance is hampered by: i) the coverage and timeliness of the National Accounts statistics, which often are disseminated after prolonged delays since the last Article IV resulting in a downward revision for frequency and timeliness; ii) the inconsistency between quarterly and annual National Accounts, and iii) the coverage of fiscal and debt data, which should be broadened to fully cover the general government sector. The authorities expressed their commitment to enhancing data provision through the eventual establishment of an independent National Statistical Institute (NSI), intended to replace the Central Statistical Office (CSO). Progress has been delayed, as the enabling legislation needs to be presented before Cabinet.

¹ Prepared by Justin Matz

Annex VII. Table 1. Trinidad and Tobago: Data Adequacy Assessment Rating (concluded)

Changes since the last Article IV consultation. The CSO's historical GDP revisions have limited comparability with previous IMF staff reports and altered key surveillance ratios, such as the current account balance and debt sustainability indicators. However, the CSO indicates that future historical revisions to national accounts will only occur alongside GDP base revisions. The CSO completed the Household Budget Survey and Survey of Living Conditions, with releases expected in late 2026. The Population and Housing Census has been postponed until at least 2027. Technical assistance (TA) from CARTAC supports the GDP rebasing and the development of Supply and Use Tables. Recent TA was received for rebasing the Producer Price Index. The authorities made significant progress towards resolving the issue of large errors and omissions in the BOP, enhancing external sector assessment accuracy. The monetary statistics compilation framework has been updated and Financial Soundness Indicators are now reported in line with the 2019 FSI Guide. The authorities provided more granular debt statistics, and improved the timeliness of data published on the National Summary Data Page (NSDP) and released a new Data Centre on the Central Bank website. Greenhouse gas emissions data disaggregated by sector were published in the First Biennial Transparency Report to the United Nations Framework Convention on Climate Change.

Corrective actions and capacity development priorities. The authorities are encouraged to further enhance data quality and transparency by: (i) releasing additional historical data for quarterly GDP from 2000 onwards and annual real GDP series from 1981 onwards; (ii) providing expenditure-based GDP and Supply and Use Tables; (iii) updating the weights of the Consumer Price Index and Producer Price Index; (iv) revising the International Merchandise Trade Statistics Tables and; (v) including background notes with historical GDP revisions. Additional efforts should focus on developing a new Labor Force Survey with the IDB and establishing a Tourism Satellite Account. Plans to improve the timeliness of quarterly GDP releases and return to a two-quarter lag schedule are welcomed. Fiscal data compilation should be updated in accordance with the 2014 Government Finance Statistics Manual, expanding coverage to include SOEs and other public bodies. The Fund remains ready to support the authorities in their ongoing efforts to improve data quality and reporting.

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Staff does not use any data and/or estimates in the staff report in lieu of official statistics.

Other data gaps. Nonfinancial corporate balance sheet data would help to assess intersectoral linkages. The collection of data on greenhouse gas emissions intensities of key industries would enhance staff's analyses.

Annex VII. Table 2. Trinidad and Tobago: Data Standards Initiatives

Trinidad and Tobago participates in the Enhanced General Data Dissemination System (e-GDDS) and publishes the data on its National Summary Data Page since October 2021.

Annex VII. Table 3. Trinidad and Tobago: Table of Common Indicators Required for Surveillance

As of April 23, 2026

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data ⁷	Frequency of Reporting ⁷	Expected Frequency ^{7,8}	Committed Frequency ⁹	Expected Timeliness ^{7,8}	Committed Timeliness ⁹
Exchange Rates	2026-04-22	2026-04-23	D	D	D	M	...	1M
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	2026-03	2026-04	M	M	M	M	1W	15D
Reserve/Base Money	2026-02	2026-04	M	M	M	...	2W	...
Broad Money	2026-02	2026-04	M	M	M	M	1M	2M
Central Bank Balance Sheet	2026-02	2026-04	M	M	M	...	2W	...
Consolidated Balance Sheet of the Banking System	2026-02	2026-04	M	M	M	M	1M	2M
Banks' Financial Soundness Indicators	2025-12	2026-02	Q	Q	Q	...	1Q	2M
Residential Real Estate Prices			NA	NA	Q	...	1Q	...
Total assets of other depository corporations ²	2026-02	2026-04	M	M	M	M	1M	2M
Total credit from other depository corporations ²	2026-02	2026-04	M	M	M	M	1M	2M
Sectoral Breakdown of Credit from Other Depository Corporations ²	2026-02	2026-04	M	M	M	M	1M	2M
Domestic vs. Foreign Currency Breakdown of Other Depository Corporations' Assets and Credit, Total and by Sector ²	2026-02	2026-04	M	M	M	M	1M	2M
Interest Rates ³	2026-04-22	2026-04-23	D	D	D	M	...	2M
Consumer Price Index	2026-03	2026-04	M	M	M	M	1M	2M
Revenue, Expenditure, Balance and Composition of Financing ⁴ -General Government ⁵	2025-09	2026-03	A	A	A	...	2Q	...
Revenue, Expenditure, Balance and Composition of Financing ⁴ -Central Government	2026-01	2026-04	M	M	M	M	1M	2M
Stocks of Central Government and Central Government-Guaranteed Debt ⁶	2026-02	2026-04	M	M	Q	Q	1Q	2Q
Total stock of General Government Debt ^{5,6}	2025-12	2026-03	Q	Q	Q	...	4M	...
External Current Account Balance	2025-09	2026-02	Q	Q	Q	Q	1Q	2Q
Exports and Imports of Goods and Services	2025-09	2026-02	Q	Q	M	M	8W	5M
GDP/GNP	2025-09	2026-03	Q	Q	Q	Q	1Q	6M
Gross External Debt	2025-09	2026-02	Q	Q	Q	Q	1Q	2Q
International Investment Position	2025-09	2026-02	Q	Q	Q	Q	1Q	2Q

¹ Includes net market value of derivative positions.

² Other depository corporations include all deposit-taking corporations (except for the central bank) and money market funds.

³ Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

⁴ Foreign, domestic bank, and domestic non-bank financing.

⁵ The general government consists of the central government (budgetary funds, extra-budgetary funds, and social security funds) and state and local governments.

⁶ Including currency and maturity composition.

⁷ Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual; ("SA") semi-annual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

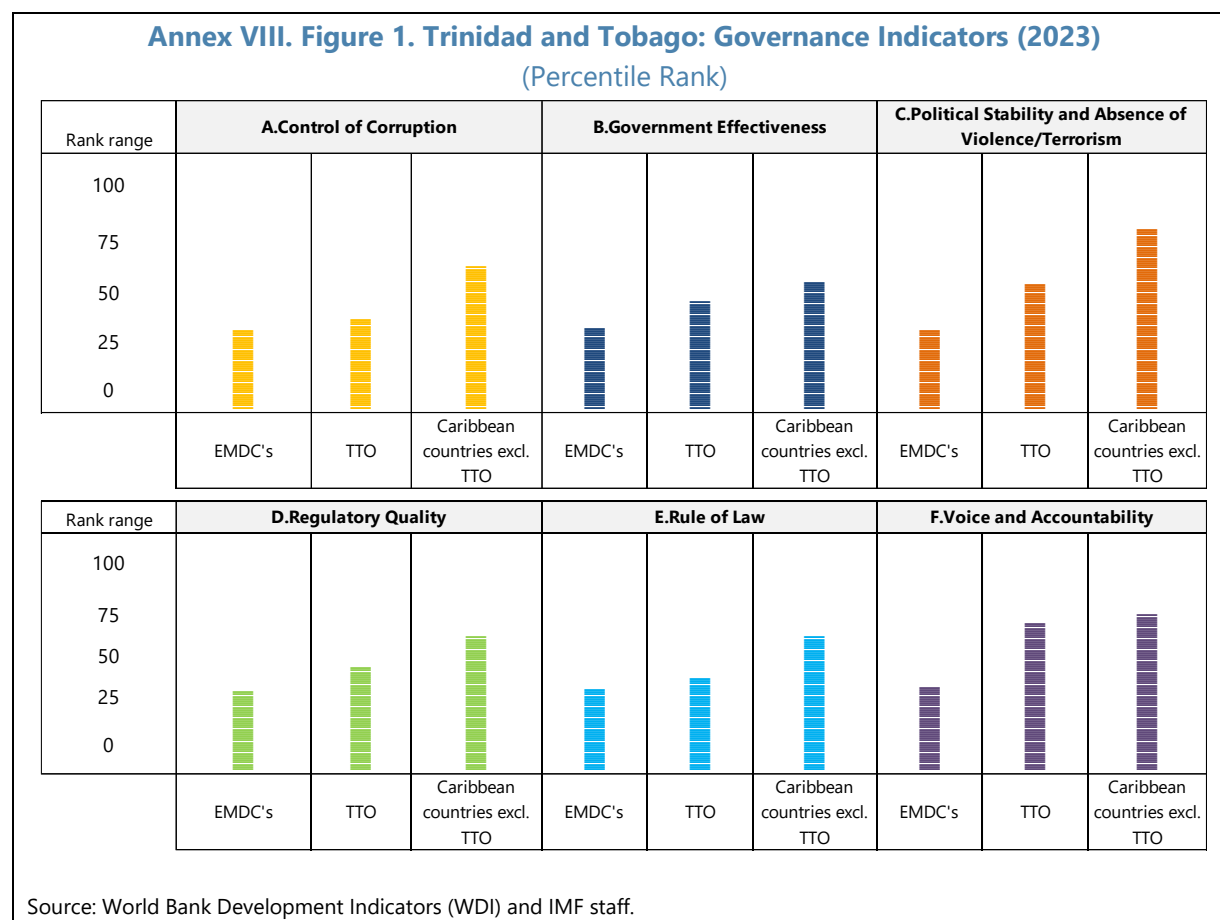
⁸ Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

⁹ Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "...".

Annex VIII. Governance Reforms¹

Trinidad and Tobago’s authorities are actively pursuing administrative, legislative, and operational actions to strengthen governance. This annex overviews their recent actions to strengthen the AML/CFT framework in line with best international practices and bring the domestic tax framework in line with international standards of tax transparency and good global governance.

1. Good governance is an essential pillar for fostering confidence, promoting a healthy business environment, and driving economic growth. Despite recent progress, Trinidad and Tobago continues to perform slightly below its regional peers, while remaining above the median rank for emerging market and developing economies across several governance indicators.



2. Trinidad and Tobago has achieved significant progress in enhancing tax transparency. The country received a “*Largely Compliant*” rating in its Second Round onsite peer review on transparency and EOIR— a significant improvement from its previous “*Non-Compliant*” status. This upgrade reflects that the country’s domestic and exchange-of-information frameworks

¹ Prepared by Carlos Chaverri and Olga Bepalova (both WHD) provided contributions to this annex.

now meet the minimum international standards underpinned by legislative reforms and institutional enhancements, which have strengthened the authorities' ability to access relevant information and share it promptly and effectively with international counterparts. In February 2026, Trinidad and Tobago's was removed from the EU of non-cooperative jurisdictions.

3. Trinidad and Tobago has made significant strides in its compliance with the Automatic Exchange of Financial Account Information (AEOI). The country signed the *Multilateral Competent Authority Agreement (MCAA)* and its addendum which activated the *Common Reporting Standard (CRS)*. This framework supports the development of a domestic reporting system for financial institutions under the supervision of the Board of Inland Revenue.

4. The authorities have continued to make progress in strengthening their Information Security Management (ISM). Trinidad and Tobago has been receiving technical assistance (TA) from the Global Forum Secretariat to enhance its ISM and ensure compliance with the Confidentiality and Data Safeguards (CDS) requirements for AEOI. Through this TA program, significant progress has been made in assessing and strengthening the Inland Revenue Division's ISM framework to align with international standards, and the country has implemented many of the recommendations outlined in the Global Forum's ISM Maturity Assessment and Recommendations Report from May 2023. In addition, Trinidad and Tobago has finalized its legal framework for implementing the CRS, including the necessary domestic and international legal instruments to ensure the confidentiality and appropriate use of information exchanged under tax treaties.

5. Trinidad and Tobago is preparing to submit its Confidentiality and Data Safeguards Assessment Questionnaire to the Global Forum. This will trigger the CDS assessment process, which will examine whether the country meets all the necessary requirements for confidentiality, consistency, and appropriate use of exchanged information. The Global Forum has indicated that the Ministry of Finance is now sufficiently prepared for this assessment and will receive support throughout this final step of the process.

6. Trinidad and Tobago has enacted the Base Erosion and Profit Shifting (BEPS) Inclusive Framework (Country-by-Country). The recently approved legislation (*Reporting Act, No.2 of 2024*) requires multinational enterprises operating in Trinidad and Tobago to submit Country-by-Country reports, thereby enhancing tax transparency and aligning the country with international standards. Supporting guidelines were issued in January 2025, helping ensure effective implementation of these requirements. In parallel, Trinidad and Tobago is updating its treaty network to align with the BEPS minimum standards, with completion expected by March 2025, which will further enhancing anti-abuse provisions and dispute resolution mechanism.

7. The authorities have continued to further strengthen the AML/CFT framework ahead of the Caribbean Financial Action Task Force (CFATF) mutual evaluation planned for 2026. They remain committed to strengthening the country's risk-based approach to combating money

laundering and terrorist financing. Through robust legal², regulatory, and institutional measures, they continue to address identified vulnerabilities and align the framework with international standards, including the FATF recommendations. Key initiatives include: i) enhancing the legislative framework, ii) fostering inter-agency collaboration; and iii) promoting effective supervision of both financial institutions and designated non-financial businesses and professions. The authorities are also working with counterparts to address gaps identified in the National Risk Assessment (NRA), thereby reinforcing the integrity of the financial system and Trinidad and Tobago's role in the global fight against financial crimes.

8. Ongoing measures aim to improve Trinidad and Tobago's effectiveness, notably through the implementation of a risk-based AML/CFT supervision. To enhance the effectiveness of AML/CFT/ supervision, resources have been allocated in line with a risk-based approach. This approach is implemented at the three primary supervisors: i) the Central Bank of Trinidad and Tobago (CBTT), ii) the Trinidad and Tobago Securities and Exchange Commission (TTSEC), and iii) the Financial Intelligence Unit of Trinidad and Tobago. In particular, the scope and effectiveness of both off-site and on-site inspections are continuously reviewed and strengthened using the risk-based approach, ensuring that supervisory activities remain targeted and impactful.

² The House of Representatives and the Senate, respectively, passed two critical pieces of legislation: the Miscellaneous Provisions (FATF Compliance) Act, 2025, and the Counter-Proliferation Financing Act, 2025.

Annex IX. Country Engagement Overview¹

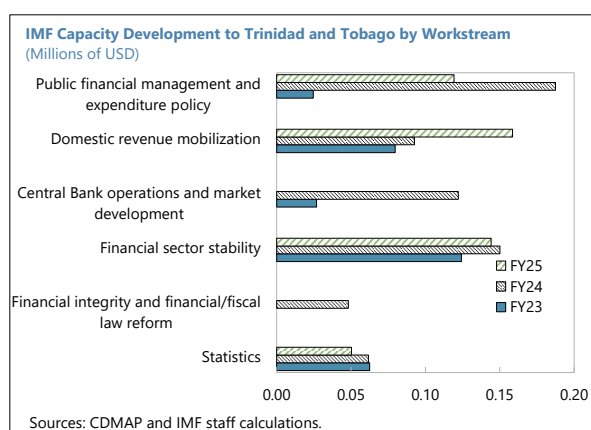
The Country Engagement Overview outlines a three-year plan for 2026-28 for engagement between the IMF and Trinidad and Tobago (TTO). This engagement focuses on surveillance and capacity development, within the context of TTO's National Development Strategy 2016-30.

1. Trinidad and Tobago's medium term development agenda is currently laid out in its National Development Strategy (NDS) 2016-30.² In line with the Sustainable Development Goals (SDG), the NDS prioritizes: (i) people; (ii) governance; (iii) productivity; (iv) competitiveness, and (v) environment.

2. To support the authorities' NDS, the IMF's country engagement aims to foster a more sustainable, resilient, and diversified economy. This will leverage the IMF's core instruments, prioritizing surveillance and capacity building. Surveillance remains the primary channel to assess macroeconomic risks and discuss policies to promote resilient economic growth while avoiding imbalances. Capacity development (CD) will be tailored to enhance institutional capacity, prioritizing fiscal, statistical, and financial sector needs. Coordination with CARTAC, the key Fund CD provider, and other development partners will help ensure targeted assistance. Trinidad and Tobago currently has no financing needs calling for Fund financing engagement, but the IMF stands ready as needed in the event of a major natural disaster or other external shocks.

3. In surveillance, the IMF prioritizes sound and consistent policies. These include policies that (i) promote fiscal discipline and a strong medium term fiscal framework to help respond to potential shocks; (ii) encourage consistent monetary and exchange rate policies and remain vigilant to potential risks; (iii) emphasize the financial system's resilience and implementation of the [2020 FSAP recommendations](#); (iv) support the adoption of international best practices in governance and AML/CFT frameworks; (v) facilitate structural reforms that foster economic diversification, private sector participation, inclusiveness, and international integration; and, finally, (vi) encourage the enhancement of the institutional capacity, quality, and timeliness of macroeconomic statistics. Staff further supports the country's agenda through collaboration with the World Bank, the Inter-American Development Bank, and the Caribbean Development Bank.

4. The IMF complements its surveillance work with capacity development (CD). In FY2023-25, CD focused on public financial management, expenditure policy, domestic revenue mobilization, central bank operations, financial market development, financial sector



¹ Prepared by Olga Bespalova (WHD).

² See "[National Development Strategy 2016-30](#)"

stability and integrity, and statistics. This CD is closely integrated with surveillance and helps the authorities build the institutions and skills needed to formulate and implement sound macroeconomic and financial policies and deliver their NDS.

5. The authorities are committed to sound and sustainable policies, including fiscal discipline, debt sustainability, financial stability, and adopting international financial standards. They have also made commendable progress to comply with the OECD/Global Forum/EU standards on international tax cooperation and prepare for the upcoming FATF peer-review. The authorities are actively pursuing policies and reforms to diversify the economy, and they continue efforts to enhance the quality of macroeconomic statistics. While policy implementation may face uncertainties due to the 2025 general elections and the often lengthy consultation and legislative process, recent milestones—such as the operationalization of the procurement act, the expansion of trade agreements, and the digitalization strategy—will help sustain reform momentum.



TRINIDAD AND TOBAGO

April 27, 2026

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

Prepared By

Western Hemisphere Department (in consultation with other departments)

CONTENTS

FUND RELATIONS	2
RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS	7

FUND RELATIONS

(As of March 31, 2026)

Membership Status: Joined September 16, 1963; Article VIII

I. General Resources Account:	SDR Million	% Quota
Quota	469.80	100.00
IMF's Holdings of Currency (Holdings Rate)	347.50	73.97
Reserve Tranche Position	122.30	26.03

II. SDR Department:	SDR Million	% Allocation
Net cumulative allocation	771.42	100.00
Holdings	785.65	101.85

III. Outstanding Purchases and Loans: None

IV. Latest Financial Commitments:

Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
Stand-By	Apr 20, 1990	Mar 31, 1991	85.00	85.00
Stand-By	Jan 13, 1989	Feb 28, 1990	99.00	99.00

V. Overdue Obligations and Projected Payments to Fund^{1/}

(SDR Million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Principal					
Charges/Interest	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00

^{1/} When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

VI. Implementation of HIPC Initiative: Not applicable

VII. Implementation of Multilateral Debt Relief Initiative (MDRI): Not applicable

VIII. Implementation of Catastrophe Containment and Relief (CCR): Not applicable

As of February 4, 2015, the Post-Catastrophe Debt Relief Trust has been transformed to the Catastrophe Containment and Relief (CCR) Trust.

Contributions to IMF Fundraising Initiatives:

Poverty Reduction and Growth Trust (PRGT). In the context of the PRGT's 2021 fundraising round, Trinidad and Tobago has pledged to contribute SDR 3 million to the PRGT subsidy resources to be funded from the 2021 SDR allocation. The country's total contribution to the PRGT subsidy accounts under previous fundraising rounds is estimated at about SDR 1.3 million.

Heavily Indebted Poor Countries (HIPC) Initiative. In 2020 and 2021, Trinidad and Tobago contributed SDR 0.2 million and SDR 1 million, respectively, to Somalia and Sudan debt relief under the HIPC Initiative, using part of its share of the deferred charges refund and Special Contingent Account (SCA-1) distribution.

Exchange Rate Arrangements: The de jure exchange rate arrangement is floating and the de facto exchange rate arrangement is classified as stabilized. Trinidad and Tobago accepted the obligations of Article VIII, Sections 2, 3, and 4.

Trinidad and Tobago maintains an exchange restriction subject to the Fund's approval under Article VIII, Section 2(a). The exchange restriction arises from the authorities' restriction of the exchange rate (i.e., by restricting the maximum market buy and sell rates, and prohibiting foreign exchange (FX) transactions beyond the maximum rates), while not providing enough FX (i.e., through the CBTT's FX interventions) to meet all demand for current transactions at that rate. The CBTT also limits sales of its FX intervention funds to meeting only "trade-related" demand, which do not include non-trade transactions that are, however, current international transactions as defined under Article XXX(d) of the IMF's Articles of Agreement and encourages authorized dealers to similarly prioritize sales of FX obtained from other sources. Further, the authorities prioritize provision of FX to certain manufacturers and importers of necessities (foods and medicines) through special FX facilities within the EximBank. These actions result in undue delays in accessing FX to make payments or transfers for current international transactions and external payment arrears.

Last Article IV Consultation: The 2024 Article IV Consultation was concluded by the Executive Board on May 8, 2024. Trinidad and Tobago is on the 12-month consultation cycle ([IMF Country Report No. 24/150](#)). Staff visits took place during January 27-31, 2025, and virtually from July 9-11, 2025.

Financial Sector Assessment Program (FSAP) Participation: The 2020 joint IMF–World Bank FSAP missions were held during November 5–19, 2019 and January 21–February 4, 2020. The Financial System Stability Assessment (FSSA) was presented to the Executive Board for discussion, on a lapse-of-time basis, on August 31, 2020 ([IMF Country Report No. 20/291](#)). Team participated in the FSAP follow-up pilot, and continues to accurately follow implementation of the FSAP recommendations with the authorities, coordinating the technical assistance (TA) from MCM and CARTAC when support is needed.

Table 1. Trinidad and Tobago: Fund Technical Assistance, 2015–26

Department	Dates	Purpose
CARTAC	March 2-6, 2026	External Sector Statistics (BOP)
CARTAC	November 3-7, 2025	Training on Macroeconomic Forecasting
STA	September 29-October 10, 2025	Producer Price Index (PPI)
CARTAC	July 7-18, 2025	Tobago House of Assembly – Review of Treasury Function
FAD	April 30-May 9, 2025	Revenue Administration: Develop the medium-term program for the TTRA
MCM	April 7-11, 2025	Enhance safety and efficiency of Financial Market Infrastructures (FMIs) and payments
CARTAC	March 24-28, 2025	External Sector Statistics (BOP)
CARTAC	November 11-19, 2024	Rebasing of Gross Domestic Product
CARTAC	November 11-22, 2024	Tobago House of Assembly – Review of Budget Process
FAD	November 4-20, 2024	TADAT Assessment
MCM	May-October, 2024	Investment Fund Risk Assessment and De-Risking Options (Phase II)
CARTAC	October 21-25, 2024 and April 15-19, 2024	Liquidity Risk Management for Insurers Training and Launching of Regulatory Drafting
FAD	October 14-25, 2024	TADAT training to the Inland Revenue Division (IRD)
CARTAC	June 10-14, 2024	Banking Supervision and Regulation: Workshop on Implementation of the Net Stable Funding Ratio (NSFR)
CARTAC	December 2024	Public Finance Management – Tobago House Assembly (Treasury Support)
CARTAC	November 2024	Public Finance Management-Tobago House Assembly (Budget Processes)
CARTAC	February 26-March 8, 2024	Balance of Payments/International Investment Position-Address Data Gaps
MCM	February 26-28, 2024	Strengthening cyber security regulation and supervision
FAD	January 24–February 6, 2024	Fiscal Rule Framework
MCM	June 13–23, 2023	Assessment of the Functioning of the Heritage and Stabilization Fund
CARTAC	May 1–12, 2023	Improving Estimates of Gross Domestic Product
CARTAC	April 17–21, 2023	Developing consolidated risk-based supervision approach for financial groups conglomerates
CARTAC	April 12–21, 2023	External sector statistics
MCM	March 27–31, 2023	Transitioning Out of Constant NAV Funds
FAD	January 24–February 24, 2023	Petroleum Fiscal Regime Reform
MCM	January 9–30, 2023	Develop and strengthen Fintech Regulation and Supervision
MCM	October 31–November 4, 2022	Strengthening Cybersecurity of the Financial Sector
CARTAC*	September 14-November 22, 2022	IFRS 17 Implementation & Reporting

Table 1. Trinidad and Tobago: Fund Technical Assistance, 2015–26 (continued)

Department	Dates	Purpose
CARTAC	August 22–31, 2022	Public Financial Management (part two)
CARTAC	August 15–26, 2022	Public Financial Management (part part)
CARTAC	August 1–12, 2022	Developing a Debt Management Strategy
CARTAC	July 11–22, 2022	Real Sector Statistics
CARTAC	February 21–April 1, 2022	Strengthening Supervisory Oversight of Collective Investment Schemes
CARTAC	January 24–February 4, 2022	External Sector Statistics
CARTAC	October 11–25, 2021	Follow-up capacity development mission on Basel II/III (Pillar 2) implementation
CARTAC	September 13–October 29, 2021	Strengthening of Risk-Based Supervision (RBS) Framework for on-Site and off-Site Reviews
MCM/LEG/ITD	August 20–October 8, 2021	Building Capacity on Central Bank Digital Currencies
CARTAC	July 19–30, 2021	Provide Support to Treasury Function International Public Sector Accounting Standards (IPSAS) Compliance and Reporting
CARTAC	June 7–July 21, 2021	Development and Implementation of a Risk-Based Capital Adequacy Framework for TTSEC Registrants.
CARTAC	April 26–May 7, 2021	Improving the Estimates of GDP
CARTAC	May 5–12, August 2–24, 2021	Capital (Leverage Ratios)
FAD	October 7–18, 2019	Building Effective Tax Administration Functions
MCM	January 28–July 9, 2021	Strengthening the Legal Framework for the National Payments System
FAD	July 2019	Revenue Administration Gap Analysis Program-the Value-Added (VAT) GAP
CARTAC	November 14–27, 2018	Developing a Medium-Term Fiscal Framework
CARTAC	July 19–20, 2018	Digital Currencies and Central Banks' Regulatory Response
STA	May–June 2018	National Accounts
FAD	April–May 2018	Fiscal Transparency Evaluation
STA	May 2018	Price Statistics
CARTAC	April 2018	Macro Fiscal Framework
STA	March, 2018	External Sector Statistics
MCM	February 2018	Transitioning Mutual Funds
MCM	October 2017	Credit Unions Regulation
CARTAC	October 2017	Central Fiscal Oversight and Analysis of Public Corporation Risks

Table 1. Trinidad and Tobago: Fund Technical Assistance, 2015–26 (concluded)

Department	Dates	Purpose
FAD	September 2017	Tax Administration Diagnostic Assessment Tool
STA	May 1, 2017	National Accounts Statistics
STA	March 1, 2017	Price Statistics
FAD	September 2016 and June 2017	New Directions in Fiscal Regimes for Oil and Gas
FAD	June 2016	Establishing a Tax Policy Unit
STA	October 2016	External Sector Statistics
STA	May 2016	National Accounts Statistics
STA	March 2016	External Sector Statistics
STA	January 2016	National Accounts Statistics, Price Statistics
MCM	August 2015	Monetary Policy Framework
MCM	April 2016	Macroprudential Policy Framework
STA	March 2015	External Sector Statistics
FAD	March 2015	Revenue Administration
STA	May 2015	Financial Sector Statistics/Financial Soundness Indicators (FSI) Compilation

* Group TA/training to all CARTAC member countries.

RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

(As of March 31, 2026)

- **Development Bank of Latin America (CAF)**

<https://www.caf.com/en/countries/trinidad-and-tobago>

- **Inter-American Development Bank (IADB)**

<https://www.iadb.org/en/who-we-are/country-offices/trinidad-and-tobago>

- **The World Bank Group (WB)**

<https://www.worldbank.org/ext/en/region/lac/caribbean>

Statement by the IMF Staff Representative
May 15, 2026

The information below has become available following the issuance of the Staff Report. It does not alter the thrust of the staff appraisal.

- 1. Inflation increased in March 2026 but remains low, in line with staff expectations.** Headline inflation increased to 0.7 percent y/y from 0.4 percent y/y in December 2025, while core inflation rose to 0.8 percent y/y from 0.5 percent y/y over the same period.

- 2. The current account surplus for 2025 was larger than expected.** Preliminary data points to a larger current account surplus (4.8 vs. 3.1 percent of GDP projected by staff in the Staff Report) due primarily to a larger-than-expected contraction in goods imports. Such import contraction reflects sluggish domestic demand and the impact of ongoing foreign exchange shortages. Errors and omissions increased to around -2.2 percent of GDP (-1.6 percent of GDP in 2024). Based on historical patterns, both the errors and omissions and current account surplus are likely to be revised in future data releases. Staff continue to assess the external position as moderately weaker than fundamentals. Capacity development work to help the authorities improve balance of payment statistics is ongoing.

**Statement by Mr. Roncaglia, Executive Director for Trinidad and Tobago,
Mr. Antunes, Alternate Executive Director and Mr. Jaggernaut, Senior Advisor to the Executive Director
May 15, 2026**

On behalf of the Trinidad and Tobago's authorities, we thank staff for the thorough report as well as the detailed and candid collaborations with all stakeholders during the 2026 Article IV consultations. The authorities value the insightful recommendations and are constructively taking on board the technical advice to support economic growth and development.

Recent Developments and Medium-Term Outlook

Despite near term challenges, the outlook remains positive, with growth strengthening in the medium term supported by both energy and non-energy sector developments. Since the abatement of the global pandemic in 2022, Trinidad and Tobago has regained some growth momentum, but the recovery has not been sustained. In 2025, growth was below potential and is expected to remain subdued in 2026. Fiscal challenges surfaced, as deficits remained at high levels and public debt increased. On the bright side, inflation has remained under control, the current account balance is in surplus, unemployment is low by regional standards, and the country continues to have sizeable buffers. Reflecting these strong fundamentals, market confidence in Trinidad and Tobago is strong, as the country retains its investment grade level and continues to access markets. Going forward, the authorities are confident that growth will pick up, sustained by a strong reform momentum.

Although Trinidad and Tobago is a net energy exporter, the impact of the war in the Middle East is likely to be mixed. Short-term revenue gains from higher oil prices will help alleviate immediate fiscal pressures and provide space for rebuilding buffers, but the authorities continue to monitor and evaluate significant risks from higher inflation, supply chain disruptions, and import cost increases in fuel and fertilizers. A protracted conflict and continued geoeconomic fragmentation could partially offset the price-induced gains.

In May 2025, a new administration took office and has been focused on promoting economic revitalization. The authorities have recently launched a credible economic transition plan, supported by diversification efforts, improving revenue administration, and significant energy-sector investments. As part of its diversification portfolio, the authorities are focusing on tourism – particularly in Tobago –, maritime services, shipping and dry-docking, ICT and artificial intelligence, as well as logistics and infrastructure. In addition, the authorities aim to boost non-energy growth by enhancing the business climate and encouraging trade and foreign investment. In the energy sector, an ambitious economic agenda anchored in facilitating work on mature petroleum fields, enhancing deepwater exploration, and fostering regional collaboration with the nearby oil territories of Suriname, Guyana, and Venezuela will increase growth potential.

Fiscal Policy and Revenue Mobilization

The authorities remain committed to implementing structural initiatives that support a credible and sustainable trajectory for the public debt. Fiscal deficits have been relatively large in 2025 and 2026 but are expected to improve in the medium term. The authorities are additionally focusing on refinancing as well as exploring low risk debt including concessional financing as part of their overall debt management measures. The aim is to stabilize the current debt trajectory. In January 2026, the authorities successfully completed the issuance of US\$ 1.0 billion in sovereign bonds in the US market. The bonds were oversubscribed approximately 2.5 times, underscoring strong and diversified investor demand. This was the largest bond transaction in the past ten years. Favorable market access terms confirm staff's assessment that Trinidad and Tobago's debt remains sustainable over the medium term. In parallel, the new administration is improving tax administration and compliance and revitalizing the customs and excise divisions. A major effort is being made to guarantee full staffing and tailored training with a focus of strengthening auditing and compliance of both divisions as well as equipping them with the latest technological upgrades to support tax collection.

The FY 2026 Budget includes several new revenue raising initiatives to improve the fiscal outcome. Increases in customs and excise duties on alcohol and tobacco, a landlord business surcharge, a levy on the assets of commercial banks and insurance companies, as well as an electricity surcharge on commercial and industrial customers are examples of such initiatives. The authorities also announced the phased increase in national insurance contribution rates commencing January 2026 and a gradual rise in the qualifying age for full pension benefits – from 60 to 65 years – beginning in January 2028. Together, these measures will reinforce the sustainability of the National Insurance Fund, in line with the 11th actuarial review. Additionally, a new regulatory agency for the gaming and betting industry was established in 2022. The approval of regulations to ensure full operationalization of the agency is expected to occur in 2026.

Monetary Policy and Financial Stability

The monetary authorities remain vigilant in a risky global environment and are prepared to intervene to support economic stability. The Central Bank of Trinidad and Tobago (CBTT) has kept the repo rate at 3.5 percent, in its effort to support growth and control inflation. The CBTT is actively monitoring global economic developments in the context of the ongoing war in the Middle East, particularly the potential for adverse spillover effects for domestic inflation and economic growth. The CBTT has further signaled its preparedness to take the necessary monetary policy actions to maintain a prudent balance between safeguarding foreign reserves and supporting domestic economic activities.

Despite the complex goeconomic environment and the sequence of shocks, the external position remains resilient. Trinidad and Tobago's international reserves declined from US\$5.60 billion in December 2024 to \$4.70 billion in September 2025, the end of the Government's fiscal year. Latest data from the Central Bank of Trinidad and Tobago indicates that this position recovered to US\$5.42 billion as of April 2026. At present, the level of reserves is estimated at over 6 months of import cover. In addition, the Heritage and Stabilization Fund is currently valued at over US\$ 6 billion, composing a framework of decentralized reserves. The country

continues to record a current account surplus driven by energy exports. To smoothen the volatility of injections of foreign exchange from energy companies, CBTT continues to provide FX interventions to help stabilize the FX market.

Cognizant of the challenges in the FX market, the authorities are implementing targeted measures to support foreign reserves. In the short term, these include reforms to the Export Import Bank of Trinidad and Tobago operations, allowing exporters to repay in domestic currency for the 1st year of loans. Additionally, the authorities have benefited from technical assistance for the introduction of transfer-pricing legislation as well as a comprehensive training program for staff. A 2021 Economic Commission for Latin America and the Caribbean (ECLAC) study estimated that Trinidad and Tobago lost approximately US\$2.5 billion over eight years due to the non-existence of a transfer pricing framework, demonstrating the potential of ongoing reforms. Over the medium term, additional reforms will strengthen external balances. These include stronger action against illicit financial flows and the expansion of FX-generating sectors such as tourism, manufacturing, and agriculture.

The CBTT has been implementing recommendations from the 2020 FSAP in its efforts to strengthen the banking sector. As part of its 2026 Strategic Plan, the CBTT will enhance risk-based and forward-looking banking supervision. It is also working on the operationalization of the bank resolution framework and financial safety net, including finalizing backstop funding arrangements for the Deposit Insurance Fund, as well as enhancing macroprudential oversight in an increasingly complex financial environment. Moreover, the CBTT is currently undertaking efforts to improve both its cybersecurity framework and its ability to assess the cybersecurity systems of supervised entities. Efforts are also being made to improve the payment systems. This last initiative dovetails with the authorities' establishment of a National Payment and Innovation Company which is rolling out an integrated payment system for government services. The banking sector remains well capitalized with high liquidity levels and low exposure to foreign currency risk, with non-performing loans at around 3 percent.

The authorities have advanced legislation to enhance AML/CFT frameworks. In 2025 the authorities implemented the FATF Compliance Act and the Counter-Proliferation Financing Act, which represent decisive steps in strengthening Trinidad and Tobago's legislative and regulatory framework against money laundering, corruption, and terrorism and proliferation financing. Beyond legislation, the authorities are investing heavily to ensure effective implementation. The National Anti-Money Laundering and Counter Financing of Terrorism Committee has been strengthened, under the leadership of the Attorney General, to drive national coordination among the CBTT, the Securities and Exchange Commission, and other key stakeholders. In February 2026, Trinidad and Tobago was officially removed from the European Union's list on non-cooperative tax jurisdictions, following a decision by the EU's Economic and Financial Affairs Council. This important milestone reflects several years of sustained commitment, constructive dialogue, and close cooperation between the Trinidad and Tobago and EU authorities.

Structural Reforms and the Energy Sector

The authorities are enhancing coordination with nearby oil and gas-producing countries to address challenges in a mature production environment. In February 2026, the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) issued two General

Licenses, providing a clear and structured legal framework under US law for certain oil and gas activities along Trinidad and Tobago's shared maritime border with Venezuela. These general licenses for oil and gas exploration will allow for the development of the Dragon natural gas field project and for the first gas to be exported to Trinidad by the third quarter of 2027, increasing output from the country's major LNG plant. The Dragon gas field is estimated to hold 4.5 trillion cubic feet of natural gas reserves. Several major projects have recently reached final investment decision, including Shell's Manatee and Aphrodite gas fields as well as BPTT's Ginger project. Taken together, these developments are expected to bring significant new gas production online from 2027 onward. Additionally, in December 2025, ExxonMobil secured regulatory approval to begin exploration drilling on its Ultra-Deep 1 offshore block, moving the project from planning to operational phase. This recent development marks Exxon's reentry into Trinidad waters after more than two decades and confirms the authorities' commitment to upstream exploration. The authorities are also focusing on reopening the *Petrotrin* oil refinery, which was closed in November 2018.

Decisive renewable energy investments will reduce Trinidad and Tobago's reliance on fossil fuels in the long run. The new administration has outlined its goal of delivering a 15 percent emissions reduction by 2030. The 92.2-megawatt Brechin Castle solar plant began delivering green power in July 2025 and is expected to contribute, in the medium term, 40 megawatts (ac) of power to the national power distribution company. It is forecasted to be the largest solar plant in the English-speaking Caribbean when completed. The Renewable Energy Policy is being finalized and will advance wind development with 2.75 gigawatts onshore and 32 gigawatts offshore. The Offshore Wind Resource Assessment Program, expanded in July 2025, will provide measurable and credible data by 2026 to inform future wind projects. The authorities are also moving at speed towards the establishment of a Green Hydrogen Economy, aiming to scale 25 gigawatts of offshore wind and 1.5 million tons of hydrogen by 2044, reaching 4 million tons by 2065.

Strengthening the manufacturing and services sectors is a key part of the authorities' diversification efforts. In November 2025, a Revitalization Blueprint was launched, outlining Trinidad and Tobago's economic diversification strategy. The plan is anchored in infrastructure renewal, enhanced competitiveness, and the creation of an enabling environment for sustained economic growth. The strategy is geared to be funded mainly through PPP arrangements. At peak rollout, a total of 120 projects is expected to generate between 50,000 to 72,000 jobs, drawing heavily on the local labor force. The authorities have also commenced work on a National Registry of Exporters as a basis to support the export sector, in addition to embarking on a campaign to encourage locally produced goods and food security. The strategy also targets the marine sector, aiming to create a Southern Caribbean yachting and marine services hub on Trinidad and Tobago shores. Authorities are working towards simplified immigration and customs procedures, digital clearances, PPP-driven marinas, and super-yacht facilities to expand tourism and investment.

Concluding Remarks

The Trinidad and Tobago authorities appreciate the focused technical assistance received from the Fund and other development partners. Continued collaboration will aid reforms in both energy and non-energy sectors, balancing fiscal consolidation with growth, social

protection, and infrastructure investment. The very relevant Selected Issues Papers included in this Article IV consultation, focusing on the improvement of the fiscal framework, economic diversification and demographic challenges, are examples of useful and tailored analytical work by the Fund. The authorities look forward to maintaining a productive relationship with the International Monetary Fund.

Authorities are confident that near term challenges will be overcome and that Trinidad and Tobago will resume its growth trajectory. A combination of higher international oil prices and a strong reform momentum create a positive medium-term outlook. However, mindful of the volatility associated with energy commodity prices, the authorities are determined to build on this opportunity to set the country on a sustainable development path, while continuing to support momentum in the non-energy sector particularly in the manufacturing and services sectors with attention to legitimate social demands and environmental endeavors.