Trinidad and Tobago

The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at www.revenuewatch.org/rgi.

Background
Trinidad and Tobago is the Caribbean’s leading petroleum producer, with oil and gas generating 44 percent of government revenues in 2011. In recent years it has become a major exporter of liquefied natural gas. The extractive sector as a whole accounted for 37 percent of gross domestic product and 66 percent of exports in 2010.

<table>
<thead>
<tr>
<th>Trinidad and Tobago</th>
<th>2000</th>
<th>2005</th>
<th>2011</th>
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</thead>
<tbody>
<tr>
<td>Population (million)</td>
<td>1.29</td>
<td>1.32</td>
<td>1.35</td>
</tr>
<tr>
<td>GDP (constant 2011 international $ billion)</td>
<td>10.4</td>
<td>18.2</td>
<td>22.5</td>
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<tr>
<td>GDP per capita, PPP (constant 2005 international $)</td>
<td>13,907</td>
<td>20,058</td>
<td>22,142</td>
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<tr>
<td>Oil and gas revenue (% total government revenue)</td>
<td>–</td>
<td>51%</td>
<td>44%</td>
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<tr>
<td>Extractive exports (% total exports)</td>
<td>65%</td>
<td>71%</td>
<td>66%</td>
</tr>
</tbody>
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Sources: Oil and gas revenue as share of total government revenue from the Economist Intelligence Unit and the International Monetary Fund. All other data from the World Bank. Extractive exports 2011 data from 2010.

Trinidad and Tobago’s Performance on the RGI
Trinidad and Tobago received a “satisfactory” score of 74, ranking 10th out of 58 countries. It scored particularly well on the Safeguards and Quality Controls component.

Institutional and Legal Setting
(Rank: 23rd/58 Score: 64/100)
Trinidad and Tobago has detailed extractive legislation but incomplete disclosure policies, resulting in a “partial” score of 64.

The Energy and Energy Affairs Ministry grants licenses following a competitive bidding process and regulates the sector. Board of Inland Revenue collects taxes, while the ministry collects royalties and other payments. All revenues are received in cash and deposited in the treasury.

Environmental impact assessments are required and often include a voluntary social impact component. A freedom of information act allows the public access to government documents, but the act does not apply to private or state-owned companies. In an effort to further improve transparency, Trinidad and Tobago became an Extractive Industries Transparency Initiative candidate in 2011.

Reporting Practices
(Rank: 5th/58 Score: 83/100)
The government publishes useful data on most aspects of the petroleum industry, leading to a “satisfactory” score of 83.

Information on the licensing process is publicly available. Once bidding is complete, awards and block locations are published, but contract terms are not.

The Ministries of Finance and Energy and Energy Affairs and the central bank publish comprehensive information on the petroleum sector, including reserves, prices, and production. The Finance Ministry annually reports on individual revenue streams, such as taxes, royalties, dividends, bonuses, and licensing fees. The central bank publishes information on individual companies’ production and payments. State-owned oil and gas companies publish their financial balances, but they are not included in government budget documents. The budget does include figures for the natural resource fund.

Safeguards and Quality Controls
(Rank: 5th/58 Score: 86/100)
Trinidad and Tobago earned a “satisfactory” score of 86, reflecting substantive government oversight and effective audit mechanisms.

The licensing process is designed to foster competitive bidding, and regulations govern which companies may be awarded contracts. However, once companies have been selected, contract terms may be negotiated, giving the Energy and Energy Affairs Ministry discretionary powers. There is no way to appeal licensing decisions. Parliamentary oversight of the licensing process is ad hoc, and there is no requirement that petroleum companies disclose beneficial ownership.

Resource revenues are audited and subject to parliamentary and public scrutiny. Government regulators must disclose personal financial interests in the oil and gas sectors.

Enabling Environment
(Rank: 19th/58 Score: 52/100)
Trinidad and Tobago’s “partial” score of 52 is due to a low ranking for budgetary openness, in contrast to higher scores for democracy, accountability, and government effectiveness.
State-Owned Companies
(Rank: 17th/45 Score: 66/100)

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 production.

State-owned companies may fund social initiatives, but do not engage in quasi-fiscal activities. Their audited annual reports are available to the public and, in the case of the National Gas Company, include information on reserves, production volumes, and prices. State-owned companies are required to disclose the financial interests and decision-making processes of their executives.

Natural Resource Funds
(Rank: 2nd/23 Score: 98/100)

Trinidad and Tobago created the Heritage and Stabilization Fund in 2007 to help insulate the economy from oil and gas price fluctuations. Law requires deposits be made to the fund when oil and gas revenues exceed expectations and allows for withdrawals when revenues fall short. The fund’s auditor has noted that these regulations are broad and subject to interpretation. The Finance Ministry presents audited quarterly reports to Parliament and publishes them. Officials involved in the fund’s management are required to disclose any financial interest in the sector.