

# TRINIDAD AND TOBAGO

Trinidad and Tobago's economy is resilient, underpinned by robust human development and financial buffers, though it continues to rely on the energy sector. Growth remains moderate amid fiscal, external and labor market pressures. Medium-term prospects depend on energy projects expected by 2028, with risks including delays, trade uncertainty, and volatile energy prices.

## Key conditions and challenges

Trinidad and Tobago showcases significant economic strengths, supported by robust human development and strong financial reserves. The country's human capital indicators—life expectancy at birth of 73.5 years in 2023 and nearly universal adult literacy—are among the highest in Latin America and the Caribbean. These achievements reflect substantial government investment in education and health, fostering a knowledge-based economy that is well-positioned to adapt to globalization and technological advancements.

Despite these advantages, the economy remains heavily reliant on the energy sector, which contributes significantly to GDP and exports but offers limited employment. Aging infrastructure and the expected timeline for major new projects, anticipated no earlier than FY2028, pose persistent risks. Efforts to reduce greenhouse gas emissions and expand renewable energy use signal progress toward a low-carbon economy, though the transition presents complex challenges that require careful management.

Population <sup>1</sup> million	1.4	Poverty	..
Life expectancy at birth <sup>2</sup> years	73.5	School enrollment <sup>3</sup> primary (% gross)	92.8
GDP <sup>4</sup> current US\$, billion	26.0	GDP per capita <sup>5</sup> current US\$	18976.8

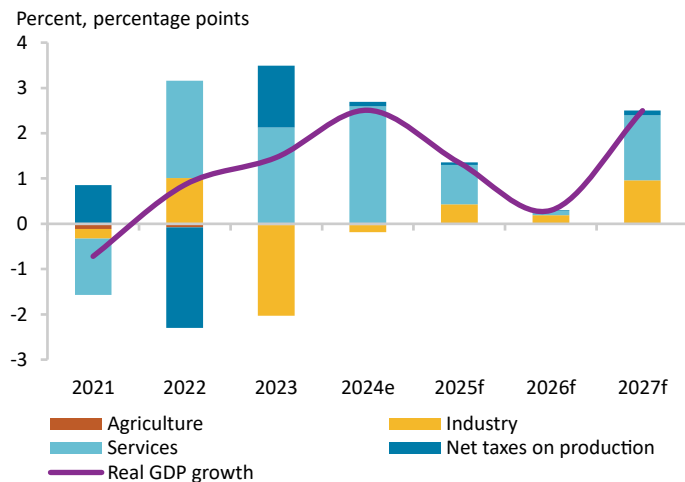
Sources: WDI, MFM, and official data. 1/ 2024. 2/ 2023. 3/ 2023. 4/ 2024. 5/ 2024.

Financial resilience is further supported by the Heritage and Stabilization Fund, with assets nearing a quarter of GDP. Political stability has helped cushion the economy during periods of oil and gas price fluctuations. Nonetheless, structural inefficiencies in forex allocation favor large corporations over small and medium enterprises.

Recent data on poverty and inequality are limited, and while Trinidad and Tobago's Human Development Index (HDI) reflects its standing as a high-income country, important development challenges persist. Student performance in standardized tests exceeds regional averages, but lags the Organisation for Economic Co-operation and Development (OECD) benchmarks. Gender disparities persisted in 2024: women's labor force participation stood at 47.7 percent more than 15 percentage points below men's, and women faced higher unemployment rates. Adolescent fertility rates also remain elevated compared to other high-income countries.

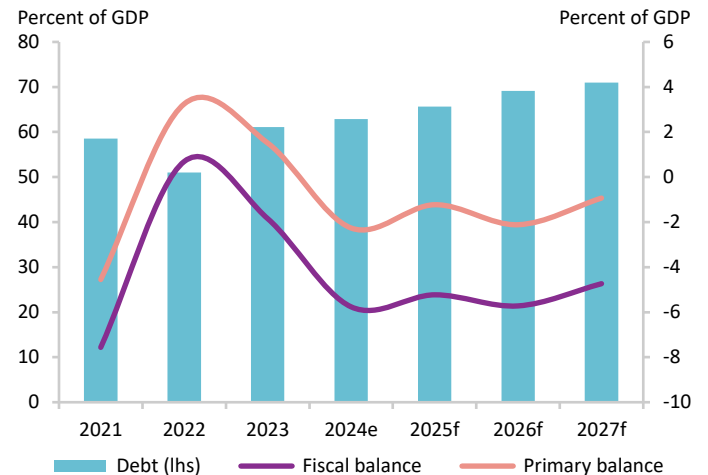
To address these challenges, the government is focusing on attracting investment, engaging the private sector, and integrating trade to drive diversification. Key reforms include enhancing the

**FIGURE 1 /** Real GDP growth and sectoral contributions to real GDP growth



Source: World Bank.

**FIGURE 2 /** Fiscal balance and public debt



Source: World Bank.

business environment, trade logistics, and public service delivery, alongside fiscal discipline and increased exchange rate flexibility.

## Recent developments

In 2024, economic recovery continued, with real GDP growth estimated at 2.5 percent. The energy sector expanded by modest 0.5 percent due to lower global prices and reduced production. The non-energy sector, particularly services, has been central to post-pandemic recovery, supported by policy measures that included incentives for SMEs and tourism. Monetary policy has also accommodated growth. The Central Bank maintained its policy rate at 3.5 percent and reduced bank reserve requirements from 14 to 10 percent in July 2024 to support liquidity and economic activity. Private sector credit expanded by 9.5 percent year-on-year as of April 2025, further supporting non-energy sector growth.

Inflation remained subdued, averaging 1.5 percent year-on-year in July 2025. End-of-year inflation for 2025 is expected at 2.4 percent, which reflects trends in international food and commodity prices.

Fiscal accounts worsened in FY2024, with the overall deficit reaching 5.8 percent of GDP, driven by increased spending on education, health, arrears repayment, and support for the state-owned water company. A tax amnesty windfall (1.5 percent of GDP) partially offset revenue losses from declining energy prices.

The external position weakened, with the current account balance turning negative in the fourth quarter of 2024 due to lower energy exports. However, international reserves remained

comfortable at 7.3 months of imports. Labor market conditions were mixed. Unemployment rose from 4 to 5 percent in 2024, with a sharper increase among men (1.1 percentage points) than among women (0.8 percentage points). However, comparing the first quarter of 2025 with the first quarter of 2024, the overall unemployment rate declined by 0.5 percentage points, driven by gains among men, while women's unemployment edged up modestly. Over the same period, labor force participation fell by 0.4 percentage points, mainly among men, while women's participation increased slightly.

## Outlook

Between 2025 and 2027, Trinidad and Tobago's GDP growth is expected to remain subdued until major energy projects come on stream in 2028. Real GDP growth is projected at just 1.4 percent in 2025 and 0.3 percent in 2026, rising to 2.5 percent in 2027 and 3.1 percent in 2028, as new natural gas fields become operational and boost the energy sector. Inflation is forecast to remain low and stable at just above 2 percent in the medium term. The overall fiscal deficit is expected to remain elevated, at 5.2 percent in 2025, 5.7 percent of GDP in 2026 and 4.7 percent in 2027, before improving to 2.7 percent in 2028 as energy revenues recover. The current account balance is projected to remain negative through 2027, turning positive in 2028. Public debt is expected to increase to 71.0 percent of GDP by 2027.

Risks to the outlook include delays in energy project implementation, global trade policy uncertainty, and a potential global economic slowdown's impact on energy prices.

## Recent history and projections

	2022	2023	2024	2025e	2026f	2027f
<b>Real GDP growth, at constant market prices</b>	0.9	1.5	2.5	1.4	0.3	2.5
<b>Real GDP growth, at constant factor prices</b>	3.2	0.1	2.5	1.4	0.3	2.5
Agriculture	-13.2	-5.8	-5.4	-1.0	0.0	0.5
Industry	2.4	-4.7	-0.4	1.1	0.5	2.5
Services	4.1	3.9	4.6	1.5	0.2	2.5
<b>Employment rate (% of working-age population, 15 years+)</b>	52.3	53.4	52.3	51.7	51.5	51.7
<b>Inflation (consumer price index)</b>	5.8	4.6	0.5	1.5	2.3	2.2
<b>Current account balance (% of GDP)</b>	17.4	11.6	4.7	4.1	2.9	4.8
<b>Net foreign direct investment inflow (% of GDP)</b>	-7.3	-8.1	-2.9	-3.0	-2.8	-2.8
<b>Fiscal balance (% of GDP)<sup>1</sup></b>	0.7	-1.8	-5.8	-5.2	-5.7	-4.7
<b>Revenues (% of GDP)</b>	28.4	31.8	26.9	29.1	28.1	28.3
<b>Debt (% of GDP)<sup>1</sup></b>	51.0	61.1	62.9	65.7	69.1	71.0
<b>Primary balance (% of GDP)<sup>1</sup></b>	3.2	1.5	-2.3	-1.2	-2.1	-0.9
<b>GHG emissions growth (mtCO<sub>2</sub>e)</b>	4.0	-1.6	1.2	2.5	0.6	2.4

Source: World Bank, Poverty and Economic Policy Global Departments. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast. Data in annual percent change unless indicated otherwise.

<sup>1/</sup> Fiscal balances are reported in fiscal years (October 1- September 30).