Statement by Valeriano F. Garcia
Date of Meeting: April 13, 1999

**Trinidad and Tobago: Country Assistance Strategy (R99-44)**

We welcome the opportunity to discuss the CAS for Trinidad and Tobago. We support the general thrust of the strategy.

**Vulnerability and oil stabilization fund**

Trinidad and Tobago is a small, open, and vulnerable economy. Its vulnerability is due to its dependency on gas and oil. We agree with the Bank’s advice regarding the facilitation of private investment in non-oil industries. This effort should not be distorted with any special incentives for diversification’s sake, because it may well be that T&T is better off with volatile but high income, than with a stable but low income. In this regard, we would like to know if there was any initiative by the Bank or the government to establish an oil-stabilization fund.

**Privatization**

We do not see a strong and well-focussed privatization agenda. We are very concerned with the size of the public sector and its consequences for poverty alleviation. From the CAS we read: “The State is involved in the oil and natural gas sectors, and ‘strategic’ industries such as the liquefied NG, the sugar and tourism sectors” or “Despite reforms, public sector still accounts for 25% of employment” and “The government is involved in... agriculture, tourism, and several public utilities”. It is for this reason, that we would have liked to see in the CAS a stronger focus on a more specific privatization agenda.

**Education**

We are alarmed learning that “Limited capacity at secondary school impacts upon 30% of students at that level, who have to leave school early”. This means that the state has been concentrating its resources in the wrong places (like owning agricultural land) which, of course, has done little to alleviate poverty.

In this regard, we welcome the Basic Education Reform, which the Bank is fully supporting, as well as the full coordination with IDB’s involvement in this area. The development agenda should include more investment in human capital. To achieve this, the economic rents from having the state divest from the “wrong” sectors should be used to revolutionize the education sector.