



TRINIDAD AND TOBAGO  
INVESTMENT CLIMATE STATEMENT  
2015

## Table of Contents

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### Executive Summary

#### **1. Openness To, and Restrictions Upon, Foreign Investment**

- 1.1. Attitude Toward FDI*
- 1.2. Other Investment Policy Reviews*
- 1.3. Laws/Regulations of FDI*
- 1.4. Industrial Strategy*
- 1.5. Limits on Foreign Control*
- 1.6. Privatization Program*
- 1.7. Screening of FDI*
- 1.8. Competition Law*
- 1.9. Investment Trends*
  - 1.9.1. Tables 1 and if applicable, Table 1B*

#### **2. Conversion and Transfer Policies**

- 2.1. Foreign Exchange*
  - 2.1.1. Remittance Policies*

#### **3. Expropriation and Compensation**

#### **4. Dispute Settlement**

- 4.1. Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts*
- 4.2. Bankruptcy*
- 4.3. Investment Disputes*
- 4.4. International Arbitration*
  - 4.4.1. ICSID Convention and New York Convention*
- 4.5. Duration of Dispute Resolution*

#### **5. Performance Requirements and Investment Incentives**

- 5.1. WTO/TRIMS*
- 5.2. Investment Incentives*
  - 5.2.1. Research and Development*
- 5.3. 5.3 Performance Requirements*
- 5.4. Data Storage*

#### **6. Right to Private Ownership and Establishment**

**7. Protection of Property Rights**

*7.1. Real Property*

*7.2. Intellectual Property Rights*

**8. Transparency of the Regulatory System**

**9. Efficient Capital Markets and Portfolio Investment**

*9.1. Money and Banking System, Hostile Takeovers*

**10. Competition from State-Owned Enterprises**

*10.1. OECD Guidelines on Corporate Governance of SOEs*

*10.2. Sovereign Wealth Funds*

**11. Corporate Social Responsibility**

*11.1. OECD Guidelines for Multinational Enterprises*

**12. Political Violence**

**13. Corruption**

*13.1. UN Anticorruption Convention, OECD Convention on Combatting Bribery*

**14. Bilateral Investment Agreements**

*14.1. Bilateral Taxation Treaties*

**15. OPIC and Other Investment Insurance Programs**

**16. Labor**

**17. Foreign Trade Zones/Free Ports/Trade Facilitation**

**18. Foreign Direct Investment and Foreign Portfolio Investment Statistics**

**19. Contact Point at Post for Public Inquiries**

## Executive Summary

The two islands of Trinidad and Tobago (TT) are located in the Lesser Antilles, between the Atlantic Ocean and the Caribbean Sea. TT is a high-income developed country with a GDP per capita of over USD 18,500 and an annual GDP of USD 24 billion. It has the largest economy in the English-speaking Caribbean Community (CARICOM) and is the third most populous country with 1.3 million inhabitants. The Central Bank of Trinidad and Tobago and the International Monetary Fund predicted 2.5 percent gross domestic product (GDP) growth in 2014. The Central Bank Governor said in December 2014, however, that actual growth was 0.5 percent as a result of planned and unplanned decrease in energy production and a significant decline in energy prices. The official unemployment rate is artificially low at 3.3 percent due to extensive government make-work programs.

TT's investment climate is generally open and most investment barriers have been eliminated, but some foreign investors have seen the decision-making process for tenders and the subsequent awarding of contracts turn opaque without warning, especially when their company's interests run contrary to those of competing state-owned enterprises (SOEs). Legislation on a government procurement policy has been in process for ten years and is expected to be enacted soon.

TT has a stable, democratic political system and an educated English-speaking workforce. The commercial banking system and insurance industry are well-capitalized and profitable. Rule of law and respect for contracts are established in business practices. TT has an independent judicial system that is substantively fair, but the resolution of legal conflicts is time-consuming.

Energy exploration and production drive the TT economy. In 2014 the energy sector accounted for approximately 40 percent of GDP and 80 percent of export earnings. TT is the world's largest exporter of ammonia and methanol and one of the largest exporters of liquefied natural gas (LNG).

TT's revenue decrease in late 2014 due to falling energy prices is unlikely to have budget implications until after the next election in September 2015. Standard & Poor's affirmed TT's A/A-1 credit rating of TT in January 2015 thanks largely to strong external liquidity. In April 2015, Moody's Investors Services downgraded TT's government bond rating and issuer rating to Baa2 from Baa1 and changed the outlook to negative from stable due to concerns about the country's financial management. In an effort to diversify the economy, the Government of Trinidad and Tobago has identified six sectors with the greatest potential for growth: tourism, information and communications technology, creative industries, maritime industries, manufacturing, and agriculture.

Crime, particularly violent crime, continues to be a deterrent to the establishment of new businesses and international investment. Successive governments have unveiled strategies to curb the high crime rates and reduce violent crime, but the implementation and sustainability of these efforts are lacking.

## **1. Openness To, and Restrictions Upon, Foreign Investment**

### **Attitude toward Foreign Direct Investment**

The Government of Trinidad & Tobago (GOTT) actively encourages foreign direct investment and has traditionally welcomed U.S. investors. Foreign ownership of companies is permitted and welcomed under the Foreign Investment Act. The myriad U.S. companies operating in Trinidad and Tobago (TT) span many economic sectors including banking, aviation, energy, and manufacturing. TT also has a number of U.S.-based retail food franchises.

### **Other Investment Policy Reviews**

The Ministry of Trade, Industry, Investment and Communication and Arthur Lok Jack Graduate School of Business collaborate with the World Bank's Ease of Doing Business annual report.

<http://www.doingbusiness.org/~media/giawb/doing%20business/documents/profiles/country/TT/O.pdf>

### **Laws/Regulations of Foreign Direct Investment**

TT's judicial system upholds the sanctity of contracts and generally provides a level playing field for foreign investors involved in court matters. However, due to the backlog of cases, there can be major delays in the process. It is imperative that foreign investors seek competent local legal counsel.

Businesses can be registered as Sole Proprietorships, Partnerships and Limited Liability Companies. Additional information from the TT Government about business registration, trade, work permits, and more can be found at:

<https://www.ttbizlink.gov.tt/tntcmn/faces/pnu/PnuIndex.jsf>

### **Industrial Promotion**

As GOTT seeks to diversify its economy beyond the energy sector, it has targeted: Information and Communication, Agribusiness, Environmental Technologies, Energy and Mining, Tourism, Media and Entertainment, and Marine Technology. To learn more, please visit InvestTT, the nation's investment promotion agency: [www.investt.co.tt](http://www.investt.co.tt).

### **Limits on Foreign Control**

The Foreign Investment Act of 1990 limits foreign equity participation in local companies to the extent that a foreign investor is permitted to own 100 percent of the share capital in a private company, but a license is required to own more than 30 percent of the share capital of a public company. The Foreign Investment Act also limits foreign ownership of land to one acre for residential purposes and five acres for trade purposes without a license. In the past, the government generally has freely granted waivers on corporate equity and land ownership restrictions. License applications are subject to review and approval/denial by the Ministry of Finance (in Trinidad) or Tobago House of Assembly (in Tobago).

## **Privatization Program**

TT is increasing the number of Public-Private Partnerships as a model for privatizing key sectors, aiming to ensure control while opening economic growth opportunities. The government has encouraged foreign investment in several state enterprises. In nearly every case, foreign investors have purchased large minority holdings in privatized firms through various arrangements.

## **Screening of FDI**

In general, the GOTT will only involve itself in foreign investments when the investor is seeking government incentives or concessions, the investor wishes to lease land in one of the government-owned industrial parks, or a planned activity requires a license, such as mining or drilling. Nationals and non-nationals are generally treated equally with respect to obtaining licenses. Bureaucratic delays in approval of investment packages for investors are common. These generally are the result of negotiations for a memorandum of understanding or framework agreement and incentives or, in the case of petrochemical investors, negotiations for favorable natural gas prices. Environmental approval for large industrial projects is governed by the Environmental Management Authority through the issuance of a Certificate of Environmental Clearance.

## **Competition Law**

The Intellectual Property Act of 2000 covers unfair competition, misleading the public, discrediting another's enterprise and activities, and disclosure of secret information. The Act identifies which agencies review transactions for competition-related concerns.

## **Investment Trends**

FDI in Trinidad and Tobago is highly concentrated in the extractive industries. Historically, there has been a favorable investment environment with many incentives being offered in government priority sectors. The top three countries investing in TT are Canada, the United States, and China. GOTT continues to streamline the investment registration system and permits investors to submit a single application for all the licenses, approvals, and tax concessions necessary to implement an investment project.

Table 1

Measure	Year	Index or Rank	Website Address
<b>TI Corruption Perceptions index</b>	2014	85 of 175	<a href="http://transparency.org/cpi2014/results">transparency.org/cpi2014/results</a>
<b>World Bank’s Doing Business Report “Ease of Doing Business”</b>	2015	79 of 189	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
<b>Global Innovation Index</b>	2014	90 of 143	<a href="http://globalinnovationindex.org/content.aspx?page=data-analysis">globalinnovationindex.org/content.aspx?page=data-analysis</a>
<b>World Bank GNI per capita</b>	2013	USD 15,760	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

## 2. Conversion and Transfer Policies

### Foreign Exchange

There are no exchange controls on foreign currency and securities. The repatriation of capital, dividends, interest, and other distributions and gains on investment may be freely transacted without limits. While the average period for remitting all kinds of investment returns is twenty-four hours, some delays have resulted from access to foreign exchange.

Despite having substantial foreign exchange reserves, local businesses report a cumbersome bureaucratic process and a six-week delay in access to foreign exchange through the local banking system. The Central Bank manages the nominal exchange rate, allowing it to fluctuate within a very narrow band relative to the U.S. dollar. The exchange rate has been between TTD 6.2 and TTD 6.5 for the past 10 years despite inflation in TT significantly outpacing that in the U.S.

TT’s financial system is well-organized and regulated. The Central Bank determines monetary policy and regulates operations of the commercial banks and other financial institutions. The Automated Banking Machine (ABM) banking system offers access to advance cash withdrawals for VISA, MasterCard, and VISA Plus. Internet banking is available at all commercial banks. The regulated financial institutions consist of eight commercial banks, 17 non-bank financial institutions, and three financial holding companies. TT is a member of the International Monetary Fund, the World Bank, the Inter-American Development Bank, and subscribes to the General Agreement on Tariffs and Trade.

Trinidad and Tobago is a member of the Caribbean Financial Action Task Force (CFATF). TT is a country of concern for money laundering and financial crimes.

There is no requirement for withholding on interest paid to resident individuals with respect to loans secured by bonds or other similar investment instruments. When the individual is a non-resident, the withholding tax is 20 percent, except in cases where treaty relief is available.

### *Remittance Policies*

Where the remittance is in the form of dividends paid to a U.S. individual, the tax rate is 15 percent of the gross dividend. In the case of a U.S. company owning more than 10 percent of the voting control of a TT company, the rate is 10 percent of the gross dividend. For dividends paid to a U.S. company with less than 10 percent ownership, the tax rate is 15 percent. In the case of a U.S. resident company having a branch or permanent establishment in TT, branch profit tax would be applicable on a deemed remittance made by the branch. The rate of branch profit tax is 10 percent, levied on the after-tax profits of the branch, minus any reinvestment of such profits (other than in the replacement of fixed assets).

### **3. Expropriation and Compensation**

Since the 1980s, no expropriation actions have been taken. All prior expropriations were financially satisfied. There is no indication of any policy shifts that might lead to the implementation of expropriations in the near future.

### **4. Dispute Settlement**

#### **Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts**

Trinidad and Tobago is a unitary twin island state, with a parliamentary democracy modeled on the English Westminster System. Trinidad and Tobago has an independent judicial system that is competent, procedurally and substantively fair, and reliable. It is, however, backlogged which can make the resolution of legal claim time-consuming. Civil cases, involving sums in excess of USD 2,500 are heard in the High Court of Justice, which can grant equitable relief. Decisions may be appealed to the TT Court of Appeal. The United Kingdom Privy Council Judicial Committee remains the final court of appeal for TT. Criminal acts are first heard by the Magistrates' Court and may also be appealed as high as the Privy Council. Domestic courts are able to refer parties to mediation. A Mediation Board was created in 2004 with responsibility for certifying mediators and accrediting training programs.

The 1958 New York convention allows the enforcement of arbitral awards in international arbitration proceedings.

The Judgments Extension Act Chap 5:02 in Trinidad and Tobago, which makes provision for the reciprocal enforcement in Trinidad and Tobago of Judgments of the United Kingdom and other Commonwealth countries, demonstrates the receptiveness of the Government of Trinidad and Tobago towards enforcing foreign money judgments. The Act provides a system of registration to facilitate the direct enforcement of money judgments from the United Kingdom and other specified Commonwealth countries in Trinidad and Tobago.

A foreign judgment that emanates from a jurisdiction which does not fall within the schedule of countries listed in the Judgments Extension Act will be enforceable in Trinidad and Tobago once the following criteria are satisfied:

- The courts of Trinidad & Tobago recognize the jurisdictional competence of the foreign Court;
- The foreign judgment is for a definite sum of money;



- The foreign judgment is final and conclusive; and
- There is no defense to the recognition of the foreign judgment.

## **Bankruptcy**

The Bankruptcy and Insolvency Act of 2006 was finally proclaimed by the President in 2014. The Act, welcomed as a dramatic improvement, introduces a formal mechanism for rehabilitation, establishes a public office responsible for the general administration of insolvency proceedings, and clarifies the rules on appointment of trustees. The World Bank ranks TT at 66 of 189 countries in terms of ease of resolving insolvency in their Ease of Doing Business Index.

## **Investment Disputes**

Investment disputes are not common in Trinidad and Tobago. Post is only aware of one investment dispute involving a U.S. company in the past ten years.

## **International Arbitration**

The Bilateral Investment Treaty between the United States and Trinidad and Tobago allows for alternative dispute resolution measures, including binding arbitration.

### *ICSID Convention and New York Convention*

TT is a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention)

TT has also ratified the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York convention)

## **Duration of Dispute Resolution**

In the past, local courts took months if not years to arrive at a resolution of investment and commercial disputes. In 2010, through a joint initiative with the Judiciary, the Dispute Resolution Centre became an innovator of Court-Annexed Mediation, which was spearheaded by the country's Chief Justice. The Dispute Resolution Centre administers disputes with claims ranging from several thousand to many millions of dollars. The Centre has mediated the following types of disputes: contract, corporate, commercial, banking, construction, manufacturing, personal injury, sports, libel/defamation, land and estate, intellectual property, industrial relations, employment, and debt recovery.

## **5. Performance Requirements and Investment Incentives**

### **WTO/TRIMS**

Trinidad and Tobago has been a member of World Trade Organization (WTO) since 1995. All of Trinidad and Tobago's laws and regulations abide by the WTO's Trade-Related Investment Measures (TRIMS).

## **Investment Incentives**

The GOTT encourages foreign direct investment in almost all sectors, with specific focus on the non-energy targeted sectors. Foreign and local investors are generally treated equally with respect to incentives. TT offers incentives in the manufacturing sector, including exemption from customs duties, as well as value added tax and income tax on dividends, and tax credits. In the Creative Industries, TT offers cash rebates to encourage local service and supply sourcing.

### *Research and Development*

Grant funding is available to non-energy manufacturing and service businesses for research and development initiatives. Tax credits are also offered for investments in registered venture capital companies.

## **Performance Requirements**

There are no performance requirements for investors written into law, but the GOTT strongly encourages, through negotiable incentives, projects that generate employment and foreign exchange; provide training and/or technology transfer; boost exports or reduce imports; have local content; and generally contribute to the welfare of the country. Foreign investment is, however, screened for potential environmental impact. The government encourages joint ventures between foreign and local corporations. Corporate partners in a joint venture are governed by a joint-venture partnership agreement.

Foreigners entering TT to engage in legitimate trade or occupation may do so without a work permit for a single period not to exceed thirty days within a twelve consecutive month period. To engage in legitimate work for any period in excess of thirty days, a work permit must be obtained from the Ministry of National Security through the proposed employer. This system has created logistical challenges for companies involved in large industrial and energy projects that frequently need technicians for periods longer than thirty days. There are no formal restrictions on the numbers and/or duration of employment of foreign managers brought in to supervise foreign investment projects, an issue that is specifically addressed in the Bilateral Investment Treaty between the United States and TT. Several foreign firms have alleged, however, that there are inconsistencies in the issuance of long-term work permits. These generally fall into two categories: (1) a permit is not granted to an official of a company that is competing with a local firm, or (2) the authorities threaten not to renew a permit because a foreign firm has not done enough to train and promote a TT national into the position. Some executives of smaller companies have found that their work permits are only approved if they form joint ventures with local firms or set up formal training programs.

## **Data Storage**

There are no forced localization requirements. Data storage legislation is in the drafting stage.

## **6. Right to Private Ownership and Establishment**

Private foreign and domestic entities have the right to establish and own business enterprises and engage in remunerative activity. Under the Companies Ordinance and the Foreign Investment Act, a foreign investor may purchase shares in a local corporation, incorporate or set up a branch office in TT, or form a joint venture or partnership with a local entity. Businesses may be freely purchased or disposed of. Private enterprises and public enterprises are treated equally with respect to access to markets, credit, and other business operations. The Companies Act, based on the Canadian Corporations Act, came into force in 1997, and was updated in the Companies (Amendment) Act, 1999.

## **7. Protection of Property Rights**

### **Real Property**

Property rights are protected under the constitution and common-law practice. Secured interests in property are recognized and enforced; however, TT has a dual system of land titles, the old Common Law title system, and the registered land title system governed by the Real Property Act of 1946. 75-80 percent of land in TT remains under the more complicated Common Law System, which is not a completely reliable system for recording secured interests. Trinidad and Tobago ranks 159 out of 189 countries in the World Bank's rankings for Ease of Registering Property.

### **Intellectual Property Rights**

The Office of the United States Trade Representative (USTR) placed Trinidad and Tobago on the country Watch List in its 2014 Special 301 Report on intellectual property rights following a multi-stakeholder process that determined GOTT does not provide adequate and effective protection with respect to the protection or enforcement of intellectual property rights (IPR) or market access for persons relying on IPR protections. The USTR's report mentioned music royalties and optical media piracy as areas of concern.

Enforcement mechanisms in TT could be more vigorous, but businesses report that violations are limited. TT is World Intellectual Property Organization (WIPO) and Trade Related Aspects of Intellectual Property Rights (TRIPS) compliant and is making efforts to accede to the Madrid Protocol for Marks. The GOTT has shown willingness and increased capacity in recent years to enforce IPR, including action against broadcasters for the retransmission of programming without proper rights or permissions.

Customs Officers have ex officio authority to detain counterfeit goods but need input from the rights holder to pursue a case. Customs officials report that rights holders are often hesitant to pursue their claim in TT since the country's small size makes it not worth the effort and expense.

Trinidad and Tobago does not track and report on seizures of counterfeit goods, which are likely infrequent. Seizures could be made by Customs, the Bureau of Standards, or food and drug authorities from the Ministry of Health. When discovered, the importer is responsible for paying for the storage and destruction of the counterfeit goods.

Since rights holders seldom pursue claims in TT and the country doesn't track seizures, it is very difficult to accurately assess the prevalence of counterfeit goods in the local market. Anecdotally, while counterfeit goods can be found in some shopping districts, many TT residents shop in the U.S. or through online retailers like Amazon.com. The Embassy does not receive complaints from rights holders and businesses do not report the presence of counterfeit goods as an impediment to doing business in Trinidad and Tobago.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

### *Resources for Rights Holders*

The contact at U.S. Embassy Port of Spain for IP issues is:

Jake Stevens  
Economic Officer  
868-822-5986  
StevensJD1@state.gov

The TT legal authority for IP issues is:

Intellectual Property Office  
Ministry of Legal Affairs  
<http://www.ipo.gov.tt/>  
868-625-1907; 868-627-0706  
info@ipo.gov.tt

Public list of local lawyers:

<http://photos.state.gov/libraries/port-of-spain/231771/PDFs/ListofAttorneysNov2014.pdf>

## **8. Transparency of the Regulatory System**

The Companies Ordinance and the Foreign Investment Act, in general, govern foreign investments. Under the Act, an investment proposal can only be denied if it is illegal, contrary to public morals, or environmentally unsound. Government inaction on a proposal, however, may have the same effect as outright denial. Foreign investors have complained about a lack of transparency and delays in the investment approval process. Complaints focus on a perceived lack of delineation of authority for final investment approvals among the various ministries and agencies that may be involved in a project. Some prospective investors have abandoned their efforts in TT as a result of long delays.

Certificate of Environmental Clearance rules adopted in 2001 have helped to clear up uncertainty over environmental impact assessments by placing the environmental approval authority for most projects under the jurisdiction of the Environmental Management Authority (EMA). The EMA has legal recourse against persons or companies it believes are in violation of any environmental requirements.

Legal, regulatory and accounting systems are consistent with international norms. Proposed laws and regulations are published in draft form for public comment, and the government solicits

private sector and business community comments on proposed legislation. The government and private sector do not seek to restrict foreign participation in industry standards-setting organizations.

## **9. Efficient Capital Markets and Portfolio Investment**

In general, the government welcomes foreign portfolio investment and has an established regulatory framework to encourage and facilitate portfolio investment. Trinidad and Tobago has well-developed capital markets. A full range of credit instruments is available to the private sector, including a small but well-developed stock market. There are no restrictions on borrowing by foreign investors. Local credit is expensive by U.S. standards due to high commercial bank reserve requirements. Loans in foreign currencies are much cheaper, and businesses can negotiate for low rates.

### **Money and Banking System, Hostile Takeovers**

The estimated total assets of TT's four largest banks are approximately USD 24 billion, and the banking system is sound. There are no restrictions on a foreigner's ability to establish a bank account.

The legal, regulatory, and accounting systems governing credit markets are, on the whole, effective and transparent, although there has been some public discussion of the need to tighten regulations in the insurance industry. In 2012, the GOTT passed an amended Securities Act that seeks to provide protection to investors from unfair, improper, or fraudulent practices, to foster fair and efficient capital markets, to engender confidence in the capital markets in TT, to reduce systemic risk, and to co-operate with other jurisdictions in the development of fair and efficient capital markets.

Both chambers of TT's Parliament passed the Financial Institutions Act in 2008, which replaced the Financial Institutions Act of 1993. The new Act modernizes regulation of banks, insurance companies, and other financial institutions, and provides penalties up to US\$800,000 and five years in jail for operating without a license from the Central Bank. Directors and officers of a company violating the Act can be held liable.

With the Fair Trading Act of 2006, TT adopted antitrust legislation that regulates mergers, anticompetitive agreements, and monopolies, and provides for the establishment of a Fair Trade Commission. Under the Act, merging enterprises are required to apply to the Commission for permission to merge if their assets exceed TTD 50 million (approximately USD 8 million). The Act requires the Commission to make a determination within one month. As of March 2015, some posts on the Commission remain unfilled and the regulations have not been implemented.

The TT stock exchange operates a takeover and merger code for companies listed on the local stock exchange. The government has established a Securities and Exchange Commission for the purpose of supervising and regulating the securities market and market actors. Foreign investors must obtain a license from the Ministry of Finance before they can legally acquire more than 30 percent of a publicly held company.

Cross-shareholding arrangements that would inhibit foreign investment through mergers and acquisitions are uncommon outside the financial services sector. The banking system is generally considered sound. There are no laws authorizing firms to adopt articles of incorporation that limit or prohibit foreign investment, participation, or control.

## **10. Competition from State-Owned Enterprises**

State-Owned Enterprises (SOEs) are active in most sectors and industries in Trinidad and Tobago. Per the Constitution, an enterprise shall be taken to be controlled by the State if: the Government exercises or is entitled to exercise control directly or indirectly over the affairs of the enterprise; the Government is entitled to appoint a majority of directors of the board of directors of the enterprise; or the Government holds at least 50 per cent of the ordinary share capital of the enterprise. A complete list of State enterprises can be found here: <http://www.finance.gov.tt/content/state-enterprise-company-portfolio.pdf>.

The Investments Division of the Ministry of Finance is responsible for conducting management and performance audits of State Enterprises, which includes 42 wholly-owned companies, five majority-owned companies, five minority-owned (i.e. less than fifty percent holdings), and 32 companies held indirectly as subsidiaries of wholly-owned companies.

The Investments Division also has the responsibility to appoint directors to the Board of Directors for State Enterprises. The division submits the annual audited accounts of State Enterprises to the Public Accounts Committee, and the audited annual reports are available to the public. State-owned companies are required to disclose the financial interests and decision making processes of their executives. SOEs are often informally or explicitly obligated to consult with government officials before making major business decisions.

SOEs frequently undertake commercial activities as well as their public function mandates. Some prominent SOEs include the Urban Development Company of Trinidad and Tobago (UDECO) and the National Infrastructure Development Company (NIDCO), both of which are responsible for large-scale construction projects. In the energy sector, Trinidad and Tobago has three fully state-owned companies, the Petroleum Company of Trinidad and Tobago, the National Gas Company, and the National Petroleum Marketing Company; it also holds an interest in several joint ventures. Nevertheless, foreign companies continue to dominate natural gas exploration and production

### **OECD Guidelines on Corporate Governance of SOEs**

TT State-owned enterprises (SOEs) mostly adhere to the OECD Guidelines on Corporate Governance of SOEs.

### **Sovereign Wealth Funds**

TT established the Heritage and Stabilization Fund in 2007 as the country's sole sovereign wealth fund. Its stated purpose is to save and invest surplus petroleum revenues (in excess of 60 percent of estimated revenues) to sustain public expenditure capacity during periods of revenue downturn.

The Fund's day-to-day operations are managed by the Central Bank and governed by a five member Board, including one representative from the Central Bank and one from the Ministry of Finance. The 2007 legislation mandates that the Fund be maintained in U.S. dollars and prohibits domestic investment or petroleum-related investments.

## **11. Corporate Social Responsibility**

There is broad awareness of corporate social responsibility principles among large and mid-size businesses in TT, with a growing level of awareness among consumers as companies develop Corporate Social Responsibility (CSR) efforts in various local communities. Foreign and mid-to-large-sized local enterprises tend to follow generally accepted CSR principles. CSR is increasingly emphasized by influential local business organizations, including the American Chamber of Commerce, Trinidad and Tobago Chamber of Industry and Commerce, and the Energy Chamber. The United Nations Development Program is working on a joint project with the Ministry of Trade and Industry to create a nationwide CSR policy for Trinidad and Tobago.

### **OECD Guidelines for Multinational Enterprises**

TT is not an adherent to the OECD Guidelines for Multinational Enterprises.

## **12. Political Violence**

There have been no serious incidents of political violence since an unsuccessful coup attempt in 1990. While non-violent demonstrations occur on occasion, widespread civil disorder is not typical

## **13. Corruption**

Corruption has traditionally appeared to be moderate and has not seriously undermined government or business operations. TT has a number of laws, regulations, and penalties designed to combat corruption and fraud, though few public officials are ever prosecuted. The local press actively reports on allegations of waste, fraud, or abuse of public resources.

With economic activity and growth on the rise, TT's active press, trade associations, and business community have increasingly reported allegations of corruption involving government contracts. As elsewhere, competing businesspersons may seek to influence decisions in their favor through personal connections. In recent years, the government has established a number of commissions of inquiry into inappropriate conduct in public contracting.

### *UN Anticorruption Convention, OECD Convention on Combatting Bribery*

Trinidad and Tobago has signed and ratified the UN Anticorruption Convention, and also the Inter-American Convention against Corruption. TT is not party to the OECD Convention on Combating Bribery. In 2000, the government established an Integrity Commission to make new provisions for the prevention of corruption of persons in public life by providing for public disclosure of assets and to promote the integrity of public officials and institutions. The Integrity Commission annually lists in the newspapers public officials who fail to publicly list their assets,

as is required by the Integrity in Public Life Act. Prosecution of those officials who refuse to comply, however, has been very limited. The Integrity Commission has seen a great deal of turnover in its leadership positions recently, and questions are regularly raised by the media and public about its effectiveness as an organization.

TT has well-established procurement processes and a number of U.S. companies have secured government service contracts in recent years. Government ministries and special purpose public companies have, on occasion, manipulated or bypassed established procurement procedures to favor specific vendors, raising questions about the government's commitment to transparency. The government is not a party to the WTO Government Procurement Agreement. U.S. firms have identified corruption as an obstacle to FDI, specifically in government procurement.

#### *Resources to Report Corruption*

Resources to report corruption:

The Integrity Commission  
P.O. Box 1253, Port of Spain  
3rd & 4th floors, UTC Financial Centre  
82 Independence Square, Port of Spain  
registrar@integritycommission.org.tt  
868-623-8305

Trinidad and Tobago Transparency Institute (local chapter of Transparency International)  
Unit 4-12, Building 7  
Fernandes Industrial Centre, Laventille  
admin@transparency.org.tt  
868-626-5756

#### **14. Bilateral Investment Agreements**

A Bilateral Investment Treaty (BIT) between the United States and Trinidad and Tobago came into force in 1996. The BIT between the United States and TT requires that the treatment of foreign investments is no less favorable than that accorded to domestic investments ("national treatment").

TT also has bilateral investment agreements with Canada, China, France, the United Kingdom, Germany, Korea, Spain, Mexico, and India.

#### **Bilateral Taxation Treaties**

A Convention between the United States of America and Trinidad and Tobago for the avoidance of double taxation, the prevention of fiscal evasion with respect to taxes on income, and the encouragement of international trade and development, was signed at Port of Spain on January 9, 1970.



## 15. OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) provides financial products, such as loans and guaranties; political risk insurance; and support for investment funds, all of which help American businesses expand into emerging markets like TT.

## 16. Labor

Statistics, as of March 2015, put the unemployment rate at 3.3 percent for the most recent quarter, although some believe the actual rate is higher; the rate is artificially low due to State make-work programs that absorb excess labor. The labor market offers a high proportion of skilled and experienced workers, and the educational level of the population is among the highest in the developing world, though there is a gap between official literacy statistics and functional literacy.

The labor movement is strong in Trinidad and Tobago. Labor relations are governed by the Industrial Relations Act (IRA), which provides for dispute resolution through an industrial court in instances where the issue cannot be resolved at the collective bargaining table or through conciliation efforts by the Ministry of Labor.

The law provides for the right of most workers, including those in state-owned enterprises, to form and join independent unions of their choosing without prior authorization. Employees listed in essential services, such as hospital, fire, and communication services do not have the right to strike, and walkouts can bring punishment of up to 18 months in prison. These employees negotiate with the government's chief personnel officer to resolve labor disputes. The law stipulates that only strikes over unresolved interest disputes may take place and that authorities may prohibit strikes at the request of one party if not called by a majority union.

The law also provides for mandatory recognition of a trade union when it represents 51 percent or more of the workers in a specified bargaining unit. The law allows unions to participate in collective bargaining and mandates reinstatement of workers illegally dismissed for union activities. The government enforces labor laws effectively, including with effective remedies and penalties. Worker organizations are independent of government and political parties. The law sets the minimum age for employment in public and private industries at 16. Children ages 14 to 16 may work in activities in which only family members are employed or that the Ministry of Education has approved as vocational or technical training. The law prohibits children under age 18 from working between the hours of 10 p.m. and 5 a.m., except in a family enterprise or within other limited exceptions.

The national minimum wage is TTD 15.00 (USD 2.37) per hour. The law establishes a 40-hour workweek, a daily period for lunch or rest, and premium pay for overtime. The law does not prohibit excessive or compulsory overtime. The law provides for paid leave, with the amount of leave varying according to length of service.

The law sets occupational health and safety standards, which the Occupational Safety and Health Agency (OSHA) enforced. The government's occupational health and safety regulations apply to

all workers, regardless of citizenship. Local labor laws generally protected foreign laborers brought into the country, a stipulation usually contained in their labor contract.

### **17. Foreign Trade Zones/Free Ports/Trade Facilitation**

The Free Zones Act of 1988 (last amended in 1997) established the TT Free Zones Company (TTFZ) to promote export development and encourage both foreign and local investment projects in a relatively bureaucracy-free, duty-free and tax-free environment. There are currently 15 approved enterprises located in eight Free Zones. The majority are located within a multiple-user site in D'Abadie, Trinidad, but any suitable area in TT can be designated as a Free Zone by the Minister of Trade and Industry.

Free Zone enterprises may be established in any part of the country. They are exempt from: customs duties on capital goods, parts and raw materials for use in the construction and equipping of premises and in connection with the approved activity; import and export licensing requirements; land and building taxes; work permit fees; foreign currency and property ownership restrictions; capital gains and taxes; withholding taxes on distribution of profits and corporation taxes or levies on sales or profits; VAT on goods supplied to a Free Zone; and, duty on vehicles for use only within the Free Zone.

A corporation tax exemption for entities that qualify for free zone status is also in force. Application to carry out an approved activity in an existing free zone area is made on specified forms to the TTFZ. Approval is granted by order of the TTFZ.

If the project requires designation of a new free zone area, a separate application form for designation is made to the TTFZ, which recommends designation to the Minister of Trade and Industry. Designation is effected by order of the Minister. Applications for work permit waivers are recommended by the TTFZ through the work permit secretariat of the Ministry of National Security. Free Zone activities that qualify for approval include manufacturing for export, international trading in products, services for export, and development and management of free zones. Activities that may be carried on in a Free Zone but do not qualify as approved activities include exploration and production activities involving petroleum, natural gas or petrochemicals.

## 18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

*Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy*

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
<b>Host Country Gross Domestic Product (GDP) (\$M USD)</b>	2013	27,372	2013	24,600	<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
<b>Foreign Direct Investment</b>	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
<b>U.S. FDI in partner country (\$M USD, stock positions)</b>	2013	N/A	2013	7,916	
<b>Host country's FDI in the United States (\$M USD, stock positions)</b>	2013	N/A	2013	122	<a href="http://bea.gov/international/factsheet/factsheet.cfm?Area=261">bea.gov/international/factsheet/factsheet.cfm?Area=261</a>
<b>Total inbound stock of FDI as % host GDP</b>	2013	N/A	2013	0.5%	

Local GDP data from: <http://www.central-bank.org.tt/sites/default/files/SEIB%20SEP%202014.pdf>. Discrepancy unexplained.

*Table 3: Sources and Destination of FDI*

Foreign direct investment position data are not available for Trinidad and Tobago.

*Table 4: Sources of Portfolio Investment*

Portfolio investment data are not available for Trinidad and Tobago.

**19. Contact for More Information**

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