

2013 Investment Climate Statement - Trinidad and Tobago

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BUREAU OF ECONOMIC AND BUSINESS AFFAIRS

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Report

Openness To, and Restrictions Upon, Foreign Investment

The Government of Trinidad & Tobago (GOTT) actively encourages foreign direct investment and traditionally welcomes US investors. Generally speaking, there are no restrictions or disincentives to investment. Foreign ownership of companies is permitted and welcomed under the Foreign Investment Act (1990). The myriad US companies operating in Trinidad and Tobago (T&T) span many economic sectors including banking, aviation, energy and manufacturing. T&T also has a number of US-based retail food franchises.

The GOTT has a double taxation agreement, a bilateral investment treaty, and an intellectual property rights agreement with the United States.

The availability and reliability of natural gas supply have attracted much of the investment in heavy industry to date. T&T's economy, driven largely by its oil and gas sector, is facing some major challenges as it looks to remain competitive with other oil and gas producing nations of the world and mitigate the effects of declining gas reserves, high production costs, production slowdowns, and lack of political will to invest in the future of the sector. Energy experts are confident that with the right corrective measures, along with recent increases in upstream activity, T&T can remedy the dire situation it is facing.

The GOTT also plans to stimulate those non-energy sectors with the greatest potential for growth. Targeted sectors include financial services, tourism, information and communications technology, creative industries, maritime, manufacturing and agriculture.

Crime continues to be a deterrent to the establishment of new businesses and international investment. The GOTT unveiled a number of strategies to curb the high crime rates and reduce violent crime, but implementation of these strategies and sustainability of these plans are lacking.

The Ministry of Planning and Sustainable Development's *Medium Term Policy Framework* (MTPF) has defined five specific geographic areas (Growth Poles) throughout the country for economic development and to become centers of investment. These chosen areas will benefit from special fiscal packages, including the granting of Free Trade Zone status and access to tax incentives provided to the agriculture, manufacturing, and tourism sectors. Specific growth initiative locations include Invader's Bay in Port of Spain, the Chaguaramas peninsula, Tamana Intec Science and Technology Park, Cove Estate in Tobago, and the capital city of Port of Spain.

Judicial System:

T&T's judicial system typically 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 process delays. As a result, it is imperative that foreign investors sign enforceable contracts and use local attorneys.

Bilateral Investment Treaty:

The Bilateral Investment Treaty (BIT) between the United States and T&T came into force in 1996. The BIT covers the following areas, with all provisions applying reciprocally to the United States and T&T:

- Treatment of Investment: Requires that the treatment of foreign investments is no less favorable than that accorded to domestic investments ("national treatment").
- Expropriation: Prohibits expropriation or nationalization of an investment without just compensation.
- Compensation for Damages: Requires national treatment for investments suffering losses from war and similar events.
- Transfers: Permits financial transfers relating to investments to be made freely and without delay into and out of each country's territory.
- Performance Requirements: Prohibits performance requirements as a condition for investment.
- Alien Entry: Liberalizes certain visa regimes relating to entry, sojourn and employment of aliens for establishment and operation of investments of substantial capital amounts.
- Dispute Settlement: Provides for dispute resolution alternatives, including binding arbitration.

Investment Limitations:

Currently, the applicable "Foreign Investment Act of 1990" extends national treatment to CARICOM citizens but does not guarantee the same rights to other foreigners. In the absence of a government granted waiver, the law 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, waivers on corporate equity and land ownership restrictions have generally been freely granted. License applications are subject to review and approval/denial by the Ministry of Finance (in Trinidad) or Tobago House of Assembly (in Tobago) according to the following guidelines:

- For residential purchases (Trinidad or Tobago) where the area of land to be acquired is more than one acre. Residential property licenses will be granted for only one parcel of land per application. Foreign investors are required to submit separate applications for each subsequent residential purchase.
- For commercial purchases (Trinidad or Tobago) where the area of land to be acquired is more than five acres.
- For foreign investors seeking to acquire property in Tobago (regardless of size).

The approving offices are officially mandated to approve/deny property license applications within twenty (20) working days; however, bureaucratic delays are not uncommon.

Foreign investors wishing to purchase property in T&T should ensure that any related contracts remain conditional until s/he receives official notice that the property license has been granted.

Government Involvement in Foreign Investment:

In general, the GOTT will only involve itself in foreign investments when:

- the investor is seeking government incentives or concessions such as tax holidays, duty-free imports of equipment and materials, or exemption from VAT on inputs;
- 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. This process can be extremely time-consuming, and many projects begin with only a skeletal approval.

Telecommunications:

The Telecommunications Act of 2001, as amended, came into force in 2004, setting the stage for full liberalization of the sector. The Act places full responsibility for the regulation of the telecommunications and broadcasting sectors with the Telecommunications Authority of Trinidad and Tobago (TATT), which was officially launched on July 1, 2004. Currently, mobile telephone services are offered by two companies: Telecommunications Services of Trinidad and Tobago TSTT (bmobile) and Digicel Trinidad Limited. Seven authorized operators provide fixed domestic telecommunications services, including internet services. The International Access Code for T&T is (1), followed by the Country Code (868), and followed by the seven-digit local number.

Privatization:

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. T&T has seen a trend towards privatization of key sectors since the 1990s, but keeps significant control over utilities and other sectors such as oil and gas refinement and distribution and the national airline. The GOTT recently announced in the Fiscal Year 2013 budget its interest in adapting more Public Private Partnership models as a way to ensure control while utilizing expertise and opening further economic growth opportunities. The GOTT is currently evaluating the PPP model as a possible model for success for T&T.

Index/Rankings

Measure	Year	Index/Ranking
TI Corruption Index	2012	80 of 176
Heritage Economic Freedom	2012	72 of 177
World Bank Ease of Doing Business	2013	68 of 183

Conversion and Transfer Policies

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. The average period for remitting all kinds of investment returns is twenty-four hours.

From time to time there are reports on delays in access to foreign exchange through the banking system. These vary from bank to bank and branch to branch. For very large amounts of foreign currency, there are queue systems in place at the individual banks depending on available currency on a particular day.

T&T's financial system is well-organized and regulated. The Central Bank of Trinidad and Tobago determines monetary policy. The Bank 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 and enables access to accounts from any ABM. Internet banking is available at all commercial banks. The regulated financial institutions consist of eight commercial banks, 17 non-bank financial institutions and two financial holding companies. T&T 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.

Tax on Interest earned by an Individual in T&T:

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. (The double taxation treaty between the US and T&T does not provide for such relief.)

Remittance of Dividends to a Non-resident:

Where the remittance is in the form of dividends paid to a US individual, the tax rate is 15 percent of the gross dividend. In the case of a US company owning more than 10 percent of the voting control of a T&T company, the rate is 10 percent of the gross dividend. For dividends paid to a US company with less than 10 percent ownership, the tax rate is 15 percent. In the case of a US resident company having a branch or permanent establishment in T&T, 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).

Expropriation and Compensation

No expropriation actions have been taken since the 1980s. All prior expropriations were compensated to the satisfaction of the parties involved. There is no indication of policy shifts that might lead to expropriation in the future.

Dispute Settlement

The Trinidad and Tobago High Court of Justice has jurisdiction over all matters involving sums in excess of TT\$15,000 (approx USD 2,400), and can grant equitable relief such as acclamation injunctions and public law remedies. At present there is no reciprocal enforcement of judgments obtained in the United States. These judgments do, however, form the basis of a debt on which the court can rule summarily. The only grounds on which a foreign judgment can be impeached are when: (a) it was obtained by fraud, (b) its recognition or enforcement would be contrary to public policy, or (c) it was obtained in proceedings contrary to natural justice.

T&T is a member of the International Center for the Settlement of Investment Disputes (ICSID), which facilitates conciliation and arbitration of investment disputes between contracting states and nationals of contracting states. T&T has also ratified the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, which facilitates the registration and enforcement of foreign arbitral awards between contracting states. T&T courts can refer parties to mediation. A Mediation Board was created with responsibility for certifying mediators and accrediting training programs.

Traditionally, local investment and commercial dispute resolutions took months, if not years, to be heard by the local courts. 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 millions of dollars. Following are some of the types of disputes that have been mediated at the Centre: contract, corporate, commercial, banking, construction, manufacturing, personal injury, sports, libel/defamation, land and estate, intellectual property, industrial relations, employment, and debt recovery.

This initiative resulted in quick, cost-effective mediations with a 60 percent success rate and a 95 percent customer satisfaction rate. T&T's Chief Justice continues to push alternative dispute resolution options such as mediation through the Dispute Resolution Centre. He continues to call on judges, attorneys and litigants to make alternative dispute resolution a part of T&T's justice system.

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

The Environmental Commission, a Superior Court of record, was established by and under the Environmental Management Act 2000. The Act mandates the Commission to encourage and promote alternative dispute resolution, defined as any mechanism for resolving disputes other than by way of litigation. New legislation increasingly provides for mediation as an alternative to litigation in other areas as well.

According to the Bankruptcy Act of 1916 and Bankruptcy and Insolvency Act of 2007, creditors may at any time file a bankruptcy petition in court against an individual or for the closure of a business on the grounds of the debtor's inability to pay its debts. Favorable court judgments can take the form of charges to the debtor's real estate, personal goods, or wages, prevent the debtor from fleeing the jurisdiction or dissipating his/her assets. If it is proved to the satisfaction of the court that the debtor cannot pay its debts, the Companies Act provides for the appointment of a receiver/manager who takes over from the company's board of directors with the objective of managing the business to a state of solvency.

Performance Requirements/Incentives

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.

Foreign investors are eligible for tax holidays and concessions in the manufacturing and hotel industries. Under the Fiscal Incentives Act of 1979 and the Hotel Development Act, both tax and non-tax incentives may be negotiated with the government for investments in the manufacturing, tourism and energy sectors. The government encourages joint ventures between foreign and local corporations. Corporate partners in a joint venture are governed by a joint-venture partnership agreement.

The GOTT has sought to streamline the investment registration system with the creation of TTBizLink. This is encapsulated in a Single Electronic Window (SEW) or IT Platform through which investors can undertake various transactions for establishing and operating a business in T&T. The GOTT also established an investment promotion agency, InvesTT, which falls under the purview of the Ministry of Trade, Industry and Investment, and is set up to act as a one-stop shop to facilitate the investment process by assisting investors with specific information requirements and other business needs (www.investt.co.tt). In the past, business representatives have reported delays in establishing businesses in T&T. Embassy's representatives recently met with officials of InvesTT, who are very serious about encouraging investment in the country and outlined a number of areas where they are able to assist foreign investors.

Foreigners entering T&T 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 T&T. 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 T&T 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.

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 T&T, 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.

Protection of Property Rights

Property rights are protected under the constitution and common-law practice. Secured interests in property are recognized and enforced. T&T concluded negotiations with the United States on an Intellectual Property Rights (IPR) agreement in 1994. T&T's IPR legislation is consistent with World Trade Organization standards- and considered to be in accordance with TRIPS-plus (Trade-Related Aspects of Intellectual Property Rights), generally providing for intellectual property protection comparable to that in the US. T&T passed the Copyright Amendment Act in April 2008, which provides the legal basis for T&T to ratify the World Intellectual Property Organization's (WIPO) Performances Treaty, Phonograms Treaty, and Copyright Treaty. The Copyright Act amendment was designed to enhance enforcement by simplifying the process of filing charges, but little information regarding the effectiveness of the amendment is published. T&T's intellectual property laws may be viewed online at the WIPO website.

Enforcement of intellectual property rights has improved somewhat with periodic arrests of individuals and seizure and destruction of pirated copies of CDs and copying equipment. Nonetheless, music and video piracy continues to be the most visible and widespread examples of copyright infringement. In response, the GOTT formed a Cabinet-level sub-committee to make recommendations for regulating the home video club industry in 2008. Since the election in May 2010, however, a new committee has yet to be appointed. In 2007, most cable TV signal piracy in T&T ended when Trinidad's main cable TV company, Flow, signed a licensing agreement with HBO-LA to legally distribute HBO-LA programming in Trinidad. In late 2008, CBS signed a licensing agreement with Flow to allow the cable company to show all of its news, sports, and dramatic productions on local stations. The holders of music rights, however, continued to complain in 2011 that FLOW was not properly paying royalties for music rights on both television and audio channels. The Copyright Music Organization of Trinidad and Tobago (COTT) filed a lawsuit against FLOW on behalf of US rights holders for not paying public performance royalties. On June 14, 2011, the Trinidad and Tobago High Court issued a judgment in favor of COTT. FLOW appealed the decision of the High Court. A hearing date will be set once damages are assessed. This process is still ongoing between the court and COTT.

Transparency of the Regulatory System

The Companies Ordinance and the Foreign Investment Act, in general, govern foreign investments. Except as noted elsewhere in this report, this Act carries few restrictive clauses. The US Embassy in Port of Spain is not aware of any investment proposal being denied outright. Under the Act, a proposal can only be denied if it is illegal, contrary to public morals, or environmentally unsound. However, Government inaction on a proposal 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 projects have been delayed for several years and some prospective investors have abandoned T&T as a result.

Certificate of Environmental Clearance Rules that came into effect 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). There are 44 designated activities in the following categories of projects that require environmental clearance:

- Agriculture/horticulture;
- Electricity generation, transmission and distribution;
- Engineering operations;
- Food and beverage industry;
- Heavy manufacturing industries;
- Light manufacturing industries;
- Metal smelting and reforming;
- Mineral mining and processing;
- Oil and gas exploitation;
- Telecommunications;
- Tourism and recreational development;
- Transport systems infrastructure;
- Waste management;
- Water and sewage systems;
- Storage and warehousing;
- Other service-oriented activities;
- Hillside development.

The EMA has legal recourse against persons or companies it believes are in violation of any environmental requirements.

Efficient Capital Markets and Portfolio Investment

Trinidad & 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. However, local credit is expensive by US standards due to high commercial bank reserve requirements. Loans in foreign currency are much cheaper, and businesses can sometimes negotiate even lower rates.

The estimated total assets of the T&T's four largest banks are approximately US\$19 billion.

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. The Insurance Act of 1980 (amended in 1996) and Securities Industry Act (SIA) of 1995 are geared towards improving the market's transparency. The GOTT is currently in the process of passing an amended Securities Bill to replace the SIA of 1995. This new Bill seeks to provide protection to investors from unfair, improper, or fraudulent practices; to foster fair and efficient capital markets, engender confidence in the capital markets in T&T and to reduce systemic risk; to co-operate with other jurisdictions in the development of fair and efficient capital markets; and for other related matters.

International accounting firms are represented in T&T, including Pannell, Kerr Forster, KPMG, PWC, and Ernst & Young.

Both chambers of T&T'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 are subject to joint and several liabilities.

With the Fair Trading Act of 2006, T&T adopted antitrust legislation that regulates mergers, anti-competitive 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 TT\$50 million (approx. US\$8 million). The Act requires the Commission to make a determination within one month. However, as of early 2013 the Commission had not yet been launched and implementing regulations were not yet promulgated.

The T&T 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. The government and private sector do not seek to restrict foreign participation in industry standards-setting organizations.

Although the banking and financial system is considered one of the strongest in the English-speaking Caribbean, over the last four years, the governance of this system fell under heavy scrutiny after the GOTT felt obligated to bail out two large financial groups.

In 2009 the GOTT decided to bail out T&T insurance group CLICO (subsidiary of CL Financial, the largest privately held conglomerate in the nation), after a liquidity crisis causes a financial breakdown. The GOTT loaned the company USD 3.17 billion in taxpayer money, but payments to policyholders have not all been completed to this date. Current Minister of Finance Larry Howai announced in late 2012 the GOTT intends to resolve the CLICO matter completely in 2013.

That same year (2009), the GOTT also announced an estimated USD 47.62 million government-funded bailout of the failed Hindu Credit Union (HCU). Minister Howai included HCU in his plans for payment resolution to depositors/shareholders in 2013.

Competition from State-Owned Enterprises (SOEs)

The government has established several SOEs intended to fill gaps in key sectors. Local SOEs are governed by independent Boards of Directors. The most prominent SOEs include the Urban Development Company of Trinidad

and Tobago (UDECOTT), National Infrastructure Development Company (NIDCO), and both the National Gas Company (NGC) and Petrotrin, which are responsible for large-scale construction or oil/natural gas production.

The GOTT remains heavily involved in the energy sector through several SOEs that operate Trinidad's oil and natural gas refineries, natural gas distribution network, and the marketing of refined products. The largest of these companies, Petrotrin, has interests in both oil and gas exploration and production, and manages a leasehold program for small-scale, on-shore production. Petrotrin received positive credit ratings from both international credit rating firms, Standard and Poor's and Moody's. The company received "favorable ratings together with a stable outlook." The ratings agencies also positively noted the company's efforts to develop cost effective operations at its Pointe-a-Pierre refinery and opportunities to increase production in its exploration and production fields.

T&T 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 10% 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 US dollars and prohibits domestic investment or petroleum-related investments.

Corporate Social Responsibility (CSR)

There is broad awareness of corporate social responsibility principles among large and mid-size businesses in T&T, with a growing level of awareness among consumers as companies develop 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.

Political Violence

There have been no serious incidents of political violence since an unsuccessful coup attempt in 1990.

Corruption

Corruption has traditionally appeared to be moderate and has not seriously undermined government or business operations. T&T 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. International drug trafficking, with its concomitant corruption, could pose a threat to the investment climate, though the government is making efforts to combat both illegal narcotics and the influence of money laundering.

With economic activity and growth on the rise, T&T'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 that initiated investigations resulting in the indictment of several private individuals and both former and current public officials, including two cabinet ministers.

The Transparency International 2012 Corruption Perceptions Index ranked T&T 80 out of 176 countries, an improvement over the rank of 91 in 2011. Although a slight improvement from last year, experts still find the numbers worrisome and see plenty of room to grow to become a more transparent nation. Another alarming fact, according to the local Transparency International chapter, is that TT also scored lower than most of its Caribbean neighbors, such as Barbados, St. Lucia, the Bahamas, St. Vincent and the Grenadines, and Dominica.

Bilateral Investment Agreements

The Bilateral Investment Treaty between the US and T&T came into force in 1996, and a double-taxation agreement has existed since the early 1970's.

T&T also has bilateral investment agreements with the United Kingdom, Canada, France, Germany, Korea, Spain, Mexico, and China, Switzerland, Cuba, and India. T&T is currently negotiating investment treaties with other European and Latin American countries.

OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC), the Export-Import Bank of the US, and the Multilateral Investment Guarantee Agency (MIGA) extend services to projects in T&T. T&T is one of three target markets for the AIC Financial Group's AIC Caribbean Fund (ACF), established in 2006 with OPIC financing US\$80 million and a target capitalization of US\$250 million. T&T is also among 22 countries in the Caribbean and Central America eligible for a US\$200 million OPIC loan facility administered through Citigroup. Since 2008, both OPIC and the EXIM have considered and/or provided financing or guaranteeing projects in T&T, including a chemical plant and the acquisition of military helicopters.

Labor

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.

Approximately 22-24 percent of T&T's workforce is unionized. The IRA provides for the mandatory recognition of trade unions when a union satisfies the Registration Recognition and Certification Board that it represents more than 50 percent of the workers in a specified bargaining unit.

Wages and salaries vary considerably between industries.

The national minimum wage is presently TT\$12.50 per hour (approximately USD 1.95) with associated overtime rates. The Maternity Protection Act of 1998 provides for maternity benefits. An Occupational Safety and Health Act is in force.

Statistics, as of June 2012, put the unemployment rate at 5.4 percent, although some believe the actual rate is higher; the rate appears deflated due to State 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.

Foreign Trade Zones/Free Ports

The Free Zones Act of 1988 (last amended in 1997) established the Trinidad & Tobago 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 T&T can be designated as a Free Zone.

Free Zone enterprises may be established in any part of the country. They are 100 percent 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 & 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.

Foreign Direct Investment Statistics

Economic reform and trade and investment liberalization have led to substantial foreign investment inflows. The US continues to be the single largest source of foreign investment in T&T. Other large foreign investors include the United Kingdom (petroleum and financial services), Canada (petroleum, petrochemicals and financial services), Germany (petrochemicals), India (iron/steel), Norway (petrochemicals), Australia (petroleum), and Spain (petroleum).

The bulk of foreign investment is in the country's lucrative energy sectors. However, there is evidence of growing interest among investors in the non-oil sectors of the economy, in areas such as manufacturing, information technology, steel, desalinization plants, wood and wood products, and the entertainment industry. US-based restaurant franchises are also well represented.

(Millions of US Dollars) Percentage of GDP

FDI	2009	2010	2011	2009	2010	2011
Inflow	709	549	576	37.2	27.4	16.6
Outflow	-	-	-	-	-	-
Inward Stock	16,875	17,424	17,998	86.0	85.4	81.6
Outward Stock	2,119	2,119	2,119	10.8	10.4	9.6

(Source: UNCTAD World Investment Report 2012).

US energy companies Chevron and EOG Resources have significant investments in oil and gas exploration and production. Other US companies in the upstream energy sector include Anadarko/Kerr-McGee and Fluor. Other international energy companies include BP, BG, Repsol YPF, Talisman, Petro-Canada, Sinopec and BHP Billiton.