

Trinidad and Tobago

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - Trinidad & Tobago	
Sanctions:	None
FATF list of AML Deficient Countries	Yes
Higher Risk Areas:	US Dept of State Money Laundering assessment Not on EU White list equivalent jurisdictions EU Tax Blacklist Compliance of OECD Global Forum's information exchange standard
Medium Risk Areas:	Compliance with FATF 40 + 9 Recommendations Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score)
<p>Major Investment Areas:</p> <p>Agriculture - products:</p> <p>cocoa, rice, citrus, coffee, vegetables; poultry; sugar</p> <p>Industries:</p> <p>petroleum and petroleum products, liquefied natural gas (LNG), methanol, ammonia, urea, steel products, beverages, food processing, cement, cotton textiles</p> <p>Exports - commodities:</p> <p>petroleum and petroleum products, liquefied natural gas, methanol, ammonia, urea, steel products, beverages, cereal and cereal products, sugar, cocoa, coffee, citrus fruit, vegetables, flowers</p> <p>Exports - partners:</p> <p>US 40.3%, Argentina 6.9%, Chile 6.8%, Jamaica 4.9%, Spain 4.3% (2012)</p> <p>Imports - commodities:</p> <p>mineral fuels, lubricants, machinery, transportation equipment, manufactured goods, food, chemicals, live animals</p> <p>Imports - partners:</p>	

US 30.8%, Colombia 13.9%, Brazil 7.6%, Gabon 5%, Canada 4.1% (2012)

Investment Restrictions:

Generally speaking, there are no restrictions or disincentives to investment. Foreign ownership of companies is permitted and welcomed under the Foreign Investment Act (1990).

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.

Contents

Section 1 - Background	4
Section 2 - Anti – Money Laundering / Terrorist Financing	5
FATF status	5
Compliance with FATF Recommendations	5
Key Findings from latest Mutual Evaluation Report (2007):	9
US Department of State Money Laundering assessment (INCSR)	10
Reports	13
International Sanctions	16
Bribery & Corruption	17
Corruption and Government Transparency - Report by US State Dept	17
Section 3 - Economy	18
Banking	19
Stock Exchange	19
Section 4 - Investment Climate	20
Section 5 - Government	34
Section 6 - Tax	36
Methodology and Sources	37

Section 1 - Background

First colonized by the Spanish, the islands came under British control in the early 19th century. The islands' sugar industry was hurt by the emancipation of the slaves in 1834. Manpower was replaced with the importation of contract laborers from India between 1845 and 1917, which boosted sugar production as well as the cocoa industry. The discovery of oil on Trinidad in 1910 added another important export. Independence was attained in 1962. The country is one of the most prosperous in the Caribbean thanks largely to petroleum and natural gas production and processing. Tourism, mostly in Tobago, is targeted for expansion and is growing. The government is coping with a rise in violent crime.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Trinidad and Tobago is on the FATF List of Countries that have been identified as having strategic AML deficiencies

Latest FATF Statement - 23 February 2018

Since November 2017, when Trinidad and Tobago made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies, Trinidad and Tobago has taken steps towards improving its AML/CFT regime, including the approval of the Counter Terrorism Strategy by the National Security Council, the issuance of a Case Prioritization Policy, and advancing legislation in a number of areas. Trinidad and Tobago should continue to work on implementing its action plan to address its deficiencies, including by: (1) adopting and implementing the relevant measures to enhance international cooperation; (2) addressing issues related to transparency and beneficial ownership; (3) completing the legislative efforts to enhance the processing of ML charges before the courts; (4) taking measures to enhance tracing and confiscation of criminal proceeds; (5) prioritising and prosecuting TF cases when they arise; (6) enacting the necessary amendments related to targeted financial sanctions and implementing measures to monitor NPOs on the basis of risk; and (7) developing, adopting, and implementing the necessary framework to counter proliferation financing.

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Trinidad and Tobago was undertaken by the Financial Action Task Force (FATF) in 2016. According to that Evaluation, Trinidad and Tobago was deemed Compliant for 12 and Largely Compliant for 13 of the FATF 40 Recommendations.

Risks and General Situation

Trinidad and Tobago is currently undertaking its National Risk Assessment (NRA) in relation to money laundering (ML)/ terrorist financing (TF). At the time of the on-site, Trinidad and Tobago had commenced, but not completed its NRA. Draft sector reports had been compiled and preliminary results had been communicated to the relevant sectors, however the Authorities advised that the draft reports could not be shared with the Assessors at that time. The National Anti-Money Laundering and Counter Financing of Terrorism Committee (NAMLC) advised that Trinidad and Tobago was in the process of reviewing, consulting on

and finalizing the collated Report before sending to the World Bank. The different Competent Authorities (CAs) including law enforcement authorities (LEAs) have indicated to the Assessors that they are aware of the risk ML and predicate offences pose to the jurisdiction. However no documentation was produced to substantiate the information provided by law enforcement in this regard. The Financial Intelligence Unit of Trinidad and Tobago (FIUTT) produced information to show that the predicate offences of Tax Evasion, Fraud and Drug Trafficking are some of the highest generators of the proceeds of crime as a result of the suspicious transaction reports (STRs)/ suspicious activity reports (SARs) submitted to the FIUTT. The Assessors were informed that the location of the jurisdiction and its nexus to international trade also makes it vulnerable to cross-border ML risks. The information reflected the volume of currency declarations that were submitted by the Customs and Excise Division to the FIUTT along with the number of cash seizures that occurred throughout the port. The information provided to the Assessors shows that Money Value Transfer Service (MVTs) providers are second only to the banks in filing STRs/SARs to the FIUTT. The large volume of currency declarations being reported to the FIUTT by the Customs and Excise Department coupled with the increasing amount of reports the FIUTT has been receiving from the MVTs providers and the monetary value of cash seized by the Customs and Excise Division are indicators that significant amount of monies are being moved across the border.

The offence of Terrorism is not unknown to the jurisdiction. Law Enforcement and Intelligence Officials have indicated that nationals of Trinidad and Tobago are currently being held in Venezuela on suspected terrorist activity offences. The information provided to the Assessors also indicated that Trinidad and Tobago has extradited one of its nationals to New York, USA for terrorist related activities. Currently, LEAs and other intelligence agencies within the jurisdiction have intelligence information to suggest that its nationals are travelling to places such as Syria to fight with terrorist organisations such as ISIS/ISIL. The FIUTT has received information in the form of STRs/SARs which may indicate that some legal entities are engaged in conducting businesses with entities that may be involved in terrorism activities.

Key Findings from Report

Overall Level of Compliance and Effectiveness

Identifying, assessing and understanding risk: Trinidad and Tobago is currently conducting its NRA in collaboration with the World Bank. This assessment is being spearheaded by NAMLC. The Assessors note that Trinidad and Tobago's understanding of risk is limited and there has been varied assessments of such risk by CAs. The NRA, therefore, would be helpful in assisting Trinidad and Tobago with identifying, assessing and mitigating the risk posed by ML/TF.

The Limited Use of Financial Intelligence: Trinidad and Tobago has robust legislation that allows for LEAs to gather financial intelligence and information to investigate ML, TF and associated predicate offences. These enactments being the POCA and the ATA also provides for the LEAs to trace, restrain and confiscate the proceeds of crime. The FIUA allows for the FIUTT to receive, analyse and disseminate financial information to the relevant LEAs. The FIUTT has disseminated several Intelligence Reports (IRs) to LEAs as part of its mandate. Three of these reports have led to the arrest and prosecution of five individuals for ML offences. However, the Assessors observed that a large number of SARs received by the FIUTT are still awaiting analysis or have been filed for intelligence purposes. It should also be noted that a number of the IRs disseminated to the Financial Investigations Branch (FIB) are still under investigation. The Assessors were informed that there has been an improvement in the quality of IRs submitted by the FIUTT as of 2014.

Money Laundering Investigation and Prosecution: LEAs in Trinidad and Tobago considered the risk associated with ML as being medium to high. The jurisdiction has recorded three cases of ML that have resulted in charges being brought against five individuals. The cases are currently pending before the Court. The information provided indicates that these cases were as a result of parallel investigations conducted between the FIB and the Fraud Squad. There are no arrests for stand-alone ML. The investigation of ML is not properly prioritized by LEAs. The lack of ML arrests coupled with the risks associated with the jurisdiction along with the lack of priority given to investigation suggests that the offence of ML is not properly investigated. Furthermore, none of the cases for which persons have been charged with ML have been adjudicated by the Court and this therefore creates a difficulty in determining whether these cases have been properly investigated. In the absence of convictions for ML, it is not possible to say conclusively that matters are being properly investigated. The absence of convictions for the offence of ML means that no sanctions have been applied by the Court. The offence of ML is not given priority within the Court system.

Confiscation: Confiscation is not treated with priority within Trinidad and Tobago. Trinidad and Tobago does not have any confiscation proceedings pertaining to ML, TF or any predicate offences. Recent changes to the POCA have created a loophole whereby confiscation may not be possible if the criminal ML conduct is not linked to a specified offence.

The Seized Assets Fund (SAF) which is for monies seized under the POCA and the ATA has not been properly established as persons have not been appointed to the Seized Assets Committee and Regulations governing the management and operation of the fund have not as yet been developed.

Terrorist Financing: The offence of terrorist financing has been adequately criminalised in the ATA and related regulations. The FIUTT has mandated in its Standard Operating Procedures (SOP) that STRs relating to TF are to be given priority and outlines the procedure upon receipt of these STRs. The Assessors were informed that these IRs were delivered to the relevant person within the Trinidad and Tobago Police Service (TTPS). There has been no feedback to the FIUTT in relation to these IRs. The Assessors note that a report of TF was submitted since 2013 and there is no evidence to suggest that any actions have been taken against the individuals or entities mentioned in the report. There is no indication that TF is prioritized and properly investigated by LEAs as there has been no designation of entities or persons as terrorists, no assets restrained nor any arrests or convictions for TF offences. The framework for targeted sanctions related to the financing of terrorism needs to be significantly tightened up. There are not adequate sanctions or prohibitions in respect of making funds or facilities available to designated persons and all the requirements for freezing funds are not covered in the ATA. There is no comprehensive policy on the proliferation of financing of weapons of mass destruction and there is no adequate legislation on this issue. There does not appear to be a thorough appreciation of the risk of TF amongst the relevant authorities. There are inadequate resources to effectively investigate and prosecute TF.

Non Profit Organisations (NPOs): NPOs are required to register with the Registrar General's Department however there is no proper AML/CTF policy in relation to the management, supervision and monitoring of these entities. A targeted risk assessment for these entities has not been done as yet, neither are there adequate laws to address this area which means that for most intents and purposes the sector is not being sufficiently regulated.

Preventive Measures – The regulatory framework in relation to preventive measures is largely in place as demonstrated by the level of technical compliance by Trinidad and Tobago. However, significant gaps exist in the manner in which FIs and listed businesses (LBs) in Trinidad and Tobago implement these requirements. Gaps exist in understanding risk, applying enhanced due diligence to PEPS, internal controls and performance of CDD measures based on risk.

Supervision – The supervisory regime undertaken by the Central Bank of Trinidad and Tobago (CBTT) is robust and well developed given that it has had significantly more years of experience than the other CAs. Supervision performed by the CBTT is sound. Additionally, the FIUTT as a supervisor has demonstrated its capabilities while the Trinidad and Tobago Securities and Exchange Commission (TTSEC) has only recently begun direct AML/CFT supervision. Except for the CBTT there are issues of resources and expertise. Across the board, Regulators have not demonstrated sufficient understanding of risk and applied that understanding to how they regulate on a risk sensitive basis. Sanctions imposed by supervisors have been limited and the range of sanctions available have not been utilised adequately by supervisors. Supervisors need to consider wider use of those powers as well as seeking additional powers such as the ability to impose monetary administrative penalties.

National AML/CFT Policies and Coordination – There is an overall AML/CFT framework in place. The framework is coordinated by the NAMLC. Domestic coordination occurring amongst the key stakeholders has resulted in a number of positive strides within the AML/CFT framework. However, all sectors have not been covered in terms of articulation and thorough dissemination of the AML/CFT policy and in assessing and understanding the country-wide risks. There is need for greater resources to be invested so that all the key agencies are sufficiently funded.

Legal Persons and Legal Arrangements - Trinidad and Tobago is a thriving centre for commercial activity. It has a very active Registrar General's Department (RGD) that oversees the registration of companies, NPOs and the registration of business names amongst other functions. A publicly searchable electronic database for general records of the RGD has been invaluable in increasing accessibility to basic information on companies. Some beneficial ownership information is kept and made available but the accuracy of this is questionable since there is no requirement in the Companies Act to demand and maintain such information. Trinidad and Tobago is not a major centre for legal arrangements. Recent improvements in the filing of annual returns has improved the accuracy of records within the RGD and the verification process but there is still significant room for improvement. No risk analysis pertaining to legal arrangements has been done.

International Cooperation – FIUTT has been working effectively to use mechanisms to share, exchange and respond to requests for information. The FIUTT is able to share information spontaneously. LEAs have not maximised the possibility of exchanging information with their foreign counterparts. Both the BIR and the Customs and Excise Division have limitations in providing or obtaining information from foreign counterparts. Requests for information are not always processed in a timely manner. All the provisions of the Vienna Convention, the Merida Convention, the Terrorist Financing Convention and the Palermo Convention need to be given effect to. A proper case management system does not exist for either mutual legal assistance or extradition cases. There are some limitations in the Mutual Legal Assistance Act that may affect the provision of information.

Key Findings from latest Mutual Evaluation Report (2007):

At the time of the team's visit, Trinidad & Tobago's AML/CFT legislative framework did not fully comply with international standards. The Central Bank of Trinidad and Tobago (CBTT) in September 2004 has issued (revised) AML/CFT guidelines to the financial institutions under its supervisory authority that were incorporating the FATF 40 + 8 Recommendations. These Guidelines were also endorsing the basic AML/CFT measures introduced in the Proceeds of Crime Act No. 55 of 2000 (POCA 2000) and were including a list of examples of suspicious transactions to assist financial institutions in recognizing the same. Interviews indicated to the Mission that financial institutions were generally following these Guidelines; however, the financial legislative framework of Trinidad and Tobago was still lacking relevant statutes for the CBTT Guidelines to be enforceable and the CBTT to be effective in its supervision of implementation of these Guidelines. The FIU was also in need of basic FIU legislation in order to enhance its structure and powers according to international Egmont standards, while the Financing of Terrorism (CFT) component of Trinidad and Tobago's legislative framework was not legislated.

The CBTT is the supervisory authority for all institutions licensed under the Financial Institutions Act 1993 and the Insurance Act 1980 (amended in 2004). These include Commercial Banks, Trust Companies, Merchants Banks, Finance Houses, Insurance Companies, Pension Plans and Cambios. There is no provision for bearer shares in the Companies Act 1995 (which came into force on 15th April, 1997). The Mission was however concerned to notice that Money Transfers are not licensed in Trinidad and Tobago and that Credit Unions (131 entities with assets estimated at \$4 billion at the time of the on site visit) are being supervised by a Credit Union Supervisory Unit within the Ministry of Finance, which does not include testing of compliance with AML/CFT issues as one of its tasks. Up to the visit of the Mission the Ministry of Finance has issued no AML/CFT guidelines for these Credit Unions.

The Mission remained also concerned with the lack of supervisory authorities and supervision on the sector of Designated Non Financial Businesses and Professions (DNFBPs) in Trinidad and Tobago. According to POCA 2000, AML measures apply to most DNFBPs, however the indicated lack of supervisory measures in the DNFBP sector, is affecting the effective implementation of POCA 2000 measures in this sector.

The vulnerability for money laundering in Trinidad and Tobago's financial sector according to the authorities primarily exists as a result of its geo-strategic location between illicit drugs producing and drugs consuming countries of the world. Submitted SAR's according to figures from 2001 to 2004 received from the FIU were mainly in connection with suspected illegal drugs transactions and they provided intelligence for drug trafficking activities.

All SARs were received from financial institutions while the vast majorities (approximately 85%) were received from money transfer companies. No SARs were received from DNFBP's while statistics on prosecutions and convictions based on money laundering cases between 2001 and 2004 indicated no convictions. The mission as a result of this is concerned with the level of implementation and effectiveness of the AML/CFT systems in place in Trinidad and Tobago and the focus on money laundering and proceeds of crime issues at the time of the on site visit.

Trinidad and Tobago is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.

OVERVIEW

Trinidad and Tobago's close proximity to drug-producing countries, relatively stable economy, and developed financial systems make it vulnerable to money laundering. Proceeds from drug trafficking, illegal arms sales, gaming, fraud, tax evasion, and public corruption are the most common sources of laundered funds. Narcotics trafficking organizations and organized crime groups, operating locally and internationally, control the majority of illicit proceeds moving through the country.

Trinidad and Tobago has passed a number of new laws in an attempt to reduce fraud, corruption, and money laundering. The government has increased the number of FIU staff and improved its interagency processes to both assess money laundering risks and increase cooperation to investigate and prosecute money laundering crimes more effectively. Trinidad and Tobago institutions responsible for enforcing the AML regime overall remain challenged by capacity and resource constraints. A lengthy judicial process can mean years before criminal prosecutions are resolved, and there has not been a stand-alone conviction for money laundering to date. Sustained capacity building, adequate legislation, criminal justice reform, and enhanced interagency cooperation are needed to ensure the proper enforcement of Trinidad and Tobago's AML regime.

VULNERABILITIES AND EXPECTED TYPOLOGIES

Fraud and corruption in government procurement have been identified as problems, but rarely result in convictions. The failure to prosecute financial crimes successfully has a corrosive impact on the integrity of public finances and may encourage others to engage in financial crimes.

Money laundering also occurs outside the traditional financial system. While public casinos and online gaming are illegal in Trinidad and Tobago, gamers take advantage of "private members' clubs," which operate as casinos and move large amounts of cash. Reports suggest certain local religious organizations are involved in money laundering, and comprehensive AML oversight of non-profit organizations is lacking. Member-based financial cooperatives, or credit unions, also present a risk for money laundering.

There are 15 FTZs in Trinidad and Tobago where manufactured products are exported. A free zone enterprise must be a company incorporated or registered in Trinidad and Tobago; all foreign companies are required to register a business entity locally. There is no evidence the FTZs are involved in money laundering schemes.

Trinidad and Tobago does not have a significant offshore banking sector, nor an economic citizenship program. There is no currency transaction threshold for the filing of an STR; an STR may be filed for a suspicious transaction of any amount.

KEY AML LAWS AND REGULATIONS

Trinidad and Tobago has fairly comprehensive KYC and STR regulations.

Trinidad and Tobago is a member of the CFATF, a FATF-style regional body.

AML DEFICIENCIES

The Attorney General's office is committed to addressing legislative deficiencies and has prioritized AML investigations and prosecutions. New legislation on government procurement and reform of the criminal justice system to allow for more timely prosecutions has passed and must now be implemented. The current government also is seeking to amend legislation relating to its Companies Act, which codifies corporate law, to require the disclosure of a firm's beneficial ownership and to increase transparency for real property held in trust. New laws to allow for non-conviction-based asset forfeiture, the protection of whistleblowers, and the regulation and control of gaming and betting are being drafted or have been introduced in Parliament.

Effective implementation of new and existing legislation will be critical to Trinidad and Tobago's ability to consistently comply with international standards regarding its legal and regulatory frameworks and to demonstrate commitment to enforce AML laws. Similarly, implementation of criminal justice system reforms is necessary to improve Trinidad and Tobago's capacity to investigate and prosecute money laundering cases successfully.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

As described above, Trinidad and Tobago has taken a number of steps to address its AML deficiencies. The country has completed a national risk assessment to better identify risks and vulnerabilities. The country has an action plan to work toward making improvements in areas such as international cooperation, legal entity transparency and beneficial ownership, prosecuting money laundering, and tracing and confiscating criminal assets.

A working group was created to allow for greater interagency cooperation with respect to the investigation and prosecution of financial crimes. Following the creation of a Seized Assets Advisory Committee in 2016, a High Court judge ordered assets to be seized for the first time in 2017. The funds were deposited into a Seized Assets Fund for distribution according to law. Only a small number of money laundering-related cases have led to indictments thus far, and there has not been a conviction to date.

AML stakeholders continue to face many challenges, however, particularly with respect to resources. A difficult budget environment due to declining revenues from energy-related production in the country will likely make these resource challenges more acute going forward.

EU Tax Blacklist

Trinidad and Tobago has been attributed a rating of “Non Compliant” by the Global Forum on Transparency and Exchange of Information for Tax Purposes, has not signed and ratified the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters as amended, has a harmful preferential tax regime and did not commit to addressing these issues by 31 December 2018.

Trinidad and Tobago's commitment to comply with criteria 1.1 and 3 will be monitored.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Trinidad and Tobago conforms with regard to all government legislation required to combat money laundering

EU White list of Equivalent Jurisdictions

Trinidad and Tobago is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Trinidad and Tobago is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2017:

Introduction

Trinidad and Tobago's close proximity to Venezuela, open coastline, and direct transportation routes to Europe, Canada, and the United States make it an ideal location for cocaine and marijuana transshipment. In 2016, illegal narcotics shipments mainly moved up from Trinidad's southern borders. Marijuana is locally produced and is the most widely used drug domestically, but other drugs, including cocaine, heroin, and MDMA (ecstasy) are also available.

The Government of Trinidad and Tobago continues to make progress in its ability to investigate complex counternarcotics cases targeting criminal networks, but is challenged by insufficient resources and capacity. Robust interdiction efforts continued in 2016, though overall drug seizures decreased from 2015. The strong commitment to drug demand reduction persists, but treatment capacity remains under-resourced to meet the need. Corruption and gaps in legislative and organizational implementation continue to challenge the country's efforts to curb the trafficking and use of illegal narcotics.

Conclusion

The entities and individuals working to combat narcotics trafficking in Trinidad and Tobago continue to face considerable institutional challenges. In order to deter traffickers, the Government of Trinidad and Tobago should implement reforms and programs to expedite prosecutions, and persist with a more evidence-based criminal justice system to enable convictions.

US State Dept Trafficking in Persons Report 2016 (introduction):

Trinidad & Tobago is classified a Tier 2 (watch list) country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Trinidad and Tobago is a destination, transit, and source country for adults and children subjected to sex trafficking and forced labor. Women and girls from the Dominican Republic, Guyana, Venezuela, and Colombia are subjected to sex trafficking in brothels and clubs, often lured by offers of legitimate employment, with young women from Venezuela especially vulnerable. NGOs noted the availability of children for commercial sex through classified ads and that children are subjected to trafficking for commercial sex by Trinbagonians and foreign sex tourists. Economic migrants from the Caribbean region, especially Guyana, and from Asia, in particular those lacking legal status, are vulnerable to forced labor in domestic service and the retail sector. Immigration officials note an increase in international criminal organizations' involvement in trafficking, and NGOs report young boys are coerced to sell drugs and guns. New brothels continue to open across the country, particularly in the east where they are incorporated into small bars and rum shops and are

difficult to detect; NGO and police sources note that both prostitution and trafficking are historically dependent on police corruption. Law enforcement and civil society organizations reported some police and immigration officers facilitate trafficking and some law enforcement officials exploit sex trafficking victims.

The Government of Trinidad and Tobago does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Despite these measures, the government did not demonstrate overall increasing anti-trafficking efforts compared to the previous reporting period; therefore, Trinidad and Tobago is placed on Tier 2 Watch List for the second consecutive year. Following the election of a new government in September 2015, the government demonstrated renewed political will to combat human trafficking. The government increased funding for its anti-trafficking unit, which sustained efforts to identify trafficking victims and refer them to care. The government also increased training for law enforcement, conducted public awareness activities, and adopted a national plan of action as mandated under the law. The government reported one new investigation of a complicit official. It acknowledged a larger complicity problem, but has not held anyone criminally accountable, thus it has not effectively addressed the rampant complicity problem. The government has never convicted an individual under its anti-trafficking law, including officials complicit in trafficking.

US State Dept Terrorism Report 2016

Overview: In 2016, Trinidad and Tobago focused on national security. The Trinidadian government remained a willing U.S. counterterrorism partner and quickly accepted offers of assistance to share border security information, develop a strategy to counter violent extremism, and prosecute terrorists. While there were no known indigenous or foreign terrorist groups operating in Trinidad and Tobago, the country had the highest per capita rate of ISIS recruitment in the Western Hemisphere.

Trinidad's government reported in 2015 that more than 100 Trinidadian nationals, including women and minors, had traveled to Syria and Iraq. A handful have reportedly returned to Trinidad and Tobago. Muslims make up about 6 percent of the population, roughly split between persons of African and South Asian heritage; foreign terrorist fighters reportedly come from both communities. Many, although not all, have had prior affiliations with criminal gangs.

An inter-agency National Counterterrorism Working Group, led by the Ministry of National Security, is working on a national counterterrorism strategy to address priorities and principles. The group meets on a regular basis to: (1) detect, deter, and disrupt any possible terrorist actions; (2) prevent a terrorist act in Trinidad and Tobago; and (3) identify and prosecute terrorists. The national strategy is in its final stages and will be submitted to the Cabinet for approval when it is completed.

Legislation, Law Enforcement, and Border Security: Trinidad and Tobago continued to review the 2005 Anti-Terrorism Act to address gaps in the legislation, including foreign terrorist fighters and their possible return to the country.

Trinidad and Tobago, with the assistance of certain police units and government sections, continued to identify and monitor persons that raise terrorism concerns and maintained a list of nationals who traveled to Syria or Iraq to fight with ISIS. More than 70 nationals of Trinidad and Tobago are believed to be fighting with ISIS in Syria.

There was limited interagency cooperation and coordination, and limited information sharing due to allegations of corruption among different law enforcement units. Prosecutors are consulted on an ad hoc basis with regard to criminal cases.

Biographic and biometric screening capabilities are limited at ports of entry. Trinidad and Tobago collects advance passenger information and disseminates this information to other countries.

The defense force is responsible for the security of the coastline spanning the two islands and assists law enforcement in combating transnational crime. Both the defense and police forces are limited in human and material resources to meet strategic security challenges.

The government continued to cooperate with the United States on security matters, including participation in the Department of State's Antiterrorism Assistance program, which provides counterterrorism training for police, and a Caribbean Basin Security Initiative program that focus on training the police and military forces to ensure citizen security.

Countering the Financing of Terrorism: Trinidad and Tobago is a member of the Caribbean Financial Action Task Force, a Financial Action Task Force-style regional body. The Financial Intelligence Unit of Trinidad and Tobago (FIU) is a member of the Egmont Group of Financial Intelligence Units.

In June, FATF published its mutual evaluation of Trinidad and Tobago. Trinidad and Tobago has criminalized the offense of terrorist financing; however, there remain several deficiencies in its anti-money laundering/countering the financing of terrorism framework that Trinidad and Tobago is working to address. This includes a limited use of financial intelligence; an inadequate sanctions framework with no provisions for prohibiting material support to terrorists; no policy in place for the management, monitoring, and supervision of non-profit organizations; and a lack of terrorist financing prosecutions.

In September, Trinidad and Tobago designated 80 international and local entities as terrorist organizations, including ISIS. Of the 80 listed, only one, Kareem Ibrahim, was local. The government continued to work with the FIU and the police to add more local subjects to the list.

A separate report, from Trinidad and Tobago's FIU, cited 182 suspicious transactions involving possible terrorist financing in 2016, all of which were under investigation at year's end.

International Sanctions

None applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	41
World Governance Indicator – Control of Corruption	49

Corruption and Government Transparency - Report by US State Dept

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.

Section 3 - Economy

Trinidad and Tobago attracts considerable foreign direct investment from international businesses, particularly in energy, and has one of the highest per capita incomes in Latin America. Economic growth between 2000 and 2007 averaged slightly over 8% per year, significantly above the regional average of about 3.7% for that same period; however, GDP has slowed down since then, contracting during 2009-2012, making small gains in 2013 and contracting again in 2014-2015.

Energy production and downstream industrial use dominate the economy. Trinidad and Tobago produces about nine times more natural gas than crude oil on an energy equivalent basis with gas contributing about two-thirds of energy sector government revenue. Oil and gas account for about 40% of GDP and 80% of exports but less than 5% of employment. In 2013, Trinidad and Tobago was the world's sixth-largest liquefied natural gas (LNG) exporter and is home to one of the largest natural gas liquefaction facilities in the Western Hemisphere. The United States is the country's largest trading partner, accounting for 33% of its total imports and taking 44% of its exports.

Trinidad and Tobago is buffered by considerable foreign reserves and a sovereign wealth fund that equals about one-and-a-half times the national budget, but the country is in a recession and the government faces the dual challenge of gas shortages and a low price environment. A projected 70% decrease in energy revenue to the government in 2016 will likely force cuts to the government budget, which has increased by 35% over the past six years.

Economic diversification is a longstanding government talking point, and Trinidad and Tobago has much potential due to its stable, democratic government and its educated, English speaking workforce. Although Trinidad and Tobago enjoys cheap electricity from natural gas, the renewable energy sector has recently garnered increased interest. The country is also a regional financial centre with a well-regulated and stable financial system. Other sectors the Government of Trinidad and Tobago has targeted for increased investment and projected growth include tourism, agriculture, information and communications technology, and shipping. Unfortunately, a host of other factors, including low labour productivity, inefficient government bureaucracy, and corruption, have hampered economic development.

Agriculture - products:

cocoa, dasheen, pumpkin, cassava, tomatoes, cucumbers, eggplant, hot pepper, pommecythere, coconut water, poultry

Industries:

petroleum and petroleum products, liquefied natural gas (LNG), methanol, ammonia, urea, steel products, beverages, food processing, cement, cotton textiles

Exports - commodities:

petroleum and petroleum products, liquefied natural gas, methanol, ammonia, urea, steel products, beverages, cereal and cereal products, cocoa, fish, preserved fruits, , cosmetics, household cleaners, plastic packaging

Exports - partners:

US 26.3%, Argentina 12%, Brazil 6.6%, Chile 5.3%, Dominican Republic 5.2%, Barbados 5% (2015)

Imports - commodities:

mineral fuels, lubricants, machinery, transportation equipment, manufactured goods, food, chemicals, live animals

Imports - partners:

US 35.6%, China 6.8%, Gabon 6.6% (2015)

Banking

The financial services industry in Trinidad and Tobago is one of the most developed in the Caribbean. The country has a reliable banking system, with eight commercial banks (including one state-owned bank), with six operating merchant banks and one merchant bank and related financial institutions. There is an extensive linked network of ATMs and point of sale operations shared by four of the banks throughout the country. Telephone and internet banking services are provided by the banks and they also offer a variety of advance products and services. The Central Bank of Trinidad and Tobago (CBTT) determines monetary policy, sets rates and reserve requirements, and regulates the operations of the commercial and other financial institutions. There are no restrictions on borrowing by foreign investors. To facilitate the resolution of customer's complaints from the commercial banks, the Office of the Banking Services Ombudsman was established in 2003. Legislation and regulations regarding money laundering and terrorism financing are outlined in the CBTT's Guideline on Combating Money Laundering and Terrorist Financing. The Anti-Terrorism Act was passed in 2005. This legislation provides for the detection, prevention, prosecution, conviction and punishment of terrorist activities and the confiscation, forfeiture and seizure of terrorists' assets.

Stock Exchange

The Trinidad and Tobago Stock Exchange was opened in October 1981. It 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 thirty 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.

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 US\$20,000 and an annual GDP of US\$28 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. An ongoing decrease in energy production and continuing decline in energy prices caused TT to enter a recession in the latter half of 2015. Economic growth will likely be depressed through 2016.

Energy exploration and production drive TT's economy, and this sector has historically attracted the most foreign direct investment. In 2015, the energy sector accounted for approximately 32 percent of GDP and 80 percent of export earnings. TT is the world's largest exporter of ammonia and methanol and is the sixth largest exporter of liquefied natural gas (LNG). TT has an undiversified economy and lacks economies of scale, so it depends on imports.

TT's investment climate is generally open and most investment barriers have been eliminated. Major issues impacting companies are inefficient government bureaucracy, crime, poor work ethic in the labor force, and corruption. 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 compete with those of well-connected local firms.

Positive aspects of TT's investment climate:

- Stable, democratic political system
- Educated, English-speaking workforce
- Well-capitalized and profitable commercial banking system and insurance industry
- Established rule of law and respect for contracts
- Independent judicial system that is substantively fair
- In certain sectors, lack of domestic competition
- High per-capita GDP

Negative aspects of TT's investment climate:

- Widespread perception of corruption among public officials
- Lack of transparency in public procurement
- Inefficient and complicated government bureaucracy
- Time-consuming resolution of legal conflicts
- Crime, particularly violent crime, continues despite ongoing attempts to curb it

Issues to watch

- Foreign exchange shortages, which can significantly delay payment to U.S. firms

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	72 of 175	transparency.org/cpi2015/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	88 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	80 of 143	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	2014	USD 222.2 Million	http://www.central-bank.org.tt/for-trade-bop-ex-rates
World Bank GNI per capita	2014	USD 20,070	data.worldbank.org/indicator/NY.GNP.PCAP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Foreign ownership of companies is permitted under the Foreign Investment Act. The Government of Trinidad and Tobago (GOTT) desires foreign direct investment and has traditionally welcomed U.S. investors. Within the past year, several U.S. firms alerted the Embassy to projects in which the GOTT did not follow through as expected. Despite the challenges, U.S. companies operating in Trinidad and Tobago (TT) span many economic sectors including finance, aviation, energy, manufacturing, and retail food franchises.

Other Investment Policy Reviews

The Ministry of Trade and Industry and the 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/TTO.pdf>

Laws/Regulations on Foreign Direct Investment

The Global Enterprise Registration Network gives the TT business websites a below average score of 4.5 out of 10 for providing on information on how to register a business. (<http://ger.co/>). The inability to make online payments, submit certificates online, and engage in simultaneous requests are the three main reasons for the low score. A feedback mechanism allowing users to communicate with authorities is a strength of the TT business websites.

GOTT has reduced the number of procedures required to establish a business to seven, leading to an average time to complete the necessary procedures of twelve days. TT performs better than the regional average on these two indicators in the World Bank Doing Business Indicator for starting a business (<http://www.doingbusiness.org/data/exploretopics/starting-a-business#close>).

InvesTT is the investment promotion agency of the TT Government: <http://www.investt.co.tt/>. Investor facilitation services are available to all investors; however, certain criteria exist for specific industries. GOTT has prioritized industries like hospitality and has identified a specific

minimum capital expenditure for projects in accommodation development, theme parks, and golf courses.

TT's judicial system respects the sanctity of contracts and generally provides a level playing field for foreign investors involved in court matters. Due to the backlog of cases, however, there can be major delays in the process. It is imperative that foreign investors seek competent local legal counsel. Some U.S. companies are hesitant to pursue legal remedies, preferring to attempt good faith negotiations in order to avoid an acrimonious relationship that could harm their interests in the country's small, tight-knit business community.

The major laws/ regulations, and judicial decisions affecting incoming foreign investment are:

- Foreign Investment Act
- Occupational Safety and Health Act
- Minimum Wage Act
- Retrenchment and Severance Benefits Act

Useful websites to help navigate foreign investment laws, rules, and procedures are:

- <http://www.legalaffairs.gov.tt>
- <https://www.rgd.legalaffairs.gov.tt>
- <http://www.tradeind.gov.tt>

Business Registration

Businesses are registered at the Companies Registry of the Ministry of Legal Affairs. Subsequently, firms need to complete various procedures at:

- The Board of Inland Revenue – taxpayer identification number
- The National Insurance Board – registration of employer and employees
- Value Added Tax Office, Inland Revenue Division of the Ministry of Finance – application for sales tax registration number if gross income in TT exceeds US\$77,000 per annum
- Financial Intelligence Unit – registration of businesses involved in real estate, motor vehicle sales, money or value transfer services, jewelers, art dealers, gaming houses, etc. to prevent money laundering.

Additional information from the GOTT about business registration, trade, work permits, and more can be found at the following websites:

- <http://www.legalaffairs.gov.tt>
- <https://rgd.legalaffairs.gov.tt>
- <https://www.ttbizlink.gov.tt/tntcmn/faces/pnu/PnuIndex.jsf>
- <http://www.ttconnect.gov.tt/>

GOTT defines micro enterprises as having less than five employees, small enterprises as having less than twenty-five employees, and medium enterprises as having less than fifty employees. Facilities for micro, small, and medium enterprises exist in the form of training.

Industrial Promotion

As GOTT seeks to diversify its economy beyond the energy sector, it has expressed interest in: Information and Communication, Agribusiness, Environmental Technologies, Energy and Mining, Tourism, Media and Entertainment, and Marine Technology. The nation's investment promotion agency, www.investt.co.tt, is responsible for disseminating investment related information.

Limits on Foreign Control and Right to Private Ownership and Establishment

Both foreign and domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activity. Under the Foreign Investment Act of 1990, 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 a 30 percent 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 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).

Under the Companies Ordinance and the Foreign Investment Act, a foreign investor may purchase shares in a local corporation, incorporate, 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.

Post is not aware of any sector-specific restrictions to U.S. investors; however, U.S. companies occasionally complain that corruption and nepotism results in obstacles to completion of contracts or steers contracts to local competitors.

Privatization Program

TT is looking to Public-Private Partnerships as a model for privatizing key sectors and has encouraged foreign investment in several state enterprises. In nearly every case, foreign investors purchased large minority holdings in privatized firms. Within the last 5 years, as a way to generate revenue for the government, the GOTT privatized at least 2 companies in the energy sector using Initial Public Offerings. The current government has not yet defined its privatization policy for the next 5 years.

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; however, some U.S. companies have complained of delays when competing against a politically connected rival. 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. Enforcement of the law is a concern as the procedure for reviewing competition related concerns is lengthy. The Fair Trading Commission, established in 2014, has the responsibility for promoting and maintaining fair competition in the domestic market. It investigates the various forms of anti-competitive business conduct set out in the Fair Trading Act.

Investment Trends

FDI in Trinidad and Tobago has historically been highly concentrated in the extractive industries. TT has historically had a favorable investment environment and offered incentives in the government's priority sectors. The top three countries investing in TT are Canada, the United States, and China. The 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. GOTT would welcome investment in tourism projects, creative industries, and the maritime sector.

2. Conversion and Transfer Policies

Foreign Exchange

Despite TT having substantial foreign exchange reserves, businesses report a cumbersome bureaucratic process and a minimum six-week delay in accessing foreign exchange. Some companies claim exchanging TT for U.S. dollars can take up to 180 days. While there are no formal exchange controls, TT's managed exchange rate and policy of maintaining a large stock of foreign reserves has resulted in shortages.

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. Many TT economists and business leaders now believe that the exchange rate may depreciate to TTD 7 by the end of 2016.

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. The repatriation of capital, dividends, interest, and other distributions and gains on investment may be freely transacted without limits.

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). There are no options for remittance through legal parallel markets including those utilizing convertible, negotiable instruments.

TT is a member of the Caribbean Financial Action Task Force and is listed as a country "of concern" in the 2015 International Narcotics Control Strategy Report (INCSR).

3. Expropriation and Compensation

The Embassy is not aware of any expropriation actions since the 1980s. There is no indication of 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

TT is a unitary twin island state, with a parliamentary democracy modeled on the English Westminster System. TT has an independent judicial system that is competent and procedurally and substantively fair. It is, however, backlogged and generally lacks specialized courts, making the resolution of legal claims time consuming.

Ownership of property is enforced through the court system. Civil cases of less than US\$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 is the final court of appeal. 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 World Bank ranks TT 167 out of 189 countries for enforcing contracts due to the length of time required to resolve a dispute. There is no court or division of a court dedicated solely to hearing commercial cases. The Industrial Court exclusively handles cases relating to labor practices but also suffers from severe backlogs.

The 1958 New York convention allows the enforcement of arbitral awards in international arbitration proceedings. TT's Judgments Extension Act Chap 5:02 grants the reciprocal enforcement in TT of Judgments of the United Kingdom and other Commonwealth countries. It provides a system of registration to facilitate the direct enforcement of money judgments. 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 proclaimed by the President in 2014. A dramatic improvement, it 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 for resolving insolvency in their Ease of Doing Business Index. Bankruptcy is not criminalized in TT. Creditors, equity shareholders, and holders of other financial contracts (including foreign contract holders) can present a bankruptcy petition to the High Court. Secured creditors are given first preference to liquidated assets.

Investment Disputes

Investment disputes are not common in TT. 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 TT 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 ratified the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York convention). Local courts recognize and can enforce foreign arbitral awards according to chapter 20 of the Arbitration (Foreign Arbitral Awards) Act 1996.

Duration of Dispute Resolution – Local Courts

Lack of court automation, delays in case management and a lack of capacity have caused tremendous backlogs. Dispute resolution for investment/commercial issues takes approximately 1,340 days (3.6 years), according to the World Bank. This includes filing, trial, judgment, and enforcement. Alternative Dispute Resolution is often a preferred route because of shorter timeframes.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

TT has been a member of World Trade Organization (WTO) since 1995 and abides by the WTO's Trade-Related Investment Measures (TRIMS).

Investment Incentives

The GOTT desires foreign direct investment in almost all sectors, with specific focus on non-energy targeted sectors. Foreign and local investors are generally treated equally with respect to incentives like exemption from duties, tax breaks, and tax credits. In the Creative Industries, TT offers cash rebates to encourage local service and supply sourcing. Additional information is available on the www.investt.com website.

Research and Development

Grant funding is available to non-energy manufacturing and service businesses for research and development. Tax credits are also offered for investments in registered venture capital companies. U.S. and other foreign firms are eligible to participate in government financed research and development programs.

Performance Requirements

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. TT's Bilateral Investment Treaty with the United States specifies that a company making an investment may engage top managerial personnel of its choice, regardless of nationality.

Several foreign firms have alleged that there are inconsistencies in the issuance of long-term work permits beyond top management. These generally fall into three categories:

- (1) a permit is not granted to an official of a company that is competing with a local firm,
- (2) a permit is not granted because TT officials believe the firm should instead hire a TT national,
- (3) TT 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 companies report employee shortages due to the inability to find qualified job applicants who are TT citizens. 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. 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 to 80 percent of land in TT remains under the more complicated Common Law System, which is not reliable for recording secured interests. The Government does not make a defined effort to identify property owners and register land titles. Individuals use law firms to conduct identification of property owners. Trinidad and Tobago ranks 151 out of 189 countries in the 2016 World Bank's rankings for Ease of Registering Property.

Intellectual Property Rights

The Government of Trinidad and Tobago is supportive of intellectual property rights (IPR) internationally, is a signatory to several international agreements on IPR, and has specific legislation that protects many forms of IPR. TT's legal framework, however, is of limited consequence due to the absence of enforcement. The police service has not detected an IPR crime in over two years, instead focusing on the drugs and gangs that give TT the 14th highest homicide rate in the world. Customs has employees in only fifty percent of its job positions and has not made an IPR seizure in at least two years. The Director of Public

Prosecutions and the Judiciary are hampered by a cumbersome legal system and the requirement that rights holders, who are often not interested in pursuing claims in such a small jurisdiction, be physically present for trial. TT was on the United States Trade Representative's (USTR) Watch List for having intellectual property rights deficiencies from 2013 to 2015.

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. Customs Officers have ex officio authority to detain counterfeit goods but need input from the rights holder to pursue a case. If discovered, the importer would be responsible for paying for the storage and destruction of the counterfeit goods.

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>

7. Transparency of the Regulatory System

The Companies Ordinance and the Foreign Investment Act, in general, govern foreign investments. 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.

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.

Trinidad and Tobago is not a member of UNCTAD's international network of transparent investment procedures.

8. 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. TT 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, nor are there intentional restrictions on payments and transfers for international transactions. (However, shortages of foreign exchange can cause delays in obtaining funds for transfer).

Local credit is expensive by U.S. standards due to high commercial bank reserve requirements, but loans in foreign currencies are much cheaper, and businesses can negotiate for low rates.

Money and Banking System, Hostile Takeovers

The banking sector is considered healthy, as it is well capitalized and liquid. Leading financial economists believe that cutbacks in both the public and private sector arising from TT's recession will cause lending growth to decelerate.

The estimated total assets of TT's banks in 2014 are approximately US\$20 billion, the five largest banks' assets are estimated at US\$8.4 Billion.

In 2015, the Central Bank estimated non-performing loans at 3.5 percent, down from a high of 7.5 percent in 2011. The legal, regulatory, and accounting systems governing credit markets are, on the whole, effective and transparent, although TT needs stricter regulation of the insurance industry. In 2012, the GOTT amended its Securities Act in hopes of supporting fair and efficient capital markets.

TT's Financial Institutions Act of 2008 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.

There are no restrictions on a foreigner's ability to establish a bank account.

The Fair Trading Act of 2006 contains 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 US\$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 GOTT 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.

9. Competition from State-Owned Enterprises

TT has 117 State Owned Enterprises (SOEs) in sectors like energy, manufacturing, agriculture, tourism, financial services, transportation, and communication. According to TT's Constitution, the Government is entitled to:

- exercise control directly or indirectly over the affairs of the enterprise
- appoint a majority of directors of the board of directors of the enterprise
- hold at least 50 per cent of the ordinary share capital of the enterprise

An annually updated 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 47 wholly-owned companies, seven majority-owned companies, five minority-owned companies (i.e. less than fifty percent holdings), and 51 companies held indirectly as subsidiaries of wholly-owned companies. There are also seven statutory corporations.

The Investments Division also has the responsibility to appoint directors to the board of 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. In sectors that are open to both the private sector and foreign competition, SOEs are sometimes favored for government contracts.

SOEs frequently undertake commercial activities as well as their public function mandates. They also purchase goods from the private sector including foreign firms. Some prominent SOEs include the Urban Development Company of Trinidad and Tobago (UDECOTT) 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.

No information is available concerning the percentage of expenditures allocated to Research and Development (R&D). TT is not party to the Government Procurement Agreement within the framework of the WTO.

Private enterprises have the same access to financing as SOE's. SOE's are subject to the same tax burden and tax rebate policies as their private sector competitors. SOE's are subject to hard budget constraints under the law and these are enforced through the allocations they are disbursed on a quarterly basis.

OECD Guidelines on Corporate Governance of SOEs

While there is no specific document that oversees ownership policies and guidelines of SOEs in TT, the key legal references are:

- The Companies Act (1995)
- Integrity in Public Life Act (2000)
- The State Enterprises Performance Monitoring Manual (2011)
- The Trinidad and Tobago Corporate Governance Code (2013)

The persistence of civil society groups advocating for good corporate governance at SOEs in light of recurring scandals led to the development of the TT's corporate governance code in

2013, which adheres to the OECD Guidelines on Corporate Governance of SOEs ([https://caribbeangovernance.org/T&T-Corporate-Governance-Code-2013-\(TTCGC-2013\)\)](https://caribbeangovernance.org/T&T-Corporate-Governance-Code-2013-(TTCGC-2013)))).

The TT code sets standards of good practice in relation to board leadership and effectiveness, compensation, accountability, and relations with shareholders, but adherence to the TT Corporate Governance Code is not mandatory and compliance varies according to each SOE based on factors like the level of capacity and existing leadership. Seats on SOE boards are generally allocated based on political allegiance. The only SOEs that have been analyzed by international investment banks and credit agencies are in the energy sector and the ties to the government are very close. Court processes are generally transparent and non-discriminatory; however, the prohibitive length of time for resolution discourages many investment disputes from going to the courts.

Sovereign Wealth Funds

TT established its Heritage and Stabilization Fund (HSF) 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) in order to both sustain public expenditure capacity during periods of revenue downturn and provide a heritage for future generations of citizens. The value of the fund is approximately US\$ 5.7 Billion. The 2007 legislation mandates that the Fund be maintained in U.S. dollars and prohibits domestic or petroleum-related investments. The fund invests in U.S. Short duration fixed income, U.S. Core Domestic Fixed Income, U.S. Core Domestic Equities and Non-U.S. Core International Equities.

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 representative from the Ministry of Finance. They adopt a passive role as portfolio investors and manage the fund largely in accordance with the Santiago Principles. TT participates in the IMF hosted International Working Group on Sovereign Wealth Funds.

10. Responsible Business Conduct

There is some awareness of responsible business conduct (RBC) among large and mid-size businesses in TT. The government has not put forward a clear definition of responsible business conduct nor does it have specific policies to promote and encourage it. Despite this, efforts by civil society have encouraged the Government to consider legislation relating to public procurement (in which the private sector participates fully) and whistleblowing. TT has laws to ensure protection of labor rights, consumer protection, and environmental protection. Enforcement, however, is lacking due to staffing shortages, capacity issues, and a bureaucratic judiciary. There have not been any high-profile, controversial instances of corporate impact on human rights.

There is no TT National Contact Point for the OECD Multinational Enterprises Guidelines. GOTT updated legislation for the financial sector that would encourage responsible business conduct. The Government in collaboration with civil society created the TT Corporate Governance Code that incorporates governance, accounting, and executive compensation standards to protect shareholders. The Code is not mandatory.

As a member of the EITI, the GOTT agreed to publicly declare annually all revenues received from companies engaged in the extractive industries (oil and gas upstream activities, initially) and the companies, in turn, agreed to publicly declare monies paid to GOTT.

11. 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.

12. Corruption

Bribes are not regularly required to facilitate routine operations; however, reports of corruption are common. Allegations seldom work through the legal system, resulting in a scarcity of cases with legal outcomes.

Various pieces of legislation address corruption of public officials:

- The Integrity in Public Life Act requires public officials to disclose assets upon taking office and at the end of tenure.
- The Freedom of Information Act gives members of the public a general right (with specified exceptions) of access to official documents of public authorities. The intention of the Act was to address the public's concerns of corruption and to promote a system of open and good governance. In compliance with the Act, designated officers have been appointed in each Ministry and statutory authority to process the applications for information.
- The Police Complaints Authority Act establishes a mechanism for complaints against police officers in relation to, among other things, police misconduct and police corruption.
- The Prevention of Corruption Act provides for certain offences and punishment of corruption in public office.

The laws are non-discriminatory in their infrequent application. The laws do not extend to family members of officials or to political parties. TT's rank in the Corruption perception index has trended downward since 2001. The local press actively reports on allegations of waste, fraud, or abuse of public resources. Successive governments have been elected on mandates to stop corruption. The current government says it will pursue whistleblower legislation, procurement reform, and campaign finance reform.

In recent years, the GOTT has established a number of commissions of inquiry into inappropriate conduct in public contracting, but no one has been found guilty. The fine for non-appearance at the commission of inquiry is US\$300. Some private companies, particularly the larger ones, use internal controls and compliance programs to detect and prevent bribery of government officials. There are no protections for NGOs involved in investigating corruption.

TT's procurement processes are not fully transparent. U.S. firms have identified corruption as an obstacle to FDI, specifically in government procurement. 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. Nevertheless, a number of U.S. companies have secured government service contracts in recent years. TT is not a party to the WTO Government Procurement Agreement.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

TT signed and ratified the UN Anticorruption Convention, the Inter-American Convention Against Corruption. TT is not party to the OECD Convention on Combating Bribery.

Resources to Report Corruption

Resources to report corruption:

The Integrity Commission
P.O. Box 1253, Port of Spain
The Integrity Commission of Trinidad and Tobago Level 14,
Tower D, International Waterfront Centre
1 A Wrightson Road, 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

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

A Bilateral Investment Treaty (BIT) between the United States and TT came into force in 1996. The BIT requires that foreign investments in most sectors receive treatment 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.

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.

14. 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 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.

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.

15. 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	
Host Country Gross Domestic Product (GDP) (\$M USD)	2014	\$26.88	2014	\$28.88 Billion	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2014	\$222.2 Million	2014	\$6,921Million	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host country's FDI in the United States (\$M USD, stock positions)	2014	N/A	2014	\$230 Million	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2014	\$Amt	2014	23%	N/A

*Source: Central Bank of TT. www.central-bank.org.tt

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.

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

English common law; judicial review of legislative acts in the Supreme Court

International organization participation:

ACP, AOSIS, C, Caricom, CDB, CELAC, EITI (candidate country), FAO, G-24, G-77, IADB, IAEA, IBRD, ICAO, ICC (NGOs), ICRM, IDA, IFAD, IFC, IFRC, IHO, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), LAES, MIGA, NAM, OAS, OPANAL, OPCW, Paris Club (associate), UN, UNCTAD, UNESCO, UNIDO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

[Ctrl + Click for further information \(pdf file\)](#)

Treaty and non-treaty withholding tax rates

Double Taxation treaties have been entered between Trinidad and Tobago and the following countries:

Associated States (Caricom)

Canada

China

Denmark

France

Germany

India

Italy

Luxembourg

Norway

Spain

Sweden

Switzerland

U.K.

U.S.A.

Venezuela

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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