



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

TT\$1,000 MILLION

or such greater amount as the Government of Trinidad and Tobago
may determine subject to a maximum of TT\$1,500 million

7.75% FIXED RATE BONDS DUE 2024

For Auction on April 21st, 2009

The Agent - Central Bank of Trinidad and Tobago, Eric Williams Financial Complex, St. Vincent Street, Port-of-Spain

INFORMATION MEMORANDUM

ABSTRACT

The Government of the Republic of Trinidad and Tobago proposes to raise TT\$1,000 million or such greater amount as it may determine up to a maximum of TT\$1,500 million, through the issue of 15 year bonds with a coupon rate of 7.75% per annum. The bonds will be issued under the authority of the Development Loans Act Chap. 71:04.

This bond issue is the first central government bond issue for fiscal year 2008/2009 and is being issued to finance government's capital investment.

The bonds will be issued through the automated auction system operated by the Central Bank. A single price auction system will be used and, as far as possible, applicants will be allotted bonds to the fullest extent of their applications.

The auction will be opened at 1:00 p.m. on Tuesday April 07, 2009 and closed at 1:00 p.m. on Tuesday April 21, 2009.

Bonds will be dated **April 23, 2009**.

TERMS OF ISSUE

1. Authority

These bonds will be issued under the Development Loans Act, Chap. 71:04 of the Revised (1980) Laws of Trinidad and Tobago.

2. Purpose of Issue

This bond is being issued to finance government's capital investment. The government is also mindful of its role in the development of the local capital market and, in particular, the development of the government bond market. To this end, it continues to provide securities that will cater to the needs of all investors.

These bonds are eligible for inclusion in the Statutory Fund of Insurance Companies and will be considered as assets in and originating in Trinidad and Tobago within the meaning of sections 47 (1) and 186 (3) respectively of the Insurance Act, 1980 and will also be accepted without limit for appropriate deposit purposes in accordance with section 29 of the Insurance Act.

3. Date of Issue

The date of issue of this bond is April 23, 2009.

4. Agent

The Central Bank of Trinidad and Tobago has been appointed sole and exclusive agent for the raising and management of this issue of Bonds.

5. Method of Payment

The full purchase price is payable on settlement date. Payment will be made in Trinidad and Tobago dollars.

6. Security

The principal monies and interest represented by the Bonds will be charged upon and are payable out of the Consolidated Fund and are secured on the Revenues and Assets of the Republic of Trinidad and Tobago.

7. Interest

Interest is payable semi-annually on October 23 and April 23. Interest will accrue from April 23, 2009 and the first payment will be made on October 23, 2009. Interest will be calculated at a rate of 7.75% per annum on a 365-day basis.

8. Business Day

In the event that a payment date occurs on a day other than a business day, such payment will be made on the business day following that date.

9. Registrar

The Central Bank of Trinidad and Tobago has been appointed the Registrar for this issue of Bonds.

10. Trustee

The Republic Bank Trust and Asset Management Division has been appointed the Trustee for the bondholders of this issue of Bonds.

11. Redemption

Any bond forming part of this issue, if not previously cancelled or redeemed by purchase in the open market, will be repaid at par on April 23, 2024.

12. Applications and General Arrangements

Applications can be made through the designated Government Securities Intermediaries that are listed at the end of this Information Memorandum. Intermediaries must enter bids, based on completed application forms, into the electronic auction system. Applications must be for \$1,000.00 face value or multiples thereof. No allotment will be made for any amount less than \$1,000.00 face value.

Government Securities Intermediaries are appointed by the Central Bank to act as counterparties in the auction and, thereafter, to provide a secondary market for the bonds. Bids can be placed competitively or non-competitively by submitting the relevant application form, along with payment to a Government Securities Intermediary. The maximum allotment that can be obtained through a non-competitive bid is \$100,000.00 face value.

A register of bondholders will be held in book-entry form at the Central Bank of Trinidad and Tobago.

An Information Memorandum on this bond issue is available at www.central-bank.org.tt. Application Forms and Transfer of Ownership Forms may be obtained at the offices of all Government Securities Intermediaries.

DEBT MANAGEMENT AND ADMINISTRATION

1. Debt Management Objectives

The debt management objectives of the Government of Trinidad and Tobago are:

- To minimize over the long-term the cost of meeting its financing needs, while containing its exposure to risk;
- To facilitate the development of a well functioning domestic capital market, with the creation and maintenance of a local interest-rate yield curve; and
- To ensure that debt management policy is consistent with the objectives of monetary policy, fiscal policy and other macroeconomic policies.



2. Debt Management Strategy

Government's debt management strategy will ensure that both the level and the rate of growth of the public debt are fundamentally sustainable and consistent with international standards and will also focus on the establishment of a risk management framework and the development of an efficient market for government securities.

The debt management strategy will involve, inter alia:

- Achievement of an optimal level of debt that offers fiscal sustainability, external sustainability and solvency in the short, medium and long-term.
- Careful monitoring and management of contingent liabilities.

3. Accountability and Transparency

The Government of Trinidad and Tobago is responsible for ensuring that:

- the legislative authority to borrow is clearly defined and executed within that framework;
- debt data and indicators are accurately recorded and disclosed in accordance with the Freedom of Information Act;
- contingent liabilities are included in debt data;
- debt management activities are regularly audited externally and reported.

The Auditor General is mandated under the Constitution of the Republic of Trinidad and Tobago paragraph 116 (2) and (3) to audit and report on the public accounts of Trinidad and Tobago annually. Under the Exchequer and Audit Act, Chapter 69:01, the Auditor General is also mandated to audit the accounts of all accounting officers and receivers of revenue and all persons entrusted with the assessment of, collection, receipt, custody, issue or payment of public moneys, or with the receipt, custody, issue, sale, transfer or delivery inter alia of securities.

The Annual Reports of the Auditor General are submitted to the Speaker, the President of the Senate and the Minister of Finance and laid in Parliament.

4. Institutional Framework

The debt management activities of the Ministry of Finance are managed by the Public Sector Finance Management Unit (PSFMU) in the Ministry of Finance, and this unit is supported by an automated management information system known as the Debt Management and Financial Analysis System (DMFAS). This system was designed by UNCTAD and facilitates accurate debt recording and reporting. It also enables not only the timely payment of debt service, but also improves the

quality of budgetary reporting and the transparency of government financial accounts.

5. Credit Rating

Standard & Poor's affirmed that the Republic of Trinidad and Tobago's long-term foreign currency sovereign credit rating of 'A-', its long-term local currency rating of 'A+' and its short-term currency rating of 'A-1'. Moody's Investors' Service also maintained Trinidad and Tobago's key foreign currency ratings of 'Baa1'. These ratings are indicative of strong economic fundamentals, the strong internal and external balances and prudent macroeconomic policies (Table II).

ECONOMIC REVIEW

Against the backdrop of a swiftly slowing international economy, the Trinidad and Tobago economy held its own, growing by 3.5 per cent in 2008 compared with 5.5 per cent in the previous year. Growth in the energy sector softened to 0.4 per cent as internationally, energy commodities suffered sharp demand and price reversals in the second part of 2008. However, the non-energy sector grew by a robust 4.8 per cent on the strength of significantly higher output in the Hotels and Guest Houses (22.7 per cent), Finance, Insurance, Real Estate and Business Services (8.8 per cent), Agriculture (8.6 per cent), and Transport Storage and Communication (8.2 per cent) sectors. In 2009, growth is expected to be subdued as the international economic slowdown persists.

Fast-rising agricultural commodity prices and buoyant domestic demand led to inflation averaging 12 per cent in 2008, up from 7.9 per cent the year before. Food prices rose by 25.6 per cent, but important impulses also came from real estate and building materials prices. Core inflation, which eliminates the food component, rose by 6.2 per cent compared with 4.3 per cent in 2007. As at January 2009, headline inflation slowed to 11.7 per cent as a result of slowdown in both food prices and core inflation.

The Central Government's fiscal accounts strengthened in fiscal 2008 with the overall surplus rising to \$9,817.2 million or 6.5 per cent of GDP from 1.7 per cent of GDP in the fiscal 2007. Strong growth in energy revenues supported primarily by high international energy prices provided the basis for the improvement, but non-energy revenues also grew strongly.

The debt to GDP ratio for Trinidad and Tobago at the end of 2008 was 39.0 per cent. The gross public debt stock, which comprises the debt of central government, statutory authorities and state enterprises, increased from \$49,699.7 million in 2007 to \$59,355.9 million in fiscal 2008

(Chart I). At the end of 2008, the domestic component of central government debt amounted to \$32,574.1 million, compared to \$24,394.4 at the end of the previous year (Chart II).

Preliminary data indicate that for 2008 Trinidad and Tobago recorded a balance of payments surplus of \$2.7 billion with the current account registering an estimated surplus of \$6,724.9 million or 27.6 per cent of GDP. The outturn on the current account was due largely to a merchandise trade surplus of \$6.9 billion compared with \$5.7 billion a year earlier. By contrast, the capital account recorded a deficit as private sector outflows, including those of the commercial banks and regional bond issues, reached just over \$4 billion. In addition, \$1.1 billion was deposited to the Heritage and Stabilization Fund.

Trinidad and Tobago's net international reserves at the end January 2009 stood at US\$9,224.3 million. This represented an equivalent of 11.5 months of imports of goods and non-factor services.

The following charts and statistics show key aspects of the government's fiscal performance.

Chart I. Total Public Sector Debt

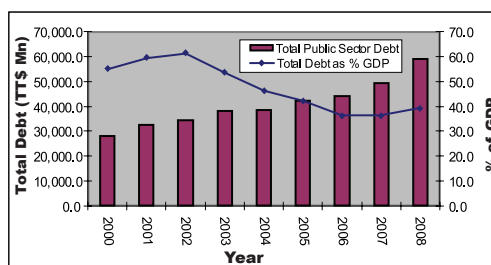


Chart II. Government Fiscal Balance

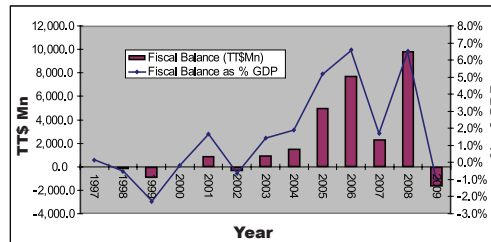


Table I. Central Government Domestic Bond Issues (2003-2008)

Issue No.	Issue Date	Face Value of Issue (TTS)	Year of Tenor Maturity (Years)	Coupon Rate (% per Annum)	
1	30/09/2003	200,000,000	2013	10	6.08
2	30/09/2003	200,000,000	2018	15	6.40
3	06/11/2003	640,000,000	2018	15	6.20
4	08/03/2004	300,000,000	2019	15	6.15
5	22/09/2004	300,000,000	2019	15	6.10
6	15/09/2004	516,000,000	2014	10	6.00
7	16/03/2005	400,000,000	2015	10	6.00
8	24/05/2005	400,000,000	2015	10	6.10
9	30/11/2006	700,000,000	2014	8	8.00
10	09/02/2007	674,301,000	2012	5.5	7.80
11	27/04/2007	1,017,978,000	2014	7	8.00
12	02/07/2008	1,200,000,000	2017	9	8.25

† All coupons are fixed.

Table II. Trinidad and Tobago's Credit Ratings

	Current (June 2008)
Foreign Currency Government Bonds	Baa1
Local Currency Government Bonds	Baa1
Foreign Currency Ceilings for Long-term Bonds and Notes*	A1
Foreign Currency Ceilings on Short-term Bonds and Notes*	P-1
Foreign Currency Ceilings for Long-term Bank Deposits	Baa1
Foreign Currency Ceiling for Short-term Bank Deposits	P-2

Source: Moody's Investors Services

LIST OF GOVERNMENT SECURITIES INTERMEDIARIES

Institution	Contact Address
ANSA Merchant Bank Limited	11c Maraval Road Port of Spain Tel: 623-8672 Fax: 624-8763
Caribbean Money Market Brokers Limited *†	Ground Floor, Furness Court Corner Richmond Street and Independence Square Port of Spain Tel: 623-7815/5153 Fax: 624-4544
Citicorp Merchant Bank Limited	12 Queen's Park East Port of Spain Tel: 625-1046; 623-3344 Fax: 624-1719
First Citizens Bank Limited	Corporate Centre 9 Queen's Park East Port of Spain Tel: 624-3178 Fax: 627-4548
Intercommercial Trust and Merchant Bank Limited	Ground Floor Furness Building Port of Spain Tel: 665-4425 Fax: 665-6663
Republic Finance and Merchant Bank Limited	9-17 Park Street Port of Spain Tel: 625-4411 Fax: 624-1296
RBTT Merchant Bank Limited	Corner Broadway and Independence Square Port of Spain Tel: 625-3511 Fax: 624-5212
Scotia Trust and Merchant Bank (Trinidad and Tobago) Limited	Scotia Centre 56-58 Richmond Street Port of Spain Tel: 625-3566 Fax: 623-4405
FirstCaribbean International Bank (Trinidad and Tobago) Limited	74 Long Circular Road Maraval Port of Spain Tel: 628-4685 Fax: 625-8906
Trinidad and Tobago Unit Trust Corporation *†	Corner Richmond Street and Independence Square Port of Spain Tel: 624-8648 Fax: 624-4729

Note: * Intermediaries designated to accept non-competitive bids from the public.

† Applications taken up to 4:00 p.m. on Monday 20th April, 2009.