



Government of the Republic of Trinidad and Tobago
MINISTRY OF FINANCE

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MEDIA RELEASE

**The IMF annual report underlines
the dynamism of Trinidad and Tobago's economic recovery**

The Honourable Colm Imbert, Minister of Finance, welcomes the International Monetary Fund's (IMF) annual report on Trinidad and Tobago, published on June 05 2024, which provides an independent assessment of our economy.

The IMF underlines that "Trinidad and Tobago is undergoing a gradual and sustained economic recovery." The unemployment rate decreased to 3.2 percent in 2023 after peaking at 7.2 percent in 2020. Economic growth is broad based, led by the non-energy and energy sectors, while inflation is low. The IMF hails the sharp decline in inflation, from 8.7 percent in December 2022 to 0.3 percent in January 2024, which is among the lowest in the world and contributes to shielding the purchasing power of the population.

The IMF also highlighted the favourable domestic financing conditions supported by the Central Bank's reduction of the repo rate by 150 basis points in March 2020 and its maintenance of that rate at 3.5 percent, since then, thereby helping to keep lending rates low and support the economic recovery.

Banks' credit to the private sector continues to expand at an appropriate pace, driven by business, consumer, and mortgage lending. According to the Fund, "the financial sector appears sound and stable", with bank's capital well above the regulatory minimum, standing at 16.7 percent in September 2023. The insurance sector also remains well capitalized.

The current account is estimated to remain in surplus in 2023, and international reserve coverage is adequate. The fiscal deficit in FY2023 continued to support the recovery and was better than budgeted, while public sector debt remained below the authorities' soft debt target."

The international financial market's appraisal of Trinidad and Tobago's credit remains strong. According to the IMF, "Market access conditions are better than the country's peers. Last September, the government placed a US\$560 million long-term international bond at about 170 bps over the corresponding U.S. Treasury Bill. Moreover, sovereign spreads over U.S. Treasuries have remained below its emerging market peers, averaging 113 bps in 2023."

Looking ahead, the IMF forecasts that "economic growth is projected to gain momentum in 2024." The IMF further states that Trinidad and Tobago's "external public buffers in the Heritage and Stabilization Fund are large at about 20 percent of GDP."

Minister Imbert indicated that “this IMF report recognizes that the Government’s reform programme introduced at the beginning of its period in office has put the economy on the right track.”

The Minister of Finance shares the IMF's analysis regarding the importance of fostering private sector participation and pursuing the reform agenda. Minister Imbert stated, “I was pleased to see that the IMF agrees with the need to “sustain structural reform momentum” to support growth because that is exactly what we are delivering. During the 2024 Budget, I announced measures that shifted spending from mitigating the immediate crisis of the Pandemic to investment for medium and long term growth.”

The Government will continue on its path of responsible actions to build a stronger Trinidad and Tobago.

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