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National Budget
2025/2026 Analysis

Table of Contents

03 Managing Partner's Message

04 Economic Outlook

08 Budget Highlights

10 Fiscal Measures

25 Special Highlights

28 Budget Commentary

32 About Deloitte



Managing Partner's Message



Business in 2025 and looking ahead presents a myriad of obstacles and opportunities to navigate for growth and sustainable development. Globally, the transformation agenda continues to provide paths for competitive advantage whether through digital and AI solutions or the formation of new strategic alliances and supply chains.

In the Caribbean, this remains true as well, as companies seek to expand and maintain operations, while elevating customer service to compete with new entrants and commercial models.

At home, in Trinidad and Tobago, the declarations made within the government's 2025/2026 budget for increased production and exploration within the energy sector, once materialized, should support a boost for the economy by increasing GDP, and hopefully have the knock-on effect of stimulating enhanced domestic trade and strengthening much needed foreign reserves. Investor confidence may also return with projected efforts regarding T&T's international tax standing with external agencies. Increased investor confidence may fuel new projects and support the heightening of domestic trade. Innovation, education and technology development being set as priorities in programs and the national sector, may also act as an enabler of inputs needed by today's business such as – skilled talent, improved infrastructure and telecoms to name a few.

As the year advances and with 2026 on the horizon, companies need to focus on their dynamic capabilities and innovation potential across processes, structure, technology and people. The age-old challenges of doing business in the Caribbean persists – access to financing and foreign exchange, identification and retention of the skills and talent needed for growth and the opportunity cost decisions which need to be strategically taken to optimize the resources available. Strategic business thinking and scenario planning becomes more critical in the pursuit of resiliency.



Rikhi Rampersad

Managing Partner
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Executive Summary: Trinidad and Tobago Economic Outlook (2025-2029)



Economic Outlook

Macroeconomic Indicators

	2023	2024	2025 (projected)	2026-2030 (projected)
Real GDP Growth	2.1%	1.9%	2.4%	~1.4% – 3.0%
Inflation (avg. %)	4.6%	0.5%	1.3%	~1.8 – 2.0%
Unemployment Rate (%)	4.0%	4.1%	5.0%	~4.1% – 4.2%
Exchange Rate (TT\$/US\$; avg.)	6.75	6.75	6.76	6.96

Economic Growth

Trinidad and Tobago's real GDP growth is projected to rise to circa 2.4% in 2025, slightly above the 1.9% recorded in 2024, supported by government spending ahead of the general election and modest recovery in energy output. The IMF estimates growth at 1.4 – 2.5% annually between 2026 and 2030.

Energy Sector: LNG and petrochemical production is expected to improve as new gas fields come online, reversing previous declines. Atlantic LNG reported a 43% surge in output in May 2025, and Fitch anticipates a 2% increase in hydrocarbon production for the year. However, structural challenges persist - natural gas output fell 5.9% year-on-year in Q1 2025, and methanol production dropped by 15.3%, even as ammonia and urea expanded.

A key development is the Dragon gas deal with Venezuela. After months of uncertainty, the U.S. government under President Trump renewed the OFAC licence in October 2025, allowing Trinidad and Tobago to negotiate and potentially develop the offshore Dragon gas field without breaching U.S. sanctions. The licence is valid for six months and includes conditions to ensure U.S. companies benefit from the deal.

Non-Energy Sector: Construction and manufacturing are holding steady, helped by private sector lending and regional projects. However, manufacturing exports are under pressure due to the global economic slowdown.

Risks: President Trump's second term introduces volatility in global oil markets. Policies favouring aggressive U.S. production and LNG exports could depress prices, while geopolitical shifts may affect trade routes and demand.



Economic Outlook

Inflation

Inflation remains low and stable, averaging 1.4% in mid-2025, with projections of 2.2% in 2026 and 1.8% by 2030.

Drivers: Food inflation is elevated (around 4%) due to higher meat and imported commodity prices, leaving the economy vulnerable to supply-side shocks and adverse weather events.

Long-Term Outlook: Inflation is expected to stay below 2% through 2029, supported by cautious monetary policy and stable demand conditions.

Exchange Rate

The TT dollar is forecast to depreciate gradually, moving from TT\$6.77:US\$1 in late 2025 to TT\$7.0:US\$1 by 2029.

Reserves: Official reserves remain strong, covering about 7–8 months of imports, but persistent forex shortages and external account pressures could accelerate depreciation.

Foreign Investment & Diversification

FDI inflows remain concentrated in energy, with US\$8.1 billion invested between 2016 and 2025 and an additional US\$9.3 billion expected by 2028. Government initiatives such as Special Economic Zones aim to attract investment in non-energy sectors: ICT, renewable energy, and logistics. Efforts to improve the business environment, like privatisation and regulatory changes, are ongoing, but red tape and limited access to foreign exchange continue to be major hurdles.

Monetary Policy

The Repo rate remained unchanged at 3.50% throughout 2025.

The reserve requirement was lowered from 14.0% to 10.0% in July 2024 to improve liquidity in the financial system. This change is expected to remain in place for the foreseeable future, supporting credit growth and economic activity. (CBTT Monetary Policy Report, May 2025).



Economic Outlook

Latest Fiscal Government Budget (2025–2026)

The 2026 budget, themed “Promises made, promises delivered”, focuses on economic diversification, critical infrastructure investment, and strengthening social resilience.

Key highlights include:

- Total Expenditure: **TT\$59.232 billion.**
- Projected Fiscal Deficit: **TT\$3.865 billion.**

Key Initiatives:

- Upstream energy investments totaling over US\$1.08 billion, including new offshore and onshore exploration blocks and progress on the Dragon gas project with Venezuela.
- Divestment of state assets under the State Enterprises Investment Programme (SEIP), targeting improved efficiency and private sector participation.
- Digital literacy programmes led by the Ministry of Education and Public Administration, including adaptive learning platforms, e-book access, and AI training.
- Social programmes focused on youth development, vocational training, and community resilience.
- Public sector wage negotiations, with budget provisions for a 10% salary increase expected to be resolved during fiscal 2026.

Conclusion

Eight months after the general election, Trinidad and Tobago’s economy is showing modest growth, supported by earlier government spending and a slow recovery in the energy sector. Stable inflation is helping to maintain consumer spending, but economic diversification and foreign investment remain essential for long-term stability.

Key risks include:

- Volatile energy prices, influenced by global supply trends and U.S. policy decisions.
- Inflation pressures from food supply disruptions and climate-related events (affecting local supply as well as imports).
- Structural challenges, such as limited access to foreign exchange and delays in executing major projects.

Budget Highlights



Budget Highlights

An overview of the Revenue and Expenditure projections, as well as the commodity prices underpinning the 2025/2026 National Budget:

Revenue

Price Assumptions:

Oil at US\$73.25 per barrel

Natural Gas US\$4.25 per MMBtu

Oil & Gas Revenue **11.25B**

Non-Energy Revenue **43.40B**

Capital Receipts **0.71B**

Total Revenue **55.36B**

Fiscal Deficit

2.17% of GDP **3.87B**

Expenditure and Key Allocations

Education and Training **8.77B**

Health **8.21B**

National Security **6.37B**

Public Utilities **3.39B**

Infrastructure **1.94B**

Rural Development and Local Gov't **1.80B**

Transport **1.84B**

Agriculture **1.13B**

Other **25.78B**

Total Expenditure **59.23B**

Fiscal Measures



Key Fiscal Measures

Here is a summary of all major fiscal measures:

- Reduction in the price of super gasoline
- Levy on the Assets of Commercial Banks and Insurance Companies
- Electricity Surcharge
- Increase in Fees, Charges and Excise Duties
- Safeguarding NIS and Amendment to NIS rates
- Tax Concession for Corporate and Individual Contributions to Registered Animal Shelters
- Agricultural Incentives
- Removal of Tax on Private Pensions



Key Fiscal Measures

Reduction in the Price of Super Gasoline

The Minister of Finance, the Honourable Davendranath Tancoo (the Minister), announced a \$1.00 per litre reduction in the price of super gasoline during his Fiscal 2025/2026 Budget presentation.

This measure is effective immediately.

Key Impact Group

- Motorists and Vehicle Owners

Potential Impact

- Boost in consumer spending and economic activity.
- Increased disposable income for saving/investment.

Government Impact

- Revenue loss from increased subsidy.



Key Fiscal Measures

Levy on the Assets of Commercial Banks and Insurance Companies

The Minister proposed to introduce a levy of 0.25% on the assets of commercial banks and insurance companies operating in Trinidad and Tobago. The levy will not apply to financial institutions and insurance companies operating under the Special Economic Zones Act.

This measure is expected to take effect from January 1, 2026.

Key Impact Groups

- Commercial banks operating in Trinidad and Tobago
- Insurance companies operating in Trinidad and Tobago

Potential Impact

- Additional financial burden on commercial banks and insurance companies.
- Potential adjustments in fees or lending practices to offset the levy.

Government Impact

- Increased tax revenue.
- Enhanced fiscal capacity through broader contribution from profitable financial institutions.
- Promotes greater equity in the financial sector's contribution to national development.



Key Fiscal Measures

Electricity Surcharge

The Minister proposes the introduction of an electricity surcharge to address the increasing cost of subsidies and promote efficient energy usage.

The surcharge will take the form of a fixed bill-level charge of \$0.05 per kWh for Commercial and Industrial Customers.

Essential public services such as schools, hospitals, and street lighting will be exempted.

This measure is expected to take effect from January 1, 2026.

Key Impact Groups

- Commercial and Industrial Customers
- Consumers

Potential Impact

- Encourage and promote commercial and Industrial customers to develop more energy efficient usage to assist with reducing cost, remaining competitive.
- Businesses may pass on extra costs to the consumer.

Government Impact

- Reduced subsidy burden- more efficient allocation of resources.



Key Fiscal Measures

Increase in Fees, Charges and Excise Duties

The Minister declared an increase in certain Government fees, charges and excise duties. These include container processing fees, customs declaration transaction user fees, environmental tyre tax and wild animals and birds fees.

The following increase in duties on Rum and Spirits, Beer and Cigarettes will take immediate effect:

	Existing Rate	Proposed Rate
Rum and Spirits (By percent of Alcohol)	\$79.25	\$158.50
Beer (by gravity of beer)	\$5.14	\$10.28
Cigarettes (per pack of 20)	\$5.26	\$10.52

The remaining increases of other Fees, Charges, and Licenses is expected to take effect from January 1, 2026.

Key Impact Groups

- Taxpayers who consume these goods
- Business Owners
- Government

Potential Impact

- Promote positive health impact for citizens of Trinidad & Tobago who consume these goods.
- Increased cost for business owners on imports who may pass it on to consumers in the form of higher prices.

Government Impact

- Increase in tax revenue.
- More streamlined and sustainable operations which can enhance modernization.



Key Fiscal Measures

Safeguarding NIS and Amendment to NIS rates

The Minister proposed to amend the National Insurance System (NIS) by implementing a 3% increase in the contribution rate effective January 5, 2026, followed by another 3% increase from January 4, 2027.

Further, beginning in January 2028, the age at which a person can receive a full NIS retirement pension will gradually increase over a ten-year period.

There will be no change for anyone who retires at age 60 before January 1, 2028 and these retirees will continue to qualify for a full NIS pension (with a minimum of \$3,000) at age 60.

Existing pensioners will not be affected by this change.

Starting in January 2028, the age for a full NIS pension will increase by one year every two years until it reaches age 65 in 2036. This means that to access the full minimum pension of \$3,000:

- From January 1, 2028, to December 31, 2029, a retiree must be 61 years of age;
- From January 1, 2030, to December 31, 2031, a retiree must be 62 years of age;
- From January 1, 2032, to December 31, 2033, a retiree must be 63 years of age;
- From January 1, 2034, to December 31, 2035, a retiree must be 64 years of age; and
- From January 1, 2036 onward, a retiree must be 65 years of age.



Key Fiscal Measures

Safeguarding NIS and Amendment to NIS rates continued

Key Impact Groups

- Existing contributing workers, pensioners and employers
- Government

Potential Impact

- Employees will face higher contribution rates in exchange for stabilizing the NIS base.
- Employees will be required to work more years to attain the pension benefit.
- Employers will face higher staff costs because of the increased contribution rates.

Government Impact

- Increased contribution rates will aid investment management.



Key Fiscal Measures

Tax Concession for Corporate and Individual Contributions to Registered Animal Shelters

The Minister proposed an amendment to the *Corporation Tax Act, Chap 75:02* and the *Income Tax Act, Chap 75:01* to allow tax deductions for company and individual contributions respectively to registered animal shelters approved by the Minister of Agriculture, Land and Fisheries.

Allowances to companies would include a tax deduction capped at the lower of 15% of chargeable profit or \$100,000 per year of income. Allowances to individuals would include a tax deduction capped at the lower of 20% of total income or \$20,000 per year.

This measure is expected to take effect from January 1, 2026.

Key Impact Groups

- Registered Animal Shelters
- Corporate donors and individuals

Potential Impact

- Encourages charitable donations and stronger financial support for shelters.
- Improves animal welfare and stray control.
- Promotes public health and sanitation of the environment.

Government Impact

- Reduction in tax revenue due to deductions.
- Positive social and environmental outcomes.
- Demonstrates Governmental support for humane and sustainable initiatives.



Key Fiscal Measures

Agricultural Incentives

The Minister proposed a series of tax relief measures aimed at strengthening the agricultural sector and enhancing food security. The proposal includes removing VAT from all machinery and equipment intended explicitly for agricultural use, as well as from components used in hydroponic and greenhouse farming. The government also intends to review Paragraph 5 of Section 2 of the VAT Act to ensure comprehensive zero-rating of agricultural preparations and chemicals, allowing farmers to have access to affordable production inputs. Customs Duty on animal feed used for poultry, cattle, and pigs will also be removed.

These measures are expected to take effect from January 1, 2026.

Key Impact Groups

- Farmers and Agri-entrepreneurs
- Agricultural suppliers and importers
- Consumers (through lower food prices)

Potential Impact

- Reduces production costs and increases sector competitiveness.
- Stimulates investment in modern, sustainable farming practices.
- Enhances national food security and affordability.

Government Impact

- Short-term revenue loss from VAT and Customs Duty exemptions.
- Long term gains via increased agricultural output and reduced food imports.
- Strengthens commitment to food self-sufficiency and promotes economic resilience.



Key Fiscal Measures

Removal of Tax on Private Pensions

The Minister proposed that Private Pensions will be exempt from income tax with effect from January 1, 2026.

Key Impact Group

- Retirees

Potential Impact

- Retirees will have more disposable income.
- Tax free pension plans can encourage the working population to contribute towards a private pension plan to gain the tax exemption when they retire.

Government Impact

- Loss of tax revenue which could have been allocated to other government services.



Other Fiscal Measures

Landlord Business Surcharge

Effective January 1, 2026, a mandatory tax regime will be introduced, targeting unregistered commercial and residential rental properties in Trinidad and Tobago. All landlords will be required to register with the Board of Inland Revenue (BIR) and pay a one-time registration fee of \$2,500.00. A surcharge will then apply to gross annual rental income as follows:

- 2.5% on income up to \$20,000,
- 3.5% on income exceeding \$20,000.

It is unclear whether this surcharge will be offset against any Income or Corporation Tax liabilities arising on the profits from the rental income.

NIF Bond

There will be the launch of a \$1 billion NIF Bond in the second quarter of Fiscal 2026. It will be backed by 21% of the shareholding of First Citizens Group Financial Holdings Limited (FCGFH) valued at approximately \$2.0 billion. The government will retain indirect and beneficial ownership of FCGFH at 60.11%.

Penalties on Offenses

To ensure stricter adherence to traffic and environmental laws, there will be increased penalties for non-compliance. The Environment Tyre Tax will increase from \$3000 to \$5,000; the Application for Registration of a Pesticide will increase from \$2,000 to \$4,000. Penalties for brewers will increase from \$4,000 to \$10,000, while a new fine of \$5,000 will apply to driving while disqualified or prohibited from obtaining a driving permit.

Additionally, \$15,000 now applies to the offense of careless driving, and driving under the influence of alcohol. The increase in penalties are projected to contribute an additional \$180 million to revenues.

Research and Development Impact Fund UWI

An allocation of \$10 million will be provided to the UWI Research and Development Impact Fund in fiscal 2026 to advance research and innovations to help solve national challenges.



Other Fiscal Measures

Removal of Motor-Vehicle Tax Concessions for Returning Nationals

Effective January 1, 2026, customs duty relief and related tax concessions (Value Added Tax and Motor Vehicle Tax) on motor vehicles imported by returning nationals will be removed to support tax enforcement and integrity.

Amendments to the Policy on Importation of Foreign Used Vehicles

Effective January 1, 2026, the permissible age for the importation of private cars will increase from 3 years and under to 6 years and under from the date of manufacture. For light commercial vehicles, the limit will increase from 7 years and under to 10 years and under from the date of manufacture.

Customs Duties on Luxury Electric Cars

There will be the introduction and application of Customs Duty (10%), VAT (12.5%) and tiered Motor Vehicle Tax on electric vehicles with a CIF value above \$400,000. The exemption for mid to lower-priced electric vehicles remains the same. This measure is expected to generate \$40 million in revenue and is expected to take effect from January 1, 2026.

Subsidy on Liquefied Petroleum Gas (LPG)

There will be an amendment to the subsidy by \$0.50 per pound for LPG cylinders 100 pounds and above. Prices for cylinders below 100 pounds, including the standard 20-pound cylinder, will remain unchanged and will continue to receive the current subsidy rate. The change is expected to take effect from January 1, 2026.



Other Fiscal Measures

National Innovation and Incubator Programme

The National Innovation and Incubator Programme, launching in January 2026, aims to foster innovation and entrepreneurship in Trinidad and Tobago. With a \$15.75 million allocation, it will support 100 young graduates and aspiring entrepreneurs through mentorship, financing, and structured guidance to develop viable businesses. This programme will be executed in partnership with the Unit Trust Corporation and UWI Ventures Limited.

NEXTCLASS

Commencing in January 2026, the Government will invest \$4.64 million in the NEXTCLASS initiative. A programme designed to leverage AI for improving teaching and personalizing learning. It will be hosted by the Ministry of Education, to provide teachers with tools for lesson planning, real-time student tracking, automated grading, and professional development.

eLEVATE TT

Commencing in January 2026, the Elevate TT Programme will be launched to upskill 15,000 educators, equipping them with the tools and strategies needed to effectively integrate technology and modernize their teaching practices. The Government will allocate \$5.72 million to support the initiative.

Period Poverty Intervention

The establishment of a Women's Health Fund, supported by an initial seed capital of \$5 million by the Government to distribute free menstrual kits and support the provision of education and sensitization campaigns in schools. A tax incentive will be provided to encourage individuals and corporations to contribute to the Fund.



Other Fiscal Measures

Establishment of a Real Estate Investment Trust in Trinidad and Tobago

There will be the establishment of a State-Sponsored Real Estate Investment Trust (REIT) to allow institutions and individuals to invest in state owned assets. Shares will be listed on the Trinidad and Tobago Stock Exchange allowing investors to earn regular dividends from the investment in vehicles and high-value income generating property such as land, office buildings and commercial infrastructure.

Reducing the Cost of Construction Materials

The removal of certain construction materials from the negative list under the Trade Ordinance to stimulate growth in the construction sector and encourage home-ownership. The materials removed include clay, crushed limestone, boulders, sand, gravel, plastering sand, porcellanitic, argillite and oil sand.

Taxation on Single-Use Plastics

Effective January 1, 2026, a 5% tax will be introduced on the CIF value of single-use plastic products at the point of importation. The proceeds will be earmarked to support national recycling programmes, waste management initiatives, and public environmental education campaigns.

The PEARL Project: Promoting Early Assessment for Resilient Learners, "Assess Early, Educate Fully"

Commencing in January 2026, the Government will introduce the PEARL project to support the early detection of challenges or differences related to vision, hearing, growth, and development before they become barriers to learning. The programme will embed universal screening in schools. An allocation of \$7.89 million will be provided to fund the programme.

Special Highlights



Special Highlights



Transfer Pricing

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In his Budget presentation, the Minister announced that the Government of T&T is committed to the implementation of Transfer Pricing legislation, to reduce the leakage of tax revenues out of T&T. The Minister also indicated that supplemental legislation and regulations will be introduced, to provide the detailed rules, methodologies, and compliance obligations, ensuring the smooth and effective implementation of Transfer Pricing in T&T. Based on his comments, the legislation is targeted to be in place within two years, i.e. by 2027.

Within the context of a tax collection system, Transfer Pricing legislation is necessary to regularize transactions between related parties in a multinational group setting to minimize profit shifting, in this case, out of T&T. Tax authorities worldwide use such rules to compute and enforce taxing rights in their respective jurisdiction.

In the absence of Transfer Pricing legislation, the Income Tax Act (section 67 thereof) currently provides the tax authority with the ability to disregard transactions that are deemed artificial or fictitious.

Furthermore, the T&T tax legislation restricts the deductibility of charges from non-resident (related) parties, known as the Management Charge Restriction, to 2% of all other tax-deductible expenses (excluding special allowances e.g., capital allowances).

The foregoing arbitrary restrictions with respect to the deductibility of related-party expenses actively deters foreign direct investment in T&T.

The implementation of Transfer Pricing legislation is therefore expected to deliver significant benefits to T&T's economy two-fold; it will help secure domestic tax revenues by curbing current instances of profit shifting out of T&T, whilst providing clear guidance for potential investors.

As the global economy becomes increasingly interconnected and digitalized, the implementation of Transfer Pricing rules is both timely and necessary. It reflects a commitment to modernizing the tax system, protecting national interests, and fostering a fair and competitive business environment.



Special Highlights



VAT Reform



The Minister has announced the Government's intention to review, and if feasible, replace the Value Added Tax (VAT) system.

Citing onerous administration as well as significant refund arrears, it is possible that the VAT system may be replaced by a simplified sales tax system. The Minister also committed to the settlement of the backlog of VAT refunds whilst the review is conducted.

This announcement is welcomed news for the business community, as for far too long, VAT registrants have been burdened by outstanding VAT refunds which negatively impact cash-flow, and disincentivize tax compliance.

On the administrative end, replacement of the VAT system will allow for resources currently used for VAT refund audits to be mobilized more effectively. Moreover, cash leakage from interest on VAT refunds or bonds can be eliminated once and for all.

We eagerly await further details of this exciting development.



Wage Negotiations



In his speech, the Minister emphasized the Government's strong commitment to addressing the longstanding issue of wage negotiations faced by public servants. The Government pledged to resolve outstanding negotiations with the Public Service Association (PSA).

Accordingly, a revised offer of 10% has been approved for negotiations covering the Civil Service, Statutory Authorities, and the Tobago House of Assembly for the periods 2014-2016 and 2017-2019. To fulfil this national obligation, the Government will collaborate with Republic Bank, First Citizens Bank, and the National Insurance Board.

Budget Commentary



Budget Commentary

Trinidad and Tobago in the Global Energy, Technology and Geopolitical Landscape

Miguel Vasquez

Partner, M. Hamel-Smith & Co.



Energy and technology, geopolitical events and wars, tariffs and national security. The global landscape and economy are littered with complex relationships and the interplay between each are the driving forces of trends and policies. Trinidad and Tobago ('T&T') does not stand isolated from these driving forces. It is therefore critical to understand where T&T exists in the global picture, in order to position itself to ensure economic growth and development. Indeed, there remains a global demand for reliable energy; a demand that T&T is well-positioned to help meet.

The energy sector has been reliant on supercomputers and technology for a long time, with practical applications ranging from low-emission technologies to spotting methane leaks and emissions. However, the impact that generative artificial intelligence has had since its release for commercial use just under 3 years ago, is unprecedented. Generative artificial intelligence is energy intensive, requiring steady, high-quality, high-intensity power. Supported by datacentres which store and process data, they use as much energy as one hundred thousand households, with the largest expected to use as much energy as five million households. It is projected that by 2030, the electricity consumption of datacentres will more than double.

Further, as developing countries progress on a global scale, with more households gaining access to cooling, lighting, smart appliances, and even streaming, the energy demand per capita is expected to rapidly rise. Indeed, the global population is projected to rise by more than one and a half billion people by 2050, with a significant part of that growth attributed to developing countries. The incremental electricity demand across millions of households leads to material growth in peak demand and distribution stress.

But what is the correlation between electricity and energy? Traditional electricity supply is provided through generation at a power plant, by rotating turbines which drive generators to produce electricity. Although renewable energy sources are expanding and reducing fossil fuel reliance whether through conversion of sunlight using semiconductors, water in hydropower or nuclear fission, many power systems still rely significantly on gas and coal to provide baseload or balancing power during intermittent supply gaps. Power plants in T&T, for example, rely almost entirely on natural gas for baseload power generation, underscoring the country's need for the resource.



Budget Commentary

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Why has there been a delay in transitioning to renewable energy sources? Simply put, the technology to enable renewables to be a substitute for hydrocarbons does not yet exist. For example, the energy demand profile for datacentres requires a flat, sustained and consistent energy supply. Due to the inconsistency in intensity and flow of renewables such as solar and wind, natural gas and nuclear power remain the preferred sources for powerplants that support datacentres. Further, commercial transportation and certain industries, which account for an even greater proportion of global energy use, namely in the range of 65%, possess unique needs that renewables cannot fully meet. Long-haul trucking for cross-country transportation, aviation for any purpose, and shipping rely on liquid fuels. EV batteries, for example, lack the required energy density for these applications.

Further, natural gas remains the most cost-effective source for generating the high heat required to produce a wide range of industrial goods. While steel, aluminium, and cement are essential components for construction, roads, buildings, power grids and shipping, production requires high temperatures (400–1500°C) and therefore high-intensity energy that electricity cannot feasibly provide.

The International Energy Agency also expects increased demand for petrochemicals. Petrochemicals are products made from oil, which are essential components in medical supplies, food, packaging, vehicles, and many household goods. Its use in plastics for certain products is not substitutable and has reduced efficiencies.

How then does this relate to tariffs and wars? The 2025 round of tariff wars kicked off in February due to U.S. concerns with overreliance on foreign manufacturing, significant vulnerability to price manipulation and, more critically, to supply chain disruption, which had the potential to cripple U.S. technological development and national defence. Indeed, the rare earth materials necessary for semiconductors and high-tech for computer hard drives, EV engines, computer and television screens, key medical technology including lasers and MRI, and for developed defence systems, are controlled by China. For example, 99% of refined gallium, one of the rare earth materials, originates from China.



Budget Commentary

Trinidad and Tobago in the Global Energy, Technology and Geopolitical Landscape

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Geopolitical stability can impact the oil market by disrupting oil supplies and oil flows and can drive policy that impacts the economic outlook and, in turn, oil demand. The Middle East and OPEC have traditionally influenced global oil markets while beyond, conflicts also have reverberating consequences. At the start of the Russia-Ukraine war, Russia cut pipeline deliveries of natural gas to the European Union by more than 50%, driving prices up due to the shortage (with a framework now in place to completely phase out Russian oil and gas imports by 2028). Although the U.S. has accounted for a majority of the shortage supply, the continued war, including a recent attack on a Ukrainian gas facility, continues the disruptive trend, and highlights how critical gas remains.

Oil and gas will therefore continue to play a critical role even in 2050, even if within different capacities. It is projected that all energy types will be required, from renewables to gas, oil, hydrogen and carbon capture. Oil is projected to remain the largest source of primary energy, while natural gas demand, in the form of LNG, is projected to rise to help meet increasing needs for electricity and low-emission industrial energy.

Following the revived Dragon Gas Deal and the upcoming ultra-deepwater block exploration, T&T's direction reflects alignment with global energy trends and projections. Energy has long been the cornerstone of T&T's economy, and as the world continues to rely on hydrocarbons, albeit alongside renewables, T&T is well-placed to re-establish itself as a strategic energy player. It is therefore critical that T&T continues to pursue strategic opportunities to explore and monetise its reserves, while investing in infrastructure to realise decarbonisation goals, attracting foreign investment, increasing economic activity, and securing its role in the dynamic global landscape.

Disclaimer: This commentary prepared by the author is for informational purposes only and does not constitute legal advice.

About Deloitte



About Deloitte

Deloitte is a leading global provider of audit and assurance, consulting, and tax services.

Our more than 456,826 people in 150+ countries and territories, serve four out of five Fortune Global 500® companies through a globally connected network of member firms. We are committed to providing global, comprehensive and industry-focused perspectives to resolve our clients' most complex problems.

We have a world-class business model that generates the change to have an impact on our clients and the communities where we work. Our operating model allows our lines of service to work together, contributing improvements and innovation over the course of our services worldwide, as well as the development of our people.

Deloitte launched **WorldClimate**—our strategy to drive responsible climate choices within our organization and beyond—in FY2020 to address the world's urgent climate crisis with achievable, measurable and science-based actions. We've been focused on this agenda for the past two years. Deloitte leaders, including the Deloitte Global Executive, committed to align with the 1.5°C decarbonization pathway because anything less ambitious will not have the necessary impact.

Deloitte's **WorldClimate** carbon reduction goals are validated by the Science Based Targets initiative. **WorldClimate** recognizes it will take collective action to combat climate change. That's why we have adopted a three-pronged approach—actions we take, actions we inspire our people to take, and actions we take with others in our ecosystem.

Deloitte has committed to achieving net-zero greenhouse gas emissions by 2030 for its operations. To get there, we are embedding sustainability into policies and practices throughout the organization. We are empowering our people to make climate-friendly decisions and influence others to do the same.

WorldClass is Deloitte's global ambition to impact 100 million lives by helping persons prepare for the opportunities of the Fourth Industrial Revolution. In the Caribbean we commit to impacting 85,000 lives by 2030. Through our commitment to support our communities, we are channeling our expertise into addressing education for the youth, financial and entrepreneurial skills for women and technology education for all age groups (youth and seniors).

We are developing direct programs and collaborations with NGOs, schools and charities, that will help these people to develop the skills necessary to succeed, improve access to and quality of education, and ultimately create new opportunities for them. **Our local Trinidad Future Build program supports and mentors secondary & tertiary students with life skills, workplace readiness and career guidance.**

Through Impact Every Day, Deloitte continues to provide volunteering and pro bono opportunities for our people on an ongoing basis, which enables long-term, strategic impact in our communities





About Deloitte

Deloitte Trinidad

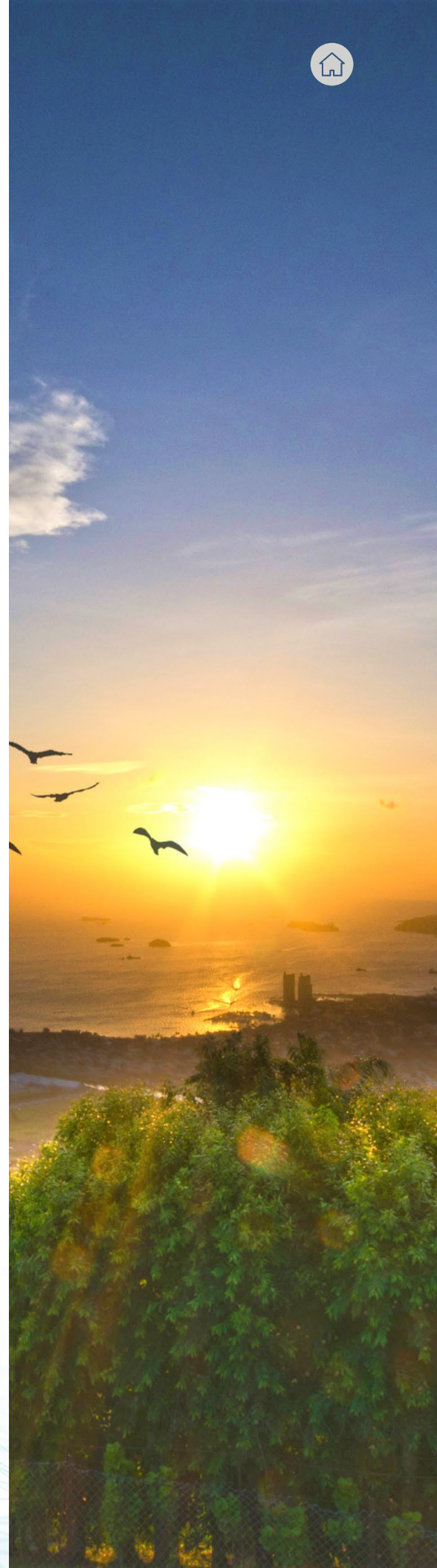
In Trinidad, Deloitte assists companies large and small, public and private, local and international. With over 120 professionals, our integrated approach combines keen insights with industry knowledge to help our clients excel and solve complex business issues. Our service offerings include Audit & Assurance, Tax, and Consulting services. Our professionals through their expertise and specialized skill sets, bring to our clients a deep understanding of the latest issues, trends and requirements. We serve organizations in the Government & Public Services, Financial Services, Consumer, Energy Resources and Industrials industries.

We are dedicated to strengthening corporate responsibility, sustainability, building public trust, and making a positive impact in our community. Deloitte in Trinidad has centered its Purpose activities around youth development, charitable and NGO support for sustainable improvement in the communities in which we serve. We combine both traditional volunteering with education & skilled based volunteering and donations. The following table shows our professionals and levels.

Deloitte Caribbean and Bermuda (CBC)

Deloitte has a strong presence in the Caribbean and Bermuda marketplace, with more than 600 professionals dedicated to bringing their talents to bear on our clients' unique issues. We deliver the strength of Deloitte through audit, consulting, enterprise risk, financial advisory and tax services.

Deloitte Caribbean and Bermuda serves the English-speaking Caribbean from offices in the Bahamas, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Jamaica, Trinidad & Tobago and Turks & Caicos Islands. Though we operate in multiple countries, our professionals have a single focus: help clients navigate their unique business challenges and achieve success. The CBC team offers wide-ranging technical and commercial expertise, along with the market insights to help clients meet their business goals.





Our Services

At Deloitte, we see every challenge as an opportunity for growth. Our people combine innovation and insight to solve your toughest problems. With world-class business knowledge and industry experience, our services can help your business drive progress and unlock real results.

Audit & Assurance

- External Audit
- IT, Data & Analytics
- Accounting & Reporting Assurance
- Sustainability & Emerging Assurance

Consulting

- Forensic Advisory
- Valuation and Insolvency
- Regulatory, Risk and Compliance
- Internal Audit Policy and Controls
- Strategy & Business Design
- Technology

Tax

- Business Tax
- Indirect Tax
- Transfer Pricing
- Business Process Solutions
- Global Employer Services



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