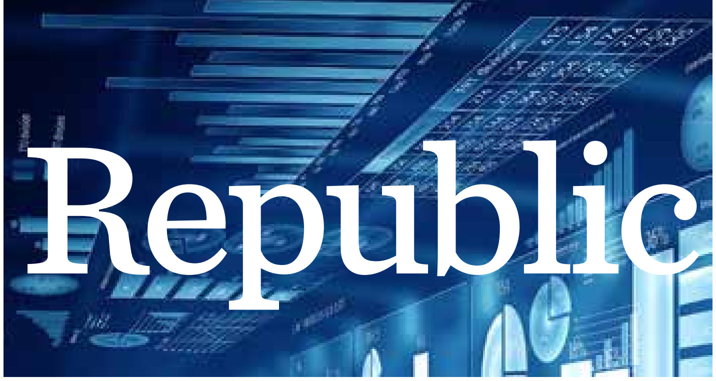

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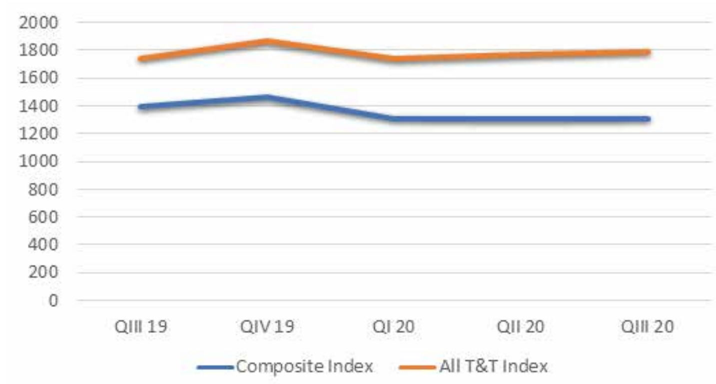
Uncertainty Reigns

OVERVIEW

After relaxing many of the measures devised to control the spread of the COVID-19 virus, government needed to walk back several of its decisions, as the total number of new cases began to increase at an alarming rate in the third quarter. This has also been the experience of several other countries in recent months. Consequently, there is now a great deal of uncertainty permeating the domestic and global economies, with businesses, particularly those in non-essential sectors, worried about the damage extended lockdowns or repeated cycles of tightening and easing of restrictions are inflicting on their operations. Against this backdrop, the domestic economy continued to struggle between July and September 2020, although the temporary easing of restrictions resulted in a higher level of activity, relative to the previous quarter. The construction sector was perhaps the best performer of the non-energy sector, while reduced production levels tempered the gains from increased prices in the energy sector. Overall, Republic Bank estimates that economic activity in the third quarter was 3 percent higher than the level in the second, which is nothing to write home about, given the deep contraction that occurred between April and June. Unfortunately, the disruptive effects of the virus seem to have also impacted the operations of key data collecting agencies, as such, we are not able to quote official inflation, net foreign reserves and financial sector data for the period at this time. However, we can report that activity on the domestic stock market picked up marginally, with the Composite Index advancing by 0.5 percent to 1,317.15 (Figure 1).

Figure 1: Stock Market Activity



Source: TTSE

TRINIDAD AND TOBAGO KEY ECONOMIC INDICATORS

INDICATOR	2019	2019.3	2020.3 p/e
Real GDP (% change)	-1.2	1.5	3.0
Retail Prices (% change)	1.0	0.4	NA
Unemployment Rate (%)	NA	NA	NA
Fiscal Surplus/Deficit ($M)	-4,028.9	723.3	-6100.6
Bank Deposits (% change)	5.8	-1.1	Decrease
Private Sector Bank Credit (% change)	4.5	0.9	Increase
Net Foreign Reserves (US$M)	9,619.3	9,839.7	Increase
Exchange Rate (TT$/US$)	6.73/6.78	6.73/6.78	6.72/6.78
Stock Market Comp. Price Index	1,468.40	1,400.80	1,317.15
Oil Price (WTI) (US$ per barrel)	56.99	56.35	40.89
Gas Price (Henry Hub) (US$ per mmbtu)	2.57	2.38	2.00

Source: - Central Bank of Trinidad and Tobago, TTSE, Energy Information Administration
p - Provisional data
e -Republic Bank Limited estimate
*** - Estimate based on CBTT's Index of Economic Activity**

ENERGY SECTOR

Given the challenges confronting the domestic energy sector, the recent announcement of a gas discovery by Touchstone Exploration Inc. is indeed a welcomed development. On October 14th, 2020, the Canadian-based energy company declared a significant onshore gas find in the Ortoire block. It was the company's third discovery since it began exploration activities in the block in August 2019 and is likely to provide a boost to the long-term prospects of the sector. Regarding exploration in the wider sector, the latest available data indicates that there were increases in the barometers of activity in July and August 2020, compared to the entire second quarter of 2020. Total depth drilled was 44,759 ft during the first two months of the third quarter, more than three times the figure recorded in all of the previous quarter but still 53.3 percent below July-August 2019 levels. After totalling only 86 in the second quarter, rig days rose to 142 in the July-August 2020 period but was significantly lower than the 267 registered during the same period in 2019.

In terms of production levels in the sector, the one bright spot was the increase in the average oil output between July and August by 2.3 percent over the second quarter figures to 57,244.5 barrels per day. Nevertheless, on a year-on-year (y-o-y) basis, this figure represents a 1.3 percent contraction. Average gas production at 2.9 billion cubic feet per day (bcf/d), was 9.5 percent below the outturn of the second quarter and 18.9 percent below the realised volume of the same period a year earlier. The experience in the downstream sector was similar, with ammonia, methanol and liquefied natural

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gas output falling by 11.2 percent, 48.8 percent and 16.6 percent, respectively. Turning to global energy prices, the trends were much more positive in the third quarter. After plunging to an average of US$27.96 per barrel in the second quarter, West Texas Intermediate (WTI) oil prices rose to an average of US$40.89 between July and September but remained firmly below pre-COVID-19 levels. It was a similar experience for the gas market, as the Henry Hub price increased from US$1.71 per million British thermal units (MMBTU) in the second quarter to US$2.

Reflective of the weak global market for petrochemical products, in late September 2020, Canadian-owned Nutrien made public its decision to indefinitely close one of its four ammonia plants in Trinidad. Concerning the sale of the refinery formerly owned by the now defunct Petrotrin, government has instructed the evaluation committee to review Patriotic Energies and Technologies Company Limited's latest proposal, after rejecting the company's initial offer to take control of the refinery. The committee is required to submit its recommendations to cabinet by November 30th.

NON-ENERGY

After a precipitous fall in the second quarter, activity in the non-energy sector remained weak between July and September, as the rapid spread of the COVID-19 virus paused the phased re-opening of the economy, which began in May. With a significant increase in infections, in mid-August government reverted to several of its earlier restrictions, including the suspension of in-house dining at restaurants. Against this backdrop, some of the momentum gained from the gradual easing of restrictions was lost. The sale of new motor vehicles, which has long been used as a gauge for activity in the distribution sector, experienced a 14 percent y-o-y contraction during the third quarter of 2020 to 2,852. This figure however, was almost four times the figure recorded in the second quarter. With April and May representing the height of the virus-related restrictions, only 716 new vehicles were sold in the second quarter. The increase in construction activity was one of the few positives in the non-energy sector during the period. Local cement sales, which are a good measure of the health of the sector, expanded by 12.4 percent y-o-y in the third quarter and by 47.9 percent over the previous quarter. The expansion was partly related to government's drive to complete key projects in the lead-up to the August 10th general elections.

FISCAL

During its 2020/2021 budget presentation, government revealed an actual fiscal deficit of $16.8 billion, equivalent to 11 percent of GDP for the previous fiscal year. During the year, total revenue fell by 27.1 percent to $34.1 billion, while total expenditure held steady at $50.8 billion. The plunge in revenue was prompted by the global impact of the pandemic, which created severe economic and social challenges and as such, left little scope for government to cut expenditure. During the third quarter of 2020, government incurred a deficit of $6.1 billion, up from $5.3 billion in the previous quarter and representing a substantial reversal of the $723 million surplus realised a year earlier. The 2021 fiscal package projects revenue to increase to $41.4 billion and expenditure to fall slightly to $49.6 billion and thus, caters for a deficit of $8.2 billion or 5.6 percent of GDP.

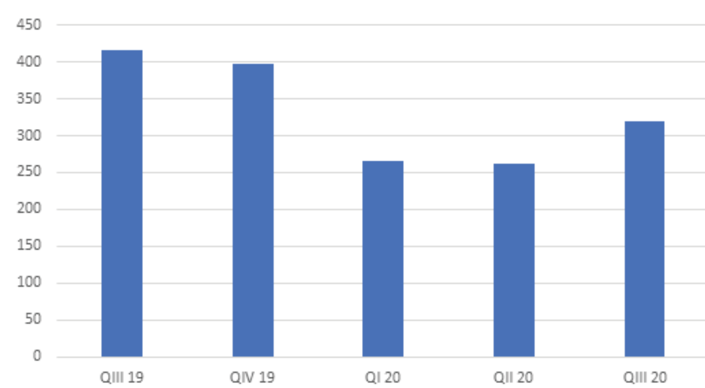
MONETARY

In its most recent monetary policy announcement, the Central Bank's Monetary Policy Committee held the "Repo" rate at 3.5 percent, citing weak global economic conditions and low international interest rates. In addition to this, the MPC's decision was influenced by the flagging domestic economy and the contraction in the demand for credit. This policy stance was also facilitated by the low inflationary environment, which even in the absence of official data, can be safely assumed to have continued in the third quarter. Headline inflation was only 0.6 percent in the second quarter. Regarding interest rates, since the commercial banks' average prime lending rate fell to 7.57 percent in the second quarter of 2020, it has remained unchanged to date. While official financial sector data for the third quarter is yet to be published, we estimate that there was a general fall in new loans when compared to the same period in 2019, with contractions in both the business and consumer segments. On the other hand, the demand for credit in third quarter 2020 was likely positive when compared to the previous quarter, the period defined by the height of the virus-related restrictions.

RESERVES

Given the significant fiscal challenges the COVID-19 pandemic imposed on the country, government was forced to withdraw from the US-dollar-denominated Heritage and Stabilisation Fund and to borrow on the international market. This inflow of foreign currency provided a boost to the country's reserve position in the third quarter, increasing the level of import cover slightly to 8.7 months in September from 8.5 months in June 2020. During the period, the net sale of foreign currency (the difference between purchases from and sales to the public by authorised dealers) increased to US$318.6 million, 22 percent over the levels of the previous quarter but 29.2 percent below third quarter 2019 levels (Figure 2). The Central Bank's support to the market, at US$255 million, was 15 percent below the amount it sold in the previous quarter and 38.6 percent below its US$415.1 million intervention in third quarter 2019.

Figure 2: Net Sale of Foreign Currency (US$mn)



Source: CBTT

OUTLOOK

With a new round of surging COVID-19 infections taking place in Europe and the US, and with some countries halting or reversing the relaxation of lockdown measures, there may be another fall in global demand for fossil fuels, to end 2020. If this does occur, there will be implications for international oil and gas prices, the growth of the domestic economy and the country's fiscal accounts. Even if it does not materialise, the cautious re-opening of the global economy precludes any rapid rise in energy demand through to the first quarter of 2021. In the non-energy sector, the usual impetus provided by the Christmas season is likely to be considerably smaller this year, given the fragile economic conditions that currently exist. Nevertheless, there could be a boost in motor vehicle sales, as consumers race to acquire automobiles before government's proposed quotas and the removal of tax concessions come into effect in January 2021. Economic conditions are expected to remain very tight in the first quarter of 2021, especially with the cancellation of Carnival festivities. Overall, economic activity is projected to remain negative heading into the first quarter of the new year.

Recovery on the Horizon?

Overview

Although the economic effects of the pandemic are still in play, there have been some positive developments in the region. Some tourism-dependent countries are slowly working towards rebuilding their domestic economies. Recently, American Airlines resumed flights from Miami to Freeport, North Eleuthera, George Town and Exuma in The Bahamas. Furthermore, the carrier relaunched flights from Miami to Barbados and Grenada. While many businesses were negatively affected by the pandemic in the Organisation of Eastern Caribbean States (OECS), the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) programme provides some support for start-ups. This initiative of the World Bank and the Eastern Caribbean Central Bank (ECCB) will present fresh opportunities for entrepreneurs who lack adequate collateral to qualify for business loans. In addition to such programmes, the support of multi-lateral agencies continues to be a key resource for several Caribbean states. The latest development in this regard is a US$70 million Caribbean Development Bank loan to The Bahamas (US$40 million) and St. Lucia (US$30 million) to combat the virus and safeguard the economy. Economic recovery is expected to commence in 2021 for most Caribbean states. In the meantime, the resources directed to COVID-19 support will continue to add to the region's financial pressures. For example, by October, The Bahamas Finance Ministry had spent approximately $140 million on COVID-19 measures ranging from food assistance, unemployment support, small business loans and public health care funding.

Anguilla

Anguilla is seeking to restore economic stability, as several hotels have already begun to welcome visitors since its borders re-opened on November 1st. The Caribbean island is already deep into its second phase of re-opening its tourism industry. Top hotels and resorts such as Belmond Cap Juluca resort, CuisinArt Golf Resort and Spa and the Four Seasons Anguilla, were all planning to welcome visitors during this phase. Specific health measures will play a vital role in preserving the safety of all visitors and citizens. In light of this, CuisinArt will allow visitors to leave the hotel after a 10 to 14-day period only if they have a negative test. The introduction of a "bubble" concept will also allow properties to safely offer their guests access to amenities, services and activities while staying in place. Although Anguilla is eager to revitalise its economy, health authorities will be mindful of maintaining their excellent record in handling the pandemic. In the third quarter of 2020, Anguilla was officially categorised by the World Health Organization (WHO) as having "no cases" of COVID-19. Three Anguillan villas, The Beach House, Le Bleu and Indigo, have all been officially certified by the Ministry of Health as being fully COVID Compliant and have already welcomed their first guests post-COVID.

Barbados

In October, the World Bank forecasted that Barbados' economy would contract by 11.6 percent in 2020, with debt levels to reach 133.6 percent of GDP by the end of the year. The Inter-American Development Bank (IDB) also provided a similar projection (GDP to contract by 11 percent). The International Monetary Fund (IMF) noted that the halting of crucial sectors like tourism and construction resulted in a dramatic rise in unemployment. Nevertheless, despite the 'COVID-19-induced' economic slowdown, the international ratings agency Standard & Poor's (S&P) maintained its long and short-term credit ratings of B-/B for Barbados. The Agency also maintained its stable outlook for the island state, noting that pre-emptive debt restructuring and financial aid from multilaterals were enough to counter the pandemic's negative impacts. Furthermore, Barbados received high praise from the International Monetary Fund (IMF) for its continued progress in adhering to its Barbados Economic Recovery and Transformation (BERT) programme. International reserves improved since the commencement of this recovery plan and now stands at over $1 billion. Barbados was also successful in meeting all its quantitative targets for September. Having met all its targets the country can now draw US$90 million upon approval, which will most likely occur by December. The IMF has also agreed to review a proposal for an augmentation of the Extended Fund Facility (EFF) by US$66 million to help finance the emerging fiscal deficit and balance of payments needs.

Cayman Islands

In February 2020, the European Union's Economic and Financial Affairs Council (ECOFIN) placed the Cayman Islands on its non-cooperative jurisdictions list. This decision by the European Union (EU) was due to perceived deficiencies in the Cayman Islands' amendments. However, on October 6th, ECOFIN removed the Cayman Islands from the list, as it recognised that the Cayman Islands' legislative amendments were consistent with the EU's requirements. In the financial sector, nine new captive insurance companies were licenced in the third quarter of 2020. As of September 30th, there were 652 Class B, C and D insurance companies and 25 insurance managers under the supervision of the division. In light of the challenges that COVID-19 presents, the Cayman Islands is seeking to improve economic activity. As a result, the jurisdiction launched its Global Citizen Concierge Programme (GCCP), for digital nomads seeking to make the most of the flexibility provided by remote work. Applicants must provide proof of financial independence. The qualifying income for individuals is $100,000 annually, while only couples with a combined income of at least $150,000 will be considered. As the borders remain closed to commercial airlift and cruise traffic, professionals can upgrade their home offices by choosing to live and work remotely in the Cayman Islands for up to two years by acquiring a Global Citizen Certificate.

Cuba

Cuba has reportedly lost nearly $5.6 billion in one year due to economic sanctions imposed by US President Donald Trump. This revenue loss occurred during the April 2019 to March 2020 period and was higher than the $4.3 billion loss in the previous year. Cuba has gradually re-opened its borders as it heads into the November-March high tourism season. Thirteen of Cuba's sixteen provinces are now open to tourism. The country has encountered some challenges in managing its debt. The Paris Club of creditors waived Cuba's annual payment for restructured debt but planned to impose a penalty on the country. This year was the first time Cuba missed the entire payment (due by October 31st) since the restructuring agreement in 2015. Earlier this year, Cuba sought a two-year moratorium and the waiving of penalties for overdue payments due to the coronavirus pandemic. The 2015 Paris Club agreement forgave $8.5 billion of $11.1 billion and repayment of the remaining debt in annual installments was back-loaded through 2033. In light of financial challenges caused by the pandemic, Cuba is seeking to implement policies to solve macroeconomic imbalances, reduce budgetary deficits, favour incentives to production, and improve efficiency and competitiveness.

Dominica

Dominica has called on the IMF and other international lending agencies to revisit their lending policies, as developing countries seek more financial and other assistance to deal with the impact of the changing global environment. Nevertheless, the country is trying to make the best of the challenging environment. While some governments are reducing expenditure to tackle the economic impact of COVID-19, Dominica increased its social safety nets via its Citizenship by Investment (CBI) Programme fund. Even throughout the lockdown, Dominica maintained its National Employment Programme (NEP), which helps young people secure internships and jobs, advance their skills, increase human capacity, assist local communities, and support long-term economic growth. Although tourism activity slowed for most of this year, Dominica is making plans to build a new international airport. The government acquired around 411 acres of land required for the new airport and progress is being made on the designs and technical studies needed for its development. Also, construction work on Tranquility Beach Resort commenced in January 2019, and continues to move smoothly under the country's CBI Programme. This project is scheduled to finish by 2022 and upon completion, the resort will create 300 permanent jobs.

Grenada

Grenada is striving to revitalize its tourism sector. The Grenada Tourism Authority (GTA) and the Ministry of Tourism are in discussions with US-based cruise ship operators to resume cruise calls to the island. However, restarting the cruise industry will be very tough. To boost the appeal of the sub-sector, both parties are trying to secure access to uncrowded beaches to minimise personal contact between locals and visitors. Grenada is doing well in reducing the spread of the coronavirus within its borders and as a result, the US Centre for Disease Control (CDC) ranked the tri-island as very low-risk for COVID-19. Grenada, Carriacou and Petite Martinique also achieved a "Safe Travels" status from the World Travel & Tourism Council (WTTC). US carriers JetBlue Airways and American Airlines resumed weekly flights to the destination on October 3rd and October 8th, respectively. Air Canada also resumed its once-weekly direct flights to Grenada on October 5th. Construction activity is still progressing with ongoing works on the Kimpton Kawana Bay Hotel. This project will end by 2021, with the official opening likely to take place in 2022. Currently, up to 140 workers are employed on this project and once opened, the hotel will provide 300 direct jobs.

Guyana

Guyana continues to make strides with its oil industry. On October 3rd, Guyana signed an agreement with ExxonMobil for the development of the Payara field offshore. Payara is the third project in the Stabroek Block and has the potential to produce up to 220,000 barrels of oil per day after start-up in 2024. At US$9 billion, this licence represents the single largest investment in the country's history, but Guyanese authorities are mindful of the small window to take full advantage of its oil industry before alternative forms of energy take hold of the international market. There is also a need to increase local content in the energy sector. ExxonMobil has claimed that from 2015 to the first half of 2020, it has spent roughly GY$60B on local suppliers to procure goods and services, with more than 700 unique Guyanese suppliers. However, it is felt that to provide maximum benefits to locals, oil companies must also train and hire Guyanese in their field development plans (FDPs). Guyana's oil industry is also attracting a lot of foreign investment, as several United States (US) agencies collectively offered approximately US$200 billion in financing for businesses interested in investing in Guyana. Despite this recent success, the IMF has further downgraded its growth forecasts for Guyana in 2020. The country is now projected to grow by 26.2 percent, down significantly from the 53 percent previously forecast. Nevertheless, the IMF expects Guyana's growth to rapidly increase going forward, with growth projections of 8.1 percent in 2021, 30 percent by 2022 and 22.3 percent in 2023.

Sint Maarten

During the first half of 2020, the economic outlook deteriorated due to the novel coronavirus. This result came as no surprise, as Sint Maarten has a small, open economy that is highly vulnerable to external shocks. Various containment measures on domestic activity and the collapse in international tourism flows hindered growth during this period. Given the challenges presented by the pandemic, economic activity will likely decline in 2020. Cruise tourism was severely affected and will not return until late 2021. As a result, a marked downturn in tourism earnings is projected for this year. A weak recovery may begin to emerge in the fourth quarter and gather pace as external conditions improve slowly in 2021. However, recovery will be highly dependent on the speed at which hurricane reconstruction projects occur. These projects have been underway since 2017 and their completion is contingent on the disbursement of funds by the Dutch authorities. There are several downside risks to Sint Martin's growth prospects including, the ongoing rapid spread of the virus in key tourism source markets, a deeper global recession and extreme weather events.

St. Kitts and Nevis

The Government of St. Kitts and Nevis closed their borders to all commercial airline flights on March 25th due to the pandemic. However, the Caribbean state sought to revitalize its economy and re-opened its borders to international commercial flights and travellers on October 31st.

The IMF revealed that St. Kitts-Nevis would be among the fastest-growing economies in the region for the 2021 to 2025 period. According to the IMF, coming out of this pandemic-induced recession, the two leading Caribbean economies in 2021 will be Guyana and St. Kitts-Nevis. The fund projects economic growth of at least 8 percent in 2021 for St. Kitts-Nevis. However, despite this optimistic outlook, the IMF warned that recovery would be long, uneven and uncertain.

St. Lucia

As if the COVID-19 challenges weren't enough for St. Lucia's tourism sector, in August 2020, the ministry of Health and Wellness declared an outbreak of Dengue Fever. On October 2nd, there was a total of 503 confirmed cases, most of which were concentrated in the northern region in areas such as Castries, Bexon and Central Babonneau. Nevertheless, St. Lucia continues to focus on revitalising its economy. TUI Airways Limited's weekly winter flights from London Gatwick to Hewanorra International Airport will extend to March 2021. St. Lucia maintained its COVID-19 protocols and as a result, TUI included the jurisdiction in their long-haul programme for 2020-2021. St. Lucia has welcomed visitors since re-opening its borders on July 9th and the tourism sector remains very vigilant since the resumption of commercial flights. St. Lucia continues to be ranked as the Caribbean country with the lowest number of cases per capita. Nonetheless, the required response to the virus did intensify the country's fiscal challenges and the Ministry of Finance expects debt to GDP to reach around 90 percent by March 2021. Tourism sector investments are continuing, as Hyatt Hotels Corporation announced plans to build its first Hyatt-branded hotel in St. Lucia. The 345-room Grand Hyatt St. Lucia is scheduled to open in 2023. This move is in line with Hyatt's plan to significantly expand its footprint in the region.

Suriname

Long-standing financial challenges and the COVID-19 pandemic could lead to a budget deficit of about 20 percent of GDP this year. This dire state of affairs required the government to borrow from local banks to pay civil servants' salaries. Also, the government will not be able to make a $26 million interest payment due on a $550 million loan. The government is taking advantage of the 30-day grace period that the bond provides to find a workable solution with creditors. Suriname has also turned to the IMF for assistance, which will come in exchange for far-reaching reforms that should ensure more stable economic growth and higher tax revenues. Fitch Ratings agency downgraded Suriname's Long-Term Foreign-Currency (LT-FC) Issuer Default Rating (IDR) to 'C' from 'CC'. This downgrade reflects Fitch's view that a process of default has begun. Failure to deliver the $26 million interest payment during the grace period would put the sovereign into 'Restricted Default' (RD) and the bond in question into 'Default' (D). Looking ahead, a foreign commercial debt restructuring that entails a material reduction in terms, is necessary to avoid a traditional payment default.

The Region

In the region, the COVID-19 pandemic wiped out a significant portion of jobs. Several businesses across the region continue to be shut down by the devastating impact of the pandemic. A recent COVID-19 study conducted by the Statistical Institute of Jamaica (STATIN) found that 57 percent of Jamaican households saw a reduction in income in the March to September period. During the third quarter, there was a steep 4.8 percentage point rise in unemployment to 12.6 percent, reflecting a total of 135,800 job losses for that period. According to central bank data, un-serviced bank and mortgage loans grew by one-third to $27.9 billion for the year ending June. This result is the highest percentage rise in eight years. This un-serviced debt (also called non-performing loans, or NPLs) reflects the increased economic challenges faced by borrowers amid job losses and lay-offs linked to the coronavirus. On the bright side, Jamaica moved up nine places in the Global Innovation Index (GII) 2020 ranking to hold the 72nd position across the upper-middle income countries for innovative capabilities.

Outlook

Given the uncertainty of the COVID-19 pandemic, the short-term future growth prospects of the region seem dim. The Economic Commission for Latin America and the Caribbean (ECLAC) predicted that the crisis would be longer and deeper than expected. Average GDP growth is not projected to return to 2019 levels before 2025. However, there are opportunities for growth in non-conventional areas, as some islands are experimenting with the idea of becoming remote-work havens. Leveraging technology could also boost economic activity for some businesses that need to practice social distancing. Implementing strict health protocols and testing is key to instilling confidence in tourist arrivals. But, the region's best plans to re-open and revitalize its economies will also be dependent on external factors. Most Caribbean states will need to tightly manage their fiscal accounts, as the events surrounding the pandemic continue to unfold.

For many people 2020 will go down as Annus Horribilis. Even more may categorize it as Annus Inusitatus (an unusual, extraordinary or rare year) or perhaps some combination of the two. Undoubtedly, most are eagerly awaiting the end of this year, with the hope of a return to normalcy next year. The thing is, the events of 2020 were so unprecedented and globally pervasive in their impact, that a return to normal (aka life as we knew it in 2019) is nigh impossible at this stage. So, what does the future hold?

Though viruses have many abilities and traits, literacy is not one of them. It is intrinsically human to hope that a change in the year will bring about changes in events or circumstances. COVID-19, however, is completely unaware that the calendar on the wall is fast coming to an end and signalling the start of 2021 in less than one month's time. The virus is not "going to disappear" but will in fact still be with us. In T&T the hope is that through the collective efforts of citizens and the state, the spread of the virus can be increasingly curbed in the weeks and months going forward. Currently, in several developed countries, the virus is more rampant than ever, with things expected to get worse before they get better. Until the approval and widespread dissemination of a vaccine, which according to many experts is unlikely before late 2021, COVID-19 will still be prevalent and pervasive enough to negatively impact economic activity across the world, albeit hopefully to a lesser extent.

The restrictions implemented to curb the spread of the virus, triggered a seismic shift in both the state and private sectors, with the mushrooming of online service delivery, remote work and online meetings, classes, conferences and even concerts. To keep things going despite restrictions, public servants, businesspeople, consumers, entrepreneurs, churches and even entertainers, have been forced to become more flexible, computer savvy and innovative. For many people now, communicating, learning, accessing government services, meeting, getting goods and services and paying bills have become faster, easier and more convenient. These alternative forms of engagement, far from disappearing when COVID-19 is no longer a threat, are likely to remain in use. One fallout from these shifts is that business travel will remain very depressed over the short-term, with the meetings, incentives, conferences and exhibition (MICE) tourism sub-sector virtually non-existent (pun intended). Further, reduced air travel and day to day commuting translates to lower fuel demand and weaker oil prices.

In the wake of business closures and retrenchment, even with restrictions being scaled back, workers continue to join the breadline, with many struggling to regain employment. Not surprisingly, poverty levels are being impacted with global extreme poverty expected to rise in 2020 for the first time in two decades. According to the World Bank, the pandemic is likely to push an additional 88 million to 115 million people into extreme poverty this year, with the total rising to as many as 150 million by 2021, depending on the severity of the economic contraction. In the Bank's biennial Poverty and Shared Prosperity Report, extreme poverty, defined as living on less than US$1.90 a day, is likely to affect between 9.1 and 9.4 percent of the world's population in 2020. This would represent a step backward to the rate of 9.2 percent in 2017. In the absence of the pandemic, the poverty rate was expected to fall to 7.9 percent in 2020. The report also finds that many of the new poor will be in countries that already have high poverty rates, while several middle-income countries will see significant numbers of people slip below the extreme poverty line. This does not augur well for equality.

As reported in the article *Reducing the Number of Citizens Being Left Behind* (REN issue - September 2020), research on various epidemics showed that income inequality steadily increased in the affected regions during the five years after the event. Inequalities are not only driven and measured by income, however, but are determined by other factors such as gender, age, origin, ethnicity, disability, sexual orientation, class, and religion. These factors determine inequalities in opportunity which continue to persist, within and between countries. Recently, gaps in newer areas, such as access to online and mobile technologies, are emerging. Anecdotal evidence suggests that the pandemic served to further increase inequality within countries, with the widened gap likely to persist for the foreseeable future.

The Energy Information Administration (EIA) in its November report, indicated that the demand for oil which was 101.5 million barrels a day (b/d) in 2019, fell to an estimated 92.9 million b/d in 2020 and is projected to increase to 98.8 million b/d in 2021. With the increased demand expected in 2021, average oil prices (West Texas Intermediate-WTI) are projected to rise to US$44.24 per barrel, though it has to be stated that oil demand, and consequently the oil price, are vulnerable to declines based on if, and to what extent, lockdowns or restrictions are implemented in major economies, as well as more permanent changes in oil consumption patterns.

This country's total revenue for the current fiscal year has been budgeted at $41.364 billion. Already one of the lowest revenue projections in years, the actual amount realised could be even smaller if global oil prices weaken. While the authorities will undoubtedly prioritise spending allocations, this constrained revenue situation could manifest itself through reductions in government subsidies, delays in fixing or replacing defective equipment, delays to infrastructure repairs (roads), less reliable service delivery by utility service providers and delays in payments to contractors or VAT refunds to businesses.

The energy and petrochemical sectors will likely continue to struggle given global conditions (weak demand and low prices) as well as domestic challenges. The recovery of the non-energy sector will likely be slow and unsteady. It is reasonable to assume that the focus of most businesses at this time would be on expanding their online service delivery capabilities rather than building new facilities. Meanwhile, just four months into its new term and facing massive debt and unprecedented levels of uncertainty, the government is unlikely to push to roll out a significant portion of its capital projects over the short term. These likely developments translate to weak construction sector activity in 2021.

With widespread improvements to accessing state services, things like registering births, deaths and even trademarks can now be done online. To be fair, both the government and the private sector have been making steady strides in this area before the pandemic. One such example is DevelopTT, a construction permitting system that allows applicants to access development approvals and track their applications, from twenty-nine (29) advisory and regulatory government agencies. The system was launched on March 4th, 2020, in the City of Port of Spain and is being rolled out to other regional corporations on a phased basis. With the creation of the Ministry of Public Administration and Digital Transformation and the incentives for the creation of tech jobs and companies in the 2021 Budget, the current administration has shown clear intent and commitment to making ongoing strides in this area. While there are hiccups and setbacks, people are benefitting from easier and faster service delivery, with greater progress to come in 2021 and beyond. So, while the quality of your street may deteriorate, reporting the potholes will become even easier in the future. On a more serious note, the increased digitalisation of services, beyond providing greater convenience, saves time, increases productivity, improves this country's Ease of Doing Business indicators and makes T&T more competitive globally.

The current reality, at least in terms of employment, is not nearly as encouraging. While many people have returned to their jobs, indications are that retrenchment is steadily taking place as companies cut staff due to lower demand. Further, some of the jobs lost during the pandemic may return in much smaller numbers or not at all, with the MICE sector being a perfect example. Often, the countermeasures taken, have trade-offs or consequences. As more people work from home (or are schooled at home) the smaller numbers of commuters will make it harder for transport providers like taxi and maxi taxi operators to make ends meet. Going forward, with all the benefits of greater digitalisation, one inevitable consequence is that less staff will be needed. However, disruption also invariably creates opportunities and there are sure to be avenues where those with useful ideas and creative solutions can take advantage of current and emerging systems and technologies to provide the goods and services that people will want / need in 2021 and beyond. Still, the increase in poverty and the attendant rise in inequality that almost certainly took place this year, will carry through into 2021.

Notwithstanding the death and disruption brought about by COVID-19, it has helped shine a light on a health crisis in this country that successive administrations have been warning about for years. According to the World Health Organisation (WHO), of the 12,100 deaths in T&T in 2016, some 9,800 (81 percent) were due to non-communicable diseases. Cardiovascular diseases (hypertension and heart disease) accounted for one-third of all deaths, followed by diabetes (15 percent) and cancer (15 percent). These diseases would have featured regularly among the comorbidities (two or more disorders or illnesses occurring in the same person) that greatly increased the chance of death in COVID-19 patients. It is likely that some people will now make the lifestyle changes necessary to fight against non-communicable diseases. In another positive development, adherence to the COVID-19 protocols led to a lower incidence of other infectious diseases. Comparing data for the last six years, the country's Chief Medical Officer said this year, public health facilities were seeing significantly fewer cases of acute respiratory illnesses, influenza and gastroenteritis. These positive lessons and habits, combined with the increased experience and knowledge gained by T&T's health care professionals in 2020, augurs well for positive developments in health in the new year.

With respect to crime, as can be seen in the table below, the incidences of most categories of crime decreased significantly in the first nine months of 2020, compared to the same period in 2019. While some of the gains are attributable to the diligence and hard work of police officers, the pandemic was also a major contributing factor. Significant falloff in the monthly figures occurred in at least six of the crime categories from April 2020, when most of the restrictions were introduced. Sadly, for probably the same reason, rapes, incest and sexual offences increased. In terms of road safety, as of November 14th, 2020 there were 78 road traffic deaths, representing a 25 percent reduction from the same period the previous year. Unlike in health, it will be a greater challenge to maintain these positive trends when the restrictions are fully removed, suggesting that crime is likely to increase going forward. Further, the prevalence and acceptance of 'pyramid schemes' will almost surely create problems in 2021. The seeds being sown now are likely to return a harvest of increased criminal activity and financial losses, not to mention deterioration in some people's work ethic.

2020 has been a year of unprecedented developments, experiences, challenges and lessons. The thing about challenges is that once you overcome them, you are stronger for it. The year 2021 is likely to be characterised by hardship, opportunity, change and recovery. This article sought to crystalise some of the lessons of the past 11 months and provide insight, to help with the developments and challenges that may lie ahead. Although 2021 will not be easy, most of us are better prepared to face it than we would have been at the end of 2019.

Trinidad & Tobago Crime Statistics: January – September

Crime category	2019	2020	% change
Burglaries and break-ins	1478	1120	24.2 % ⬇
Fraud offences	223	94	57.8 % ⬇
General Larceny	1255	946	24.6% ⬇
Kidnapping	83	57	31.3% ⬇
Kidnapping for ransom	6	1	83.3% ⬇
Larceny dwelling house	126	103	18.3% ⬇
Larceny motor vehicle	478	346	27.6% ⬇
Murders	405	309	23.7% ⬇
Narcotics	268	200	25.4% ⬇
Other	440	493	12% ⬆
Possession of firearms and ammunition	681	662	2.8% ⬇
Rapes, incest, sexual offences	297	315	6.1% ⬆
Robberies	2012	1363	32.3% ⬇
Serious indecency	9	12	33.3% ⬆
Woundings and shootings	489	329	32.7% ⬇

Source: Trinidad & Tobago Police Service website

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