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BUSINESS JOURNAL

IMF growth forecast for Western Hemisphere

(output growth, annual rate in percent)

	2007	2008 Est.	2009 Proj.	2010 Proj.
North America[1]	2.2	1.1	-2.8	0.1
United States	2.0	1.1	-2.8	0.0
Canada	2.7	0.5	-2.5	1.2
Mexico	3.3	1.3	-3.7	1.0
South America[1]	6.6	5.3	-0.8	1.8
Argentina	8.7	7.0	-1.5	0.7
Bolivia	4.6	5.9	2.2	2.9
Brazil	5.7	5.1	-1.3	2.2
Chile	4.7	3.2	0.1	3.0
Colombia	7.5	2.5	0.0	1.3
Ecuador	2.5	5.3	-2.0	1.0
Paraguay	6.8	5.8	0.5	1.5
Peru	8.9	9.8	3.5	4.5
Uruguay	7.6	8.9	1.3	2.0
Venezuela	8.4	4.8	-2.2	-0.5
Central America[1]	6.9	4.3	1.1	1.8
Costa Rica	7.8	2.9	0.5	1.5
El Salvador	4.7	2.5	0.0	0.5
Guatemala	6.3	4.0	1.0	1.8
Honduras	6.3	4.0	1.5	1.9
Nicaragua	3.2	3.0	0.5	1.0
Panama	11.5	9.2	3.0	4.0
The Caribbean[1]	5.8	3.0	-0.2	1.5
The Bahamas	2.8	-1.3	-4.5	-0.5
Barbados	3.4	0.6	-3.5	0.5
Belize	1.2	3.0	1.0	2.0
Dominican Republic	8.5	4.8	0.5	2.0
ECCU[2]	5.2	1.8	-2.4	-0.1
Guyana	5.4	3.2	2.6	3.4
Haiti[3]	3.4	1.3	1.0	2.0
Jamaica	1.4	-1.2	-2.6	-0.3
Suriname	5.5	6.5	2.8	2.5
Trinidad & Tobago	5.5	3.4	0.5	2.0
Memorandum item:				
Latin America and the Caribbean[1]	5.7	4.2	-1.5	1.6

Source: IMF, World Economic Outlook; and IMF staff estimates.

[1]Weighted average by purchasing power parity.

[2]Eastern Caribbean Currency Union, ECCU aggregate.

[3]Fiscal year data.

EARTH CONSCIOUS

a green publication

We are happy to celebrate with our readers our first seven issues of Earth Conscious.
Earth Conscious magazine is available online at several sites.

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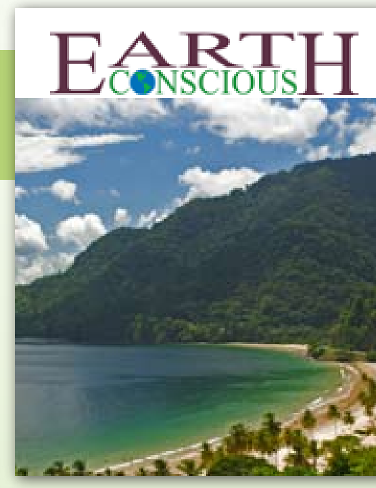

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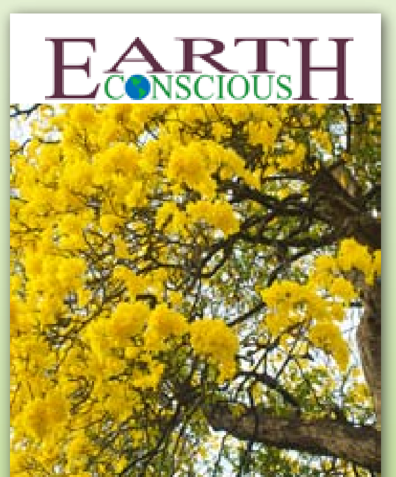

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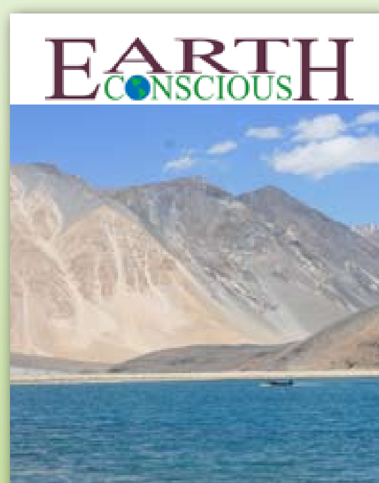

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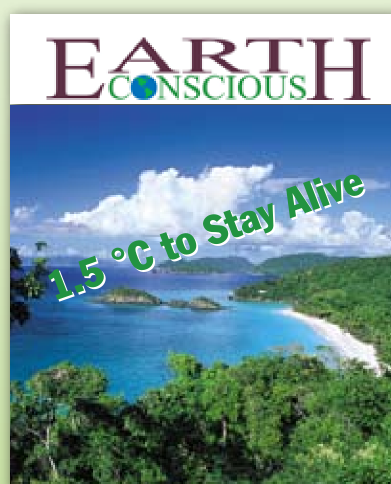

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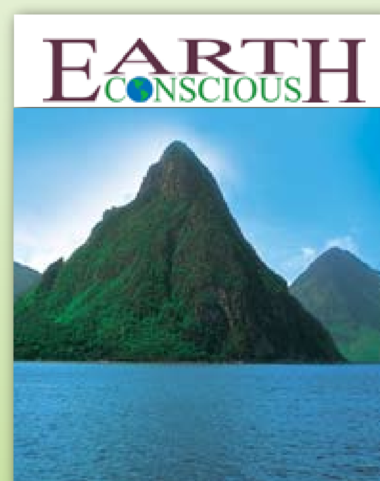

March 2010

Please share your feedback with us and let us know how you are BEING EARTH CONSCIOUS so that we can share your experiences with other readers across the globe.

Email us at: prservices@caribbeanpragency.com

BUSINESS JOURNAL

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Our Cover

The IMF table on front cover depicts the state of the economies in the Caribbean. See article on regional economies on pg. 14

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From the Editor's Desk

It is my great pleasure to welcome you to the first edition of Business Journal!

The purpose of the online Business Journal is to bring in-depth reporting, analysis and commentary to major business issues and events, looking behind and beyond headlines in the Caribbean.

We also hope to become a forum for unfettered debate on some of the most pressing issues facing our Caribbean society.

Our special feature in this inaugural issue looks at the fall-out of the global financial storm which upended most economies in the Caribbean.

Some have had to turn to the International Monetary Fund for emergency bail-out and in the case of Jamaica, revert to a formal Stand-by Arrangement with the accompanying austere measures.

Trinidad and Tobago which has been enjoying buoyancy over the past decade on account of huge revenues from oil and gas was not spared and ended 2009 in negative growth.

On the eve of our newest online magazine, Trinidad and Tobago went to the polls and voted a new coalition government into office headed by 58-year old Prime Minister Kamla Persad-Bissessar.

We intend to put under the microscope the economic and development plans by the new coalition government in our September edition.

Apart from our two regular columnists, Dr. Anthony Bryan and Dr. P.I Gomes, we have several perspectives from individuals who are highly knowledgeable in their particular fields.

Since we want to become a forum for social interaction, we welcome your comments and observations as we take the debate on issues facing the Caribbean to a higher level.

Feel free to email us at prservices@caribbeanpragency.com and also check out our magazine's website at www.bizjournalonline.com

Linda Hutchinson-Jafar

Editor

Migrants from Central America, Caribbean send more money home

Migrant workers from a majority of Central America and the Caribbean countries were able to send home more money to their families in the first months of 2010 than at the same time last year but remittances to Mexico continued to suffer from the global economic crisis.

"After a year of extreme hardship because of the ongoing economic challenges resulting from the financial crisis, migrant workers are beginning to send more money home," said Kevin Cleaver, Associate Vice-President of the International Fund for Agricultural Development (IFAD), a specialized agency dedicated to eradicating poverty and hunger in rural areas of developing countries.

Remittances are essential to many economies in the region. The Central American and Caribbean countries received almost $16 billion in remittances during 2009, representing between 11 and 16 per cent of GDP (gross domestic product) for many nations.

Up to 40 per cent of these cash flows go directly to the rural areas where remittances are most important to families' livelihoods. Rural families have been hit hard in the past by the drop in remittances.

Remittances are vital to the Jamaican economy, representing approximately 15 per cent of GDP last year – the equivalent of US$660 per person living in Jamaica.

This makes it particularly significant that Jamaicans living abroad sent home 7.4 per cent more money to their families this February than at the same time last year.

In particular, remittances from the United States, which account for 62 per cent of remittances to the country, rose strongly.

Remittances to Latin America stabilizing after 15% drop last year – MIF

Money transfers from Latin American and Caribbean migrants to their families back home are likely to stabilize in 2010 after suffering a 15 percent drop in 2009, according to a report issued by the Inter-American Development Bank's Multilateral Investment Fund (MIF).

Remittances to this region fell to US$58.8 billion last year, below the level reached in 2006.Last year marked the first time in which the volume of remittances was lower than the amount sent the year before since the MIF started tracking these flows in the year 2000. Until 2009 the average annual growth had been 17 percent, although it started to slow in 2006 and diminished considerably in 2008, as the global economic crisis hit migrant employment and income levels in countries such as the United States, Spain and Japan.

Notwithstanding last year's decrease, remittances continue to be an indispensable lifeline for millions of families in Latin America and the Caribbean, helping them cover basic expenses such as food, shelter, clothing and health care. In countries like Haiti, Guatemala, Honduras, Nicaragua and El Salvador these flows still represent more than 10 percent of their gross domestic product.

The MIF's report noted that remittance flows to Latin America and the Caribbean, taken as a whole, started to stabilize in the last quarterof 2009. Coupled with data on employment in traditional sending countries, this suggests a bottoming-out of the decline.

"In the short term, significant recovery in the volume of remittance flows is unlikely, largely due to the uncertain outlook for economic growth in traditional remittances sending countries," the report said. "But the signs of stability of the last months could provide a basis for an estimate of stabilized remittance levels, or event the beginning of a new period of single-digit growth in the near future."

Emerging economies need a pre-approved emergency facility

IDB study offers important insights on how the IMF and multilateral development institutions can help prevent future financial crises.

Santiago Levy

During the latest global economic crisis, Latin American countries suffered a much lighter blow than in crises in the 1990s. The region avoided currency and debt crises and bank runs typical of previous episodes of worldwide financial turbulence.

The region's success in riding out the crisis has been commonly attributed to its stronger macroeconomic fundamentals: low inflation, trade and fiscal surpluses, and reasonable levels of international reserves.

Countries were able to adopt measures to ease the economic impact of the crisis: central banks cut interest rates while governments increased spending and boosted credit. This reaction contrasted sharply with past crises, when governments reacted by raising interest rates and tightening fiscal and credit policies.

However, a new study by the Inter-American Development Bank, 'The Aftermath of the Crisis: Policy Lessons and Challenges Ahead for Latin America and the Caribbean' shows that the readiness of the international community to provide emergency lending also played a major role in preventing financial contagion in the region.

The study's conclusions suggest that in order to prevent future financial meltdowns, emerging economies need an international lender-of-last-resort mechanism that will quickly provide liquidity in the event of a crisis to ensure solvent countries won't be in financial distress.

"In periods of extreme international capital market illiquidity, having access to emergency resources is highly valuable," said Santiago Levy, IDB Vice President of Sectors and Knowledge, who supervised the study coordinated by economists Alejandro Izquierdo and Ernesto Talvi. "This is one of the most important lessons we have learned from the recent global financial crisis." Unlike in previous crises, the international financial community displayed early on a predisposition to provide timely, unconditional, preventive and sizeable assistance to emerging markets.

In contrast, during the 1998 Russian crisis, support from the international community was slow-moving, conditional, and of smaller magnitude.

The earliest indication of the swift response to the most recent crisis came in April 2008, with Japan's announcement of liquidity swap lines for

Indonesia (two months later also extended to India).

Shortly after the collapse of Lehman Brothers, the U.S. Federal Reserve offered swap lines for systemically relevant countries such as Brazil, Korea, Mexico and Singapore, while the International Monetary Fund (IMF) launched a short-term liquidity facility (SLF).

In addition to official initiatives, academic circles and other specialists were calling for emergency lending facilities for emerging economies to deal with the global crisis.

The most forceful response came in April 2009 when the G-20 decided to triple the resources of the IMF, which launched its Flexible Credit Line (FCL) to assist—unconditionally and at longer maturities—countries with sound policies facing liquidity constraints.

According to the paper, these announcements affected market perceptions about countries' ability to weather the crisis. The study argues that the availability of emergency assistance helped ease investor concerns at the height of the crisis, preventing bond spreads from rocketing. This, in turn, reduced the level of financial distress, which contributed to avert severe economic contractions in many countries.

Bond Spreads

The study analyzed Emerging Market Bond Index (EMBI) spreads during a 60-day period starting two weeks prior to the Lehman debacle. It compared bond spreads between two different sets of countries with the same credit ratings: one group was not expected to have access to emergency facilities while the second group would have access.

EMBI spreads of no-access countries increased by 1,537 basis points during the period, nearly double the increase experienced by countries with access to emergency facilities. Spreads for this second group of countries increased 811 basis points during the 60-day period.

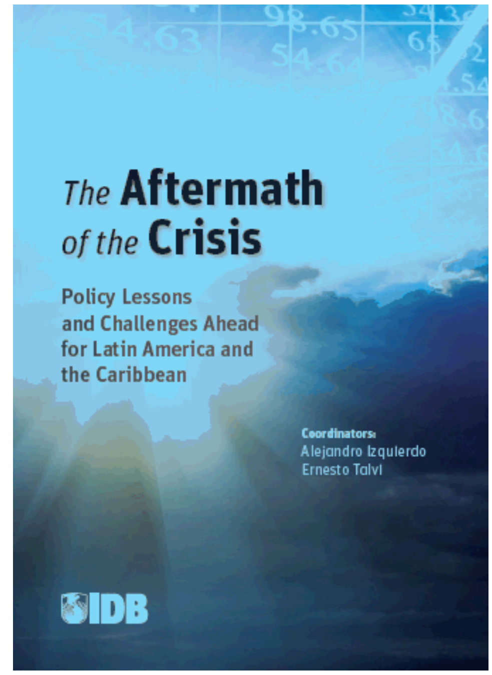
An econometric analysis of bond spread movements of emerging markets also showed that prompt emergency assistance during the crisis contributed to slow the increase in spreads during the height of the crisis. Its contribution was more sizeable than the contribution provided by stronger economic fundamentals (relative to those prevailing during the Russian crisis).

Using an alternative international liquidity analysis for Latin America's seven biggest economies, the study concludes that countries can ensure financial stability, even in a protracted global crisis, only when both multilateral support and stronger fundamentals are combined.

Policy Implications

The results of the study have major implications for the design of a new international financial architecture for emerging markets and future actions of the IMF and multilateral development banks such as the IDB.

Institutionalizing mechanisms for an international lender of last resort is necessary to ensure fast provision of liquidity during extreme financial situations—similar to the recent global financial crisis—to prevent financial turmoil and potential output collapse.



The mechanism would provide sufficient support to meet a country's short-term financial obligations. Governments would have to follow sound monetary, fiscal and exchange rate policies in order to be pre-approved to withdraw funds from the mechanism.

"In periods of extreme international capital market illiquidity, having access to emergency resources is highly valuable."

Ambassador Albert Ramdin Re-elected as OAS Secretary General

Albert R. Ramdin

Albert R. Ramdin was re-elected by acclamation for a second term as OAS Assistant Secretary General on March 24, 2010. Ambassador Ramdin has served as Assistant Secretary General since July 19, 2005.

The Surinamese diplomat has had a distinguished career in public service at the national and international level, serving before his election to the OAS as Ambassador at Large and Special Adviser to the Government of the Republic of Suriname on Western Hemispheric Affairs.

Business Journal presents a condensed version of Ambassador Ramdin's speech upon his re-election to the post of Assistant Secretary-General of the Organization of American States.

My vision for the five next years is guided by an abiding faith in the concept of unity in diversity. Going forward, I strongly believe that the Organization must direct its efforts, through vision and leadership, toward a more peaceful and prosperous future for the next generation of citizens.

The only way, I believe, we can move forward is if we dedicate ourselves individually and collectively to cooperate in advancing a positive and common agenda that will foster meaningful progress.

In the near term, the OAS must continue to promote greater unity in the Americas; strengthen democratic and electoral institutions; support democratic governance; and promote a culture of peace, social cohesion and dialogue among all sectors of society.

It must also advocate for a more holistic development approach that takes into account the vulnerabilities of small economies and strengthens the bonds of partnership among our member states.

All these priorities will require strong collaboration and coordination at the sub-regional and hemispheric levels. This is where the OAS must play a leading role to ensure greater efficiency and delivery on set objectives at the inter-American level.

It is time to broaden, strengthen and deepen the organization's network of partners. In this regard we need to work more closely with sub-regional groups, civil society and the private sector.

Beyond the adopted principles and the many activities and initiatives of the OAS, we need to focus on the "institution" itself, in terms of what it stand for, what it means to the member states, individually and collectively.

I believe that we must commit to strengthening the OAS if we are to further enhance the organization's effectiveness. The OAS of the 21st century must be enhanced through modernization, with greater emphasis on multilateralism, creativity and bold decision-making to tackle our financial difficulties.

The OAS, must continue to be seen as a trusted space for consultation, negotiation and partnership, it remains a unique vehicle for resolving differences, building consensus and working toward shared goals that promote democracy, human rights, security and integral development in the Americas.

Ultimately, our actions are about improving the life of the people, facilitating peace and creating conditions for prosperity.

ECLAC Report: Latin American and Caribbean Exports Fell 24% in 2009 due to crisis

The value of total exports from Latin America and the Caribbean in 2009 fell 24% with regard to the previous year due to the global crisis, according to new estimates released by ECLAC.

According to the study International Trade in Latin America and the Caribbean 2009: Crisis and Recovery, the value of imports also decreased 25%.

Although both exports and imports diminished significantly, the drop is milder than that experienced during the first semester of 2009 (-31% and -29%, respectively), implying a better outlook for 2010.

The report updates the ECLAC study Latin America and the Caribbean in the World Economy 2008 - 2009 published last August and overviews the recent development of the region's foreign trade by country and region of origin and destination, per groups of products and in terms of value and volume.

The 24% contraction in the value of the region's exports represents a combined 15% drop in value and 9% in volume.

"This simultaneous decrease in price and volume is unprecedented in recent history. The last similar situation took place in 1937," states the document.

The economic recovery in the last quarter of 2009 is due, among other reasons, to the partial rise in the price of several commodities, such as copper, zinc, oil, wheat and soya, and the strong demand from China as of the second quarter of last year.

The report asserts that although the fall in exports was generalized in 2009, there were significant differences between sub regions and countries.

For example, while exports diminished 42% in Venezuela and 32% in Andean countries as a whole, they decreased 29% in the Caribbean, 22% in Mexico and Chile, and only 6% in Central America (excluding Mexico).

THE SIGNS OF ECONOMIC RECOVERY DURING THE LAST QUARTER OF 2009 PORTEND GREATER REGIONAL TRADE THIS YEAR.

The drop in imports in 2009 is similar to the one during the foreign debt crisis in 1982 and also varies significantly between countries and sub regions: -35% in Caribbean nations, -32% in Chile, -22% in Mexico and -26% in South America.

In terms of sectors, mining and oil exports fared the worst, with an average fall of -42.3% (January-September 2009), while manufactured products dropped 25.4% and agricultural and livestock exports decreased 18.4%.

Caribbean Perspectives from Europe:
Achieving the Millennium Development Goals - A Global Imperative

by Ambassador P.I. Gomes

The Oxfam International Foundation, in its campaign on health and education for all, in support of the achievement of the Millennium Development Goals (MDGs) by 2015, has joined forces since 2009 with the "W8".

They are Eight Extraordinary Women from Bangladesh, Georgia, India, Malawi, Mali, Nicaragua, Philippines and Thailand, who are urging governments to reaffirm their commitments made in 2000 and to ensure those commitments are realised - with the funding pledged by the developed countries of the North.

A Special UN Summit will be convened in September 2010 to bring together Heads of State and Government to review progress and take concrete steps to ensure attainment of the MDGs by 2015.

At a recent European Union Parliamentary Hearing organised by Oxfam and the W8, Dr P I Gomes, Guyana's Ambassador to the EU, made the following remarks:

Today's occasion and the document, European MDG Rescue Package, are a testimony of courage and commitment by Oxfam and especially a tribute to the courageous eight women from the South, the W8. Your struggle for improved health and education is also ours. Many voices in the 79 countries of the African, Caribbean and Pacific Group – the ACP- are consistently raised in unison with yours for the achievement of all the MDGs.

For the 15 Member States of the Caribbean Forum (CARIFORUM) of the ACP Group, the achievement of improved maternal health (Goal#5) is of deep cultural significance, due to the extraordinary role of women in the development of Caribbean societies.

By a great majority in the South, it is accepted that support must be unwavering but critical for the eradication of poverty – globally.

Our support is unwavering because some are of the view that since the world has changed so much since 2000, let us be less ambitious and lower the targets and levels of commitment. That is an escapist route to be rejected. The impact of the 2008 food crisis has increased the number of persons in conditions of extreme hunger. Your efforts must not falter.

Your Working Document has said that: "the time is ripe to redouble efforts to ensure these goals are met". I certainly endorse that renewed commitment. The reversals of the food, fuel and financial crises in the last few years – demand no less a response.

A redoubling of effort for "more and better aid" deserves a favourable consideration especially by the EU. The commitment of 7% of Gross National Income by the EU to be realised by 2015 deserves every encouragement.

Efficient use of current aid can also result in "more aid". In addition to aid "effectiveness" there ought to be greater "efficiency" in current and innovative forms of aid- especially through use of technical expertise, skills and indigenous knowledge from the South. We also need a radical reduction of onerous procedures and the pointless rivalry and competition between donors.

Caribbean economies are invariably regarded as "middle income" and thereby denied access to concessional development assistance. We are therefore strongly committed to optimising efficiencies in any assistance obtained.

It is widely acknowledged that Europe accounts for as much as 60% of international Official Development Assistance (ODA). Europe should be made more conscious and regularly reminded of its indispensable leadership role and be determined to remain committed to, and deepen its unique north-south treaty for development cooperation, trade and political engagement with the 79 countries of the ACP.

The recent initialling of the Second 5 Year Revision of the ACP-EU Cotonou Partnership Agreement constitutes a reinforced platform for Europe and the ACP to adopt a common position at the UN High Level Review of the MDGs later this year.

Such a common position could make a strong appeal to reduce the "costly fragmentation of aid" and encourage better "value for money". These are addressed in the Accra Agenda for Action and are very disturbing to us in the South with unnecessary demands on limited human resources and weak institutions.

Increasing "the value for money" of aid can also assuage the unease in the South, that their taxpayers' money is wasted through corruption, conflict and civil wars invariably fought with weapons manufactured in the North.

I conclude by suggesting that global injustice and disparities between rich and poor, arising as they do from an unbridled market economic system, indeed require coalitions of Oxfam, NGOs and countries of Europe and the ACP working together now and beyond 2015.

To such alliances, as in the Non-aligned Movement and the Group of 77 plus China, Caribbean commitment is unwavering.

Our common task is to abolish the structures and systems that maintain the unequal distribution of wealth and power that perpetuate persistent poverty.

Ambassador P.I. Gomes is Vice-Chairman of the ACP's Sub-Committee on Sustainable Development.

COFAP Appoints New Chairman to the CDF Board

Dr. Bernard La Corbinière, Saint Lucian Economist succeeds Dr. Shelton Nicholls

The Council for Finance and Planning (COFAP) has appointed Dr. Bernard La Corbinière as Chairman of the Board of the CARICOM Development Fund (CDF). Dr. La Corbinière, a national of Saint Lucia, brings to the Chairmanship a wealth of experience in the fields of Economics and Finance as well as the unique perspectives of the LDCs which are the main beneficairies to the CDF.

Dr. La Corbinière, who succeeds Dr. Shelton Nicholls, Deputy Governnor of the Central Bank of Trinidad and Tobago, will chair a nine person Board made up of two representatives each from the Member States of the Leas Developed Countries and the More Development Countries respectively, a representative each from the CARICOM and OECS Secretariats, Barbados (as host) and the Caribbean Association of Industry and Commerce (CAIC).

After an illustrious career in the public service of St. Lucia where he last served as Permanent Secretary in the Ministry of Finance (1997-2002), Dr. La Corbinière is currently a private consultant in economics and Advisor to the Government of St. Lucia.

Dr. La Corbinière has undertaken numerous consultancies related to the Caribbean Single Market and Economy. He contributed to the early development of the requirements for a Regional Development Fund (RDF) established in Article 158 of the Revised Treaty of Chaguaramas operational. The RDF was reconfigured and incorporated into the CARICOM Development Fund.

The new Chairman has a Doctorate of Philosophy (phD) in Economics and a Master of Science Dgree in Computer Science, both from the University of Kent. His Bachelorate of Science in Economics was received from the University of the West Indies (Cave Hill).

Obama's policy in Latin America and the Caribbean: *Business as usual?*

by Dr. Anthony T. Bryan

Disappointing, mixed results, big gestures little substance, broken promises, are some of the terms used currently by leading academics and journalists to describe the progress, or lack of it, of President Obama's intentions announced at the Summit of the Americas in Port of Spain, Trinidad and Tobago in April 2009, to engage the countries of Latin America and the Caribbean in a partnership of equals.

At the Summit, the intentions of the Obama administration appeared fairly specific: to improve the atmosphere of inter-American relations which had deteriorated during the administration of George W. Bush, to positively restructure relations with Cuba, to move quickly on U.S. Immigration reform and to pursue a consultative approach with regional actors and a common regional agenda with rising powers like Mexico and Brazil.

According to Latin American polls, Obama himself is extremely popular in the region, and the image of the U.S. has improved.

But unfortunately, the year since the Summit has demonstrated that closing the distance between the Obama administration's change in tone and the actions required to change policy toward Latin American and the Caribbean, is easier said than done.

A Reality Check

There have been some modest changes in U.S. policy toward Cuba. Restrictions were lifted on family travel and remittances, U.S. telecom companies are now allowed to negotiate deals with Cuba, and the U.S. did not object to an OAS resolution that creates a mechanism for Cuba to return to that body under certain conditions if it chooses.

New bilateral contacts between both governments including the twice annual immigration talks that had taken place since 1994, discussions over a postal service agreement, and possible collaboration on counternarcotics and regional security issues are some of the other initiatives for change.

But it is doubtful that Obama's efforts to build a new relationship with Cuba can go much further. Because of the Helms-Burton law the executive branch does not have the power to lift the embargo. Only the Congress can do so.

The administration's option is to unilaterally lift parts of the embargo, such as travel restrictions, without a vote from Congress.

It can also remove Cuba from the list of the State Department's State Sponsors of Terrorism--but this is unlikely until Cuba improves its human rights record or shows evidence of democratic political change.

Although the U.S. public, including a majority of Cuban-Americans in South Florida, supports even more change toward Cuba than Obama has delivered so far the administration has stepped back, exhaled, and taken the position of its predecessors of waiting for Cuba to change.

Progress on serious immigration reform, especially in a U.S. election year, also seems unlikely. Obama's public commitment to seek a way for illegal immigrants that have worked in the U.S. years to eventually regularize their status, or the formulation of a temporary worker a program adjusted to the demands of immigration for the labor market are initiatives that will have to wait.

A recent controversial law in Arizona (and also under consideration by other states) that gives local authorities the power to detain persons on the suspicion that they may be illegal immigrants further complicates the issue of local versus federal jurisdiction over immigration matters.

Reluctance by the Obama administration to move forward is also apparent in the area of trade. While the White House has signaled its willingness to approve pending free trade agreements with Colombia and Panama, two of the best friends of the United States in the region, concrete steps have been postponed.

There is talk of greater trade cooperation with Brazil, but subsidies to U.S. cotton producers have been maintained and the high tariffs on Brazilian ethanol imports have not been reduced.

The anticipated consultative approach by the U.S. with regional actors suffered a setback with the former's ambiguous response to the June 28, 2009 coup against President Manuel Zelaya in Honduras.

Initially the administration like all regional countries forcefully condemned the coup and called for Zelaya's restoration. After months of stalled negotiations, Washington helped broker a solution in which previously scheduled elections for a new president would be recognized.

The compromise left Washington sharply at odds with some other Latin American governments which argued that elections could not go forward under a de facto government. The Honduras crisis was an opportunity for the Obama administration to repudiate the history of U.S. support for coups in the past. In the end doubts remain about whether US policy has in fact changed!

A security agreement in August 2009 between the United States and Colombia, allowing U.S. troops to use seven military bases in Colombia was openly denounced by a number of South American countries including, Brazil, Chile and Venezuela.

The bases agreement had been under negotiations several months before Obama took office, but there is suspicion by some regional governments that U.S. efforts to support Colombia in its battle against drug traffickers, guerillas, and terrorists (under the 10 year old Plan Colombia) would now be expanded to counter threats from neighboring countries.

One year after Obama put forward his agenda for consideration by his regional peers,

President Barack Obama

common goals have been sidetracked also by the sensitive matter of Iran's involvement in the region.

Venezuelan President Chávez's predictable anti-U.S. alliance with Iranian President Mahmoud Ahmadinejad is less of a concern than is Brazil's unexpected cooperative posture toward Tehran's nuclear program. Brazil, as a nonpermanent member of the U.N. Security Council, will have some influence in the adoption of any tougher sanctions against Iran.

Whether Brazil can be persuaded to go along with U.S. policy remains to be seen. Secretary of State Hilary Clinton's warning to Latin America last December -- that "if people want to flirt with Iran, they should take a look at what the consequences might well be for them" -- is unlikely to help.

It was an admonition that angered many in the region and seems at odds with the spirit of the new Obama administration.

Moving Forward

Progress on all of Obama's agenda has been difficult. None of his key initiatives toward the region has escaped the dominant influence of domestic politics or bureaucratic inertia in the U.S. Also today most Latin American countries are also listening to the sounds of different drummers.

China, Iran, India and Russia are some of the new players offering a challenge to Washington's traditional game plan in the region. Brazil has an enhanced status on the global stage and in the G-20 is more likely to assert its influence within the BRIC group (Brazil, Russia, India and China) than with the U.S, Canada or other regional powers such as Mexico or Argentina.

The waning influence of the OAS (Organization of American States) in the face of new regional organizations such as ALBA (Bolivarian Alternative for the Americas) and the newly formed (February 2010) Community of Latin American and Caribbean Nations, which exclude the United States and Canada, has not gone unnoticed in Washington.

The temptation for U.S. policy makers to stay on the periphery of hemispheric affairs would be strong. But withdrawal is not an option. Business realities dictate otherwise.

The U.S. exports as much to Latin America as it does to the European Union. Moreover, common security concerns such as criminality and drug trafficking, as well as border issues (with Mexico), disaster response (Haiti), global warming, health and a variety of economic and social issues command hemispheric attention.

As Obama tries to build a positive relationship those in Latin America should encourage closer cooperation with the U.S. on areas where they can work together. It is not business as usual, but more often than not in an agenda for change the devil is in the details.

Anthony T. Bryan, professor emeritus University of Miami is also a senior associate of the Center for Strategic and International Studies (CSIS) in Washington, D.C. Bryan is interviewed frequently by major news agencies and has been quoted in business and trade publications such as Upstream: The International Oil & Gas Newspaper; Latin-American Energy Advisor; The Economist; Latin Finance; Latin American Monitor; Dow Jones Emerging Markets Report, among others.

Latin America and the Caribbean

New Coalition Government to Lead Trinidad and Tobago

The new coalition government in Trinidad and Tobago headed by 58-year old Lawyer, Kamla Persad-Bissessar was sworn into office on May 26 following their overwhelming victory in the general elections. Her United National Congress (UNC) led coalition government has promised to revolutionize the energy-based economy and put people at the centre of their development. Here are some of their economic policies outlined in their election manifesto on how they plan to govern the twin-island state over the next five years:

1. Fiscal Probity. There will be zero tolerance of corrupt practices and unwise and wasteful expenditure. We will strengthen and make more efficient the Board of Inland Revenue and Customs.

2. Enabling Environment. As a prerequisite for investment and growth we will facilitate an enabling environment. We will review and redress regulatory barriers to investment, as well as processes and procedures that unnecessarily increase the cost of doing business.

3. Aligning Policy. We will establish a framework for government's fiscal policies and Central Bank's monetary policies to be more effectively aligned to achieve national goals and objectives.

4. Investment Environment. We will develop strategies to create an environment for investment by increasing domestic savings, facilitating competitive interest rates, securing property rights, by establishing good governance practices, by appropriate environment, we will:

- Encourage local and international firms to list on the stock exchange
- Create and nurture a competitive business environment
- Develop long-term investment instruments like tradable deposit certificates
- Identify strategic sectors and incentivise them to elicit private sector investment to enhance and accelerate the diversification process
- Consult with the credit union movement to strengthen credit unions through legislation and effective supervisory mechanisms

5. Research and Innovation. We will foster a culture of research and innovation by allocating resources and providing incentives for research and development particularly in the non-energy and services sector. Here our target will be to increase R&D spending to at least 3% of GDP over the next 10 years. We will establish a Council for Competitiveness and Innovation.

6. Balancing Spending. We will seek to find the balance between consumption and savings. Consumption satisfies present needs, while savings provides for the needs of future generations. We enhance productivity, which is vital to economic growth and the creation of meaningful and sustainable jobs.

Prime Minister
Kamla Persad-Bissessar

7. Equitable Distribution. We will address strategies to ensure more equitable income distribution to contain and correct the weakening of the social structure and the climate of instability that it engenders.

8. Resource Allocation. We will emphasise and seek to promote the efficient use of resources, including human skills, natural resources and capital, to enhance productivity, which is vital to economic growth and the creation of meaningful and sustainable jobs.

9. Diversification. We will develop innovative strategies to achieve sustainable growth and diversification of the Economy in order to reduce our dependence on energy, create good jobs and generate new sources of wealth creation.

10. Financial Crisis. We will take action as required to address issues such as the financial crisis in C L Financial and the HCU in the best interest of people in a timely and transparent manner.

11. Economic Planning. The focus will be on sustainable development, competitiveness, integration and synergy, diversification, strengthening existing sectors and clusters and creating new ones and linking research to wealth creation, innovation and competitiveness.

12. Institutional Arrangements:

- Establish an Economic Development Board (EDB) to be staffed by nationals on a merit basis drawn from academia, the professions, civil society, labour and industry to advise on economic policy after consulting with the Communities and stakeholder advisory councils
- Revisit the legislation establishing the Stabilisation and Heritage Fund with a view to delinking the two funds. The mechanisms for contributions and withdrawals will be established for transparency and clarity.
- Strengthening, resourcing and reorganising the Central Statistical Office to ensure provision of accurate and meaningful information in a timely and efficient manner.

Dancers of the Alutrint Sri Devi Dance Group.

Vance River - Alutrint Community Football League Champions

Alutrint La Brea Nightingales at the Panorama Semi-Finals 2010

TRUE Community Spirit

ALUTRINT– INVESTING IN THE FUTURE OF LA BREA

Since our inception in 2005, Alutrint has joined with other energy sector companies in La Brea in contributing to the development of our community. To date, more than TT$1,000,000 has been invested in three key La Brea community-based/non-governmental organizations

- **The La Brea Nightingales Steel Orchestra**
- **The Sri Devi Dance Troupe**
- **The La Brea Sports Foundation**

Our objective is to ultimately help the people of La Brea to help themselves, and we hope these organizations will eventually become self-sustaining, while making meaningful contributions to their community.

Our investment has already begun to reap rewards, represented in part by the Nightingale's first ever qualification to the Panorama Semi-Finals in 2010. As the year continues, we, together with the people of La Brea and environs, will continue to strengthen the bonds between community and industry. Once the Alutrint smelter begins active operations, we intend to expand our investment, developing La Brea's social and infrastructural capabilities, ensuring that essential services, recreational facilities, and other such improvements are built and maintained to support our operations, our workforce, our community, and ultimately, our country.

Alutrint Limited

Building the Community, Building the Nation

FAO: Agriculture strategically important for Latin America and the Caribbean

FAO Director-General Jacques Diouf at a recent meeting of leaders of Latin America and the Caribbean stressed the "strategic importance" of agriculture for the social and economic welfare of the region.

"Agriculture has a direct influence on the capacity of countries to deal with the socio-economic challenges that exist in rural areas", Diouf told countries attending the 31st FAO Regional Conference for Latin America and the Caribbean, in Panama City.

The Director-General also noted that responding to climate change, improving rural infrastructure and access to water resources, and strengthening institutional frameworks and financial mechanisms for rural development are crucial tasks in promoting sustainable agriculture in Latin America and the Caribbean.

Progress and setbacks in the fight against hunger.

Between 1990 and 2006, Latin America and the Caribbean managed to reduce the total number of undernourished from 53 million people to 45 million, Mr. Diouf observed. However, since then the ranks of the hungry climbed back to the level that existed in the early 90's.

"Hunger has risen worldwide over the past three years because of insufficient investment in the rural sector, the economic and financial crisis and, in particular, soaring food prices. Unfortunately, Latin America and the Caribbean have not been an exception", he said.

Still, the FAO chief added, "this dramatic situation has, nonetheless, repositioned agriculture and food security at the heart of national and regional development policies and programmes, thanks to which, we can face the coming decade with optimism".

One significant development: since 2002, six countries in the region have approved food security laws and parliaments in another ten are debating draft food security legislation, a process in which the FAO-led Hunger Free Latin America and the Caribbean Initiative has played a key role.

Jacques Diouf
FAO Director General

Focus on small-scale farmers

At the Panama meeting, FAO member countries discussed a programme of policies aimed specifically at supporting small-scale farming in order to transform this sector into a vital component of the solution to rural poverty and reduce dependency on food imports.

A document presented by FAO proposes that governments do this by boosting domestic staple food markets, increasing small-scale farming's productivity, and implementing risk management mechanisms.

Some such measures have already been put in place by countries in response to soaring food prices.

However, there still a long way to go -- a significant productivity gap exists between small-scale farming and industrial agriculture in the region, according to FAO. At the same time, overall growth in the agricultural sector has not had a proportional impact on the reduction of rural poverty in areas of Latin America and the Caribbean.

To address this, the UN food agency is encouraging policies that adopt an integrated approach to rural development by linking support to small-scale farming with other steps aimed at improving the livelihoods of families left behind by agriculture's modernization process.

A SLOW ECONOMIC CLIMB

The vast majority of Caribbean economies are slowly emerging from the paralysing fall-out of the global financial crisis of historic proportion but the light at the end of the tunnel is still a far distance away.

Globalization and the interwoven nature of the world economy has again shown its downside where stresses in one of the major economies or in a region can create a destructive ripple effect, leaving financial carnage in its wake.

The Caribbean comprised of small middle-income developing countries was dealt a severe blow by the global crisis. It presented significant economic and social development challenges for many of the countries in the region, already heavily burdened with substantial public debt, limited fiscal space and diminished borrowing capacity.

Weak global demand for commodities and falling prices have led to lower export and tax revenues for many of the countries while those heavily dependent on services such as tourism have seen a significant dwindling of foreign exchange.

GDP growth for the region is estimated to have declined by 2.6 percent in 2009 with modest positive growth projected in 2010.

With the exception of Guyana, Belize, Suriname and Haiti all other economies in the Caribbean contracted forcing some to seek financial support from multilateral institutions, including the International Monetary Fund (IMF).

Antigua and Barbuda is now close to finalizing a 36 month Stand-by Arrangement with the IMF which has already approved US$1.27 billion under a 27-month Stand-By Arrangement for Jamaica. Barbados has managed to stave off the IMF, opting to increase its borrowing abroad through bond placements in regional capital markets.

Several Caribbean countries including St. Lucia, St Vincent and the Grenadines, Dominica and St. Kitts and Nevis have received funds from the IMF under the rapid-access component of the Exogenous Shocks Facility (ESF) for some much needed resources.

Trinidad and Tobago's energy-based economy and most diversified with a large domestic manufacturing sector faced its first decline in GDP in 15 years when it ended 2009 with a contraction of 3.2 percent.

The energy-based economy is expected to end 2010 with a two percent growth but the country's Central Bank warns that there are a number of downside risks to it including a slower recovery of its largest export markets in the Caribbean and the May 24 general elections which could delay private sector resurgence.

The outlook for the economy in 2010 is predicated on several assumptions including that the average crude oil prices will be in the range of US$ 75-80 per barrel and gas prices averaging about US$4.00 per Million Metric British Thermal Units (mmbtu).

The bank's April 2010 Monetary Policy indicates that the introduction of a new oil and gas regime later in the year should spur additional investment in exploratory and development drilling in 2011 while steady global recovery would help stimulate exports.

Trinidad and Tobago is also facing a challenge of maintaining headline inflation within a target range of 5-6 per cent and Central Bank Governor Ewart Williams notes that there is still room for a further reduction in the policy interest rate to spur domestic demand.

In the first two months of this year, oil production continued to decline reaching 105,000 barrels per day (bdp) compared with an average of almost 110,000 bpd in the first two months of last year.

In the same period, there were sizeable increases in the production of natural gas.

The start up of gas production from BP Trinidad and Tobago's (BPTT) off shore Savonetta field in October 2009 led to a notable increase in overall natural gas production in the country.

An average of 4,353.3 million cubic feet per day (mmcf/d) of natural gas was produced during the fourth quarter of 2009, an increase of 7.1 per cent and 8.3 per cent over the previous quarter and the same quarter of 2008 respectively.

Production in December 2009, at 4,530.0 mmcf/d marked the highest rate of local natural gas production to date.

During the first two months of this year, the country produced an average of 4,413.5 mmcf/d of natural gas, an increase of 7.8 per cent over production during the same period of 2009.

Gas utilization also displayed a sizeable increase, with a 9.2 per cent jump over that of 2009 to 4,086.5 mmcf/d.

Some 60 percent of gas is exported as LNG, 27 percent used in the petrochemical sector and 7 percent for power generation.

Source: Central Bank of Trinidad and Tobago, Monetary Policy Report 2010

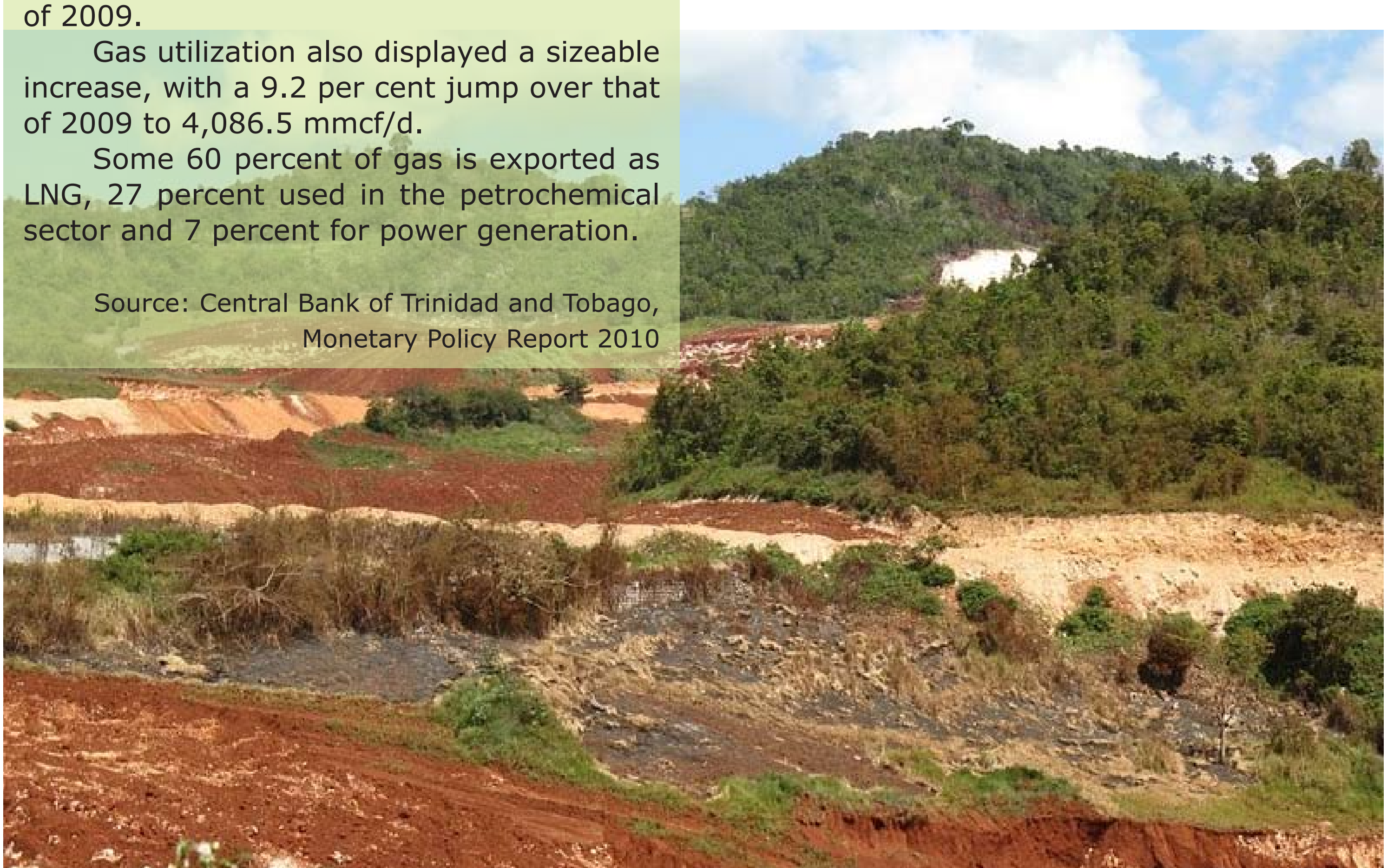
Jamaica, the country hardest hit by the fall-out of the global economic and financial crisis returned to the IMF under a programme which allows the country to access US$300 million of Special Drawing Rights (SDRs) and up to US$1.2.7 billion in standby loans.

In his 2010/2011 budget presentation in April, Minister of Finance and the Public Service, Audley Shaw warned the nation that it is now "crunch time."

Jamaica's economy is projected to grow by 0.5 per cent by the end of 2010/11, increasing to two per cent in each year of the period 2011/12 to 2013/14.

This would compare with the estimated 2.7 per cent decline in the economy during calendar 2009, and the 2.3 per cent decline over the fiscal year 2009/10.

Mr. Shaw noted that the 2010/11 Estimates of Expenditure, "crafted during one of the most challenging periods in recent years," has budgeted expenditure of J$503.9 billion (US$5.7 billion) including $96.8 billion (US$1 billion) in debt amortization. Debt servicing will get the biggest slice of 47 percent or J$240 billion (US$3 billion).



Bauxite mining operation in Jamaica

Jamaica has been strongly impacted by the global economic slowdown. Real GDP declined by 1.6 percent in Fiscal Year (FY) 2008/09 (April 1-March 31), with economic conditions deteriorating sharply in the second half of the year.

Audley Shaw, Jamaica Finance Minister

Real GDP contracted further, registering a decline of 3 percent during the first half of the year.

Bauxite and alumina production and exports fell by about 60 percent, while remittances—a traditional source of balance of payments support—suffered a sharp decline. Tourism has also been negatively affected, although it has proven to be far more resilient than in the rest of the Caribbean.

In FY2009/10, the external current account deficit is expected to narrow from 18 percent of GDP to 9.5 percent, as the contraction in imports exceeds by far that of exports.

Inflation fell steadily from 26.5 percent in August 2008 to 9 percent in November 2009, reflecting weak domestic demand and a decline in global commodity prices from their mid-2008 peaks.

Government finances have deteriorated, constraining the authorities' ability to respond to the global shock with countercyclical policies.

The public sector deficit is projected to reach almost 13 percent of GDP in FY 2009/10. The interest bill rose by 38 percent, reflecting the effects of the depreciation and a steep rise in interest rates.

The deficit of public entities remained large, at close to 3 percent of GDP. As a result of these combined shocks, concerns about economic prospects and the sustainability of Jamaica's debt have placed significant pressure on the currency over the past year and a half.

Jamaica's experience with the IMF

Jamaica became a member of the IMF on 21 February 1963. In June 1963, the country entered into a one-year Stand-By Arrangement (SBA) with the Fund, which permitted drawings up to a limit of SDR 10 million.

However, the Arrangement expired in June 1964, unutilized. It was not until June 1973 that the country returned to borrow from the IMF and continued various arrangements until 1996, when it terminated its borrowing arrangement.

Jamaica however, remained a member of the IMF and in 2001, agreed on an Intensified Surveillance Program (ISP) - a Staff Monitored Program - with the Fund.

Jamaica's borrowing arrangements with the Fund between 1973 and 1996 were largely aimed at correcting balance of payments problems arising from negative economic and financial trends including commodity price shocks (in particular oil), and high inflation.

Whereas loans from the IMF are not available to the Government for project spending or on-lending, it was anticipated that borrowing from the IMF would create a platform for investment inflows which would lead to economic growth and development

Source: Bank of Jamaica Quarterly Monetary Policy Report, April to June 2009

Barbados, highly dependent on tourism like Jamaica, reported a 0.1 percent decline in GDP during the first quarter of 2010. In 2009 tourism plummeted by 8.7%, with an estimated loss of $170 million in foreign exchange.

In his fiscal 2010 presentation, Barbados Prime Minister David Thompson said the decline in its principal revenue earning activities was accompanied by lower levels of government revenue, a rising fiscal deficit, higher levels of

Barbados Prime Minister David Thompson

unemployment and an increasing public debt.

The concomitant effect led to stagnated GDP growth in 2008 while a significant contraction in 2009.

"In essence, the crisis is estimated to have cost Barbados almost 10.0 percentage points in economic growth over the last two years," said Prime Minister Thompson.

Current projections on the key macroeconomic indicators suggest that in 2010, the Barbadian economy is likely to register a marginal growth rate of 0.5 - 1 percent driven largely by an anticipated improvement in the performance in both the traded and non-traded sectors.

In Antigua and Barbuda, against the background of reduced economic activity and the sharp reductions in revenue, government has been engaged in discussions with the International Monetary Fund and the Caribbean Development Bank for loans totalling EC$150 million (US$59 million) that are urgently needed to help meet national financial obligations.

"Once the IMF approves the economic programme which Antigua and Barbuda has proposed, other international organisations and countries which we owe money, will be more receptive to providing us with payment terms which we can manage more easily given the financial challenges facing the country, " said Prime Minister Baldwin Spencer.

An economic recovery programme, he said, will provide the breathing space for his government to rebuild the productive capacity of the country, stimulate sectors such as construction, agriculture and tourism and create economic growth. He described the impact of the international on his country as more severe than the several hurricanes which lashed the country in the early 2,000s.

"It is in fact, the worst crisis in 80 years," he asserted.

In other Eastern Caribbean countries, the impact of the global crisis was transmitted through the tourism industry by the fall in the number of visitors and tourism receipts; the decline in foreign direct investment (FDI) because of the credit crunch in the US and the reduction in remittances from Caribbean nationals in metropolitan countries.

The Eastern Caribbean Currency Union is estimating a contraction in growth of 7.4 per cent in 2009, primarily due to declines in the tourism and construction sectors.

Sir K. Dwight Venner, Governor of the Eastern Caribbean Central Bank said the situation in the Currency Union was compounded by the collapse of the British American and CLICO insurance companies and a major run on the Bank of Antigua.

The Eastern Caribbean Central Bank is also projecting that growth in the Currency Union will contract by a further 2.4 per cent in 2010.

Guyana was among the very few countries in the Caribbean achieving growth last year.

In 2009, Guyana's economy achieved positive real growth of 2.3 percent which Finance Minister Dr. Ashni Singh described as "somewhat more modest" than the 3.1 percent growth achieved in 2008.

Non-sugar gross domestic product grew by 2.2 percent in 2009. In 2010, the overall real growth in gross domestic product is projected at 4.4 percent with the non-sugar economy projected to grow by 3.4 percent.

The Global Economic Crisis on the Caribbean

Condensed address by the Alternate Governor for Guyana, Dr. Ashni Singh, on behalf of The Bahamas, Barbados, Guyana, Jamaica, and Trinidad and Tobago at the second plenary session of the Annual Meeting of the Board of Governors of the IDB group in March in Cancun, Mexico.

The recent global financial crisis continues to be a stern test to the resilience of our economies, straining our social safety nets, and threatening to erode the gains we have made in poverty reduction.

The impact of the global crisis has highlighted the acute vulnerability of our small developing economies to the external economic environment.

The combination of declining export demand, tourism receipts, remittances and foreign investment flows have severely affected economic growth. This crisis has cost some of our economies as much as eight percentage points of real growth and a return to better days in the near term is not likely for many of our countries.

The dilemma we confront is how to promote economic recovery in a context where government revenue is constrained by contraction in the real sector, opportunities for creating fiscal space are few, and access to financing is limited and costly.

In such a fiscally constrained domestic environment, economic stimulus requires external funding on terms and conditions provided by multilateral development banks.

It is circumstances such as these that demonstrate beyond question the importance of the decision we have made for the region and the Bank, enshrined in the Declaration of Cancun.

The increase in the Bank's resources will have far reaching implications for its ability to help its borrowing member countries continue the fight against poverty and inequality, support the competitiveness and expansion of the private sector, adapt to and mitigate the impact of climate change, and implement measures to ensure sustainable growth.

Economic Transformation

Just as our region is inordinately susceptible to climate change, so are we exposed to the vagaries of external economic conditions. The situation is made all the more difficult by the various dimensions of our acute vulnerability, including the limitations of economic size, which reduce the menu of policy responses and options at our disposal.

For this reason, the small middle-income, developing economies of the Caribbean require policies formulated specifically in response to their unique structural and institutional characteristics and economic circumstances. If this is to be achieved, it is important to look beyond the illusion of our per capita income, which masks both the extent of our macroeconomic fragility and the existence of persistent pockets of poverty in our countries.

We seek a lasting transformation in our economies; one that reduces fragility and vulnerability, promotes sustained growth and prosperity, and improves the lives of all our people. The IDB has a vital role to play in helping us to achieve this Caribbean transformation.

Global Economic Research, Scotiabank Group

Offshore Caribbean Economic Overview

Prospects for Caribbean economies gradually improving amid global recovery

The Caribbean regional economic outlook is gradually brightening along with improving prospects in developed countries in North America and Europe.

The global financial crisis adversely affected the Caribbean economies, leading to declining output through a contraction in tourism, financial and business services and goods exports, and a deterioration in government finances.

As economic ties between the Caribbean region and the US are traditionally strong, the latter's economic recovery will support the prospects for the Caribbean; we expect the US economy to expand by 3.6% in 2010 following a contraction of 2.4% last year.

We assess that Caribbean regional GDP growth (in nominal GDP-weighted average terms) will pick up to around 1-1½% in 2010 after declining by an estimated 1% in 2009.

The US and other developed economies are returning to expansion mode, fuelled by the unprecedented monetary and fiscal stimulus introduced in 2009, the recovery in consumer spending, and in production activity as companies respond to improving sentiment and sales prospects.

Nevertheless, we expect some loss of momentum by year-end. Unemployment in developed economies will likely remain high, while the housing and financial sectors continue to struggle with structural weaknesses, and governments globally face the need to fix their finances by potentially increasing taxes and implementing other austerity measures; therefore, the global recovery will likely be relatively gradual, with growth through the decade remaining below that recorded during the previous upturn.

IMF: Latin America and Caribbean Experiencing a Swift but Uneven Economic Rebound

The recovery in Latin America and the Caribbean (LAC) is advancing faster than anticipated but at different speeds across countries, the International Monetary Fund (IMF) said in its latest ***Regional Economic Outlook – Western Hemisphere*** report launched early May.

According to the report, growth continues to gather momentum in the region, driven primarily by a strong rebound in private consumption and improved external conditions.

For 2010, regional GDP is expected to grow by 4 percent, after contracting by 1.8 percent in 2009. The report sees however marked differences in the outlook across countries.

"Overall, we expect a good performance for the LAC economies in 2010," said Nicolas Eyzaguirre, Director of the IMF's Western Hemisphere Department.

"But within that regional picture, countries with strong ties to global financial markets are likely to stage a more vigorous recovery, helped by their access to ample external financing and by strong prices for their commodity exports.

"On the other hand, some of the smaller economies will experience more sluggish growth, and some of those will even contract. Accordingly, policy approaches will have to vary considerably to ensure a sustainable recovery across countries."

For the purpose of analyzing the regional outlook, the report divides LAC countries into four groups: 1) countries that are exporters of commodities and have full access to global financial markets (including Brazil, Chile, Colombia, Mexico and Peru); 2) other commodity exporters; 3) commodity importers that rely heavily on foreign tourism (mainly Caribbean countries); and, 4) other commodity importing countries (including many in Central America that rely on remittances from workers abroad).

For the first group of countries, the challenge is how to best manage the upswing in the business cycle amid very favorable external conditions.

Nicolas Eyzaguirre

As economic activity recovers, and inflation and output gaps close, there will be a need to phase out macroeconomic policy stimulus, starting with the fiscal side, especially where private demand is gaining strong momentum.

For some of the other commodity exporting countries, a key policy challenge will be to break from past patterns of fiscal pro-cyclicality as government revenue rises along with commodity export prices.

For many commodity importing countries, where the room for macroeconomic stimulus has been almost depleted, the remaining space should be prudently saved and replenished if possible to address potential downside risk scenarios.

In tourism dependent countries where activity has been hurt by weak employment conditions in the advanced economies, the policy focus should be on easing hardships on the poor and maintaining macroeconomic stability.

Strengthening banks against threats of insolvency


Bryan Wynter

Central Banks in the Caribbean Community (CARICOM) have initiated the development of a crisis management plan designed as a regional response to crisis situations of banking enterprises operating in more than one jurisdiction in the region.

Brian Wynter, Governor of the Bank of Jamaica said the plan is intended to address crises that involve illiquidity situations or the ensuing insolvency of at least one member of a banking group.

"It is also proposed that the plan will address principles underlying preparedness during normal times, systemic risk assessments, crisis identification, how and when to invoke procedures and the adoption of region-wide communication strategies," he said at a recent conference hosted by the Jamaica Deposit Insurance Corporation/Caribbean Regional Technical Assistance Centre Conference.

Speaking on the theme: Bank Insolvency in the Caribbean: law and best practice, Mr. Wynter said the adoption of the provisions of the plan is to be formalised by way of a memorandum of understanding amongst the participating central banks.

However, a number of challenges to making these arrangements a reality have been identified and remain unaddressed at this time.

Brian Wynter, was appointed Governor of the Bank of Jamaica as of 23 November 2009. As Governor, he is Chairman of the Board of Directors of the Bank.

Born in Kingston, Jamaica in 1959, Mr. Wynter graduated from the London School of Economics and Political Science (LSE) in 1981 with a BSc (Economics) honours degree.

He received the Graduate Diploma in Law from The City University, London and was called to the Bar of England and Wales in 1983 after completing the professional qualifying examinations at the Inns of Court School of Law, London.

He was enrolled as an attorney in the Supreme Court of Judicature, Jamaica in 1990. Mr. Wynter is also the holder of a masters degree specialising in international economics from Columbia University School of International and Public Affairs, New York, which he received in 1985.

Before returning to Jamaica in 1988, Mr. Wynter worked with Chase Investment Bank and Schroder Wertheim International Company, both in New York.

In Jamaica, he first worked with National investment Bank of Jamaica (NIBJ) as Director of Investment, next with Mutual Security Merchant Bank as Senior General Manager before moving in 1991 to Citibank, NA, where he spent the next four years as Vice President.

Mr. Wynter was Deputy Governor of the Bank of Jamaica, with responsibility for Banking and Market Operations, from September 1995 until his appointment as Technical Advisor to the Minister of Finance in November 1999.

In August 2001, Mr. Wynter was appointed the first Executive Director of the then newly-established Financial Services Commission and served in that capacity until December 2007 when he left to join the Caribbean Regional Technical Assistance Centre (CARTAC) in Barbados as Capital Markets/Financial Sector Advisor.

EMPRETEC Awards Women in Business

Lucia Desir of Guyana was among ten finalists for the Empretec Women in Business Awards 2010 which was presented in April by UNCTAD (United Nations Conference on Trade and Development) in Geneva.

The awards are presented to three women entrepreneurs whose firms, founded in developing countries, have weathered and even prospered during the global recession, and who serve as examples of how ideas and persistence can create jobs and help raise living standards in the developing world.

Beatrice Ayuru Bvaruhanga of Uganda, who founded Lira Integrated School in northern Uganda in 2000, in part because "I got bitter with all the problems around me and especially from my own relatives who never valued girl child education," won UNCTAD's 2010 Empretec Women in Business Award.

Maria de la Luz Osses Klein of Chile, an entrepreneur who established Biotecnologias Antofagasta SA, which creates biotechnology products for the mining industry placed second and Joy Simakane of Botswana won the third-place award. Her company, Extramile Express PTY Limited, provides customs-clearing and messenger-delivery services.


Lucia Desir

All 10 finalists for the awards are graduates of the UNCTAD-supported Empretec programme, which trains entrepreneurs in developing countries.

Ms. Desir, the owner of D&J Shipping Service which focuses on shipping and related operations: imports, exports, custom brokerage, packing and moving said she felt honoured and privileged to be among the finalists.

"This has helped to take my business to the next level as I have already garnered new business from all the publicity. While in Geneva we have been involved in a number of workshops in the field of marketing, technology etc. and these have given us new insights into how we could enhance the many areas of our business and staff," Ms. Desir told Business Journal.

"I sincerely hope that it serves as an encouragement to other female entrepreneurs in my country and throughout the region to keep on keeping on even when the challenges become overwhelming. You may know as women, we work double time to ensure the workplace and family stay afloat."

Ms. Desir became involved with the UNCTAD Empretec programme at an opportune moment. After a difficult partnership split, she was struggling to maintain her remaining part of the business.

She was committed to rebuilding the firm but how was a big question: she had limited finances, yet was confident she had the skills needed to succeed in the shipping industry.

Through attending the Empretec training workshop she recognised the limitations of the original business prior to the split.

The biggest change was in her understanding of the importance of committing to contracts. This would become the root of her success. It allowed her to be one of the few agencies chosen to handle the shipments of diplomats that arrived in and departed from the country.

Beatrice Ayuru Bvaruhanga of Uganda, winner of UNCTAD's 2010 Empretec Women in Business Award

She drew up her business plan and gained an understanding of the need to be able to provide professional services. As a result of professional management, her business has grown steadily.

Having control over her business has allowed Ms. Desir to weather the impact of the global economic downturn. In Guyana, imports and exports were greatly reduced, but she took immediate action to strengthened internal controls and stepped up sales visits and advertisements.

Fortunately, the diversity of the firm's operations provided a cushion: while imports and exports were down, the packing and moving of diplomats' belongings and those of other citizen's rose. No staff had to be laid off.

The company now is purchasing property for a new warehouse three times the size of the current one. Presently, Ms. Desir is looking forward to buying her own hauler truck, flatbed, and forklift for use when the warehouse is completed.

The first Women in Business Awards were presented in April 2008, in Accra, Ghana, at UNCTAD's 12th ministerial conference.

"Empretec" is a flagship technical assistance programme of UNCTAD's aimed at coaching key competences of entrepreneurs and helping them in building and expanding their businesses (www.empretec.net). One of its primary goals is to resolve what economists sometimes call the "missing middle."

The world's poorer nations frequently have large businesses (often connected with the government or with transnational corporations) and very small, informal businesses that are not legally established, do not pay taxes, and do not necessarily abide by laws and safety regulations.

What is missing are standard, legally incorporated medium-sized enterprises and smaller, officially established firms that may grow into midsized firms over time.

DOMINICAN REPUBLIC OPENS EMPRETEC CENTRE

The Dominican Republic has officially opened an UNCTAD-affiliated Empretec centre for the training and support of entrepreneurs, bringing the number of Empretec centres worldwide to 32.

The programmes offered at such centres help with the creation and expansion of privately owned small- and medium-sized enterprises (SMEs) in developing countries -- businesses that lead to new jobs and new products and that help to foster to stable, broadbased economic growth.

The intention of Empretec, which is based on a methodology developed by David McClelland of Harvard University, is to help entrepreneurs master 10 competencies shown to be vital for success in establishing and expanding private businesses.

The programme aims to help developing countries emulate the pattern in industrialized nations, where SMEs make up the majority of firms, provide the majority of employment, and serve as vigorous sources of new ideas and products.

Trinidad spends close to US$1 billion on CL Financial

The January 2009 collapse of the Trinidad and Tobago-based CL Financial Group sent shock waves throughout the Caribbean that are continuing to reverberate.

Low debt and high reserves permitted Trinidad and Tobago to bail out three domestic subsidiaries at a cost of US$850 million (about 3.8 percent of GDP).

However, higher exposure combined with high debt levels in several countries in the rest of the Caribbean pose significant challenges in dealing with the problems created by the group's insurance subsidiaries, the Colonial Life Insurance Company (CLICO) and the British American Insurance Company (BAICO).

Estimates of exposure to the two companies range as high as 17 percent of the Eastern Caribbean's combined GDP.

The extent of the subsidiaries' financial distress varies across the region, with ECCU countries particularly vulnerable as funding gaps in that area account for larger shares of GDP.

Source: ***IMF's Regional Economic Outlook: Western Hemisphere***, May 2010

The government of Trinidad and Tobago has provided close to US$1 billion in fiscal support to assist in the restructuring of the highly indebted CL Financial (CLF) conglomerate since January 2009.

In June 2009, the Trinidad and Tobago Government signed an agreement with CLF's shareholders and directors to place the management and control of the assets of the company in the hands of a new board to save a number of its debt-burdened companies that were the subject of a Memorandum of Understanding (MOU) earlier in the year.

A government-majority Board of Director was appointed to restructure the troubled conglomerate and has also been carrying out a comprehensive audit into its companies to determine the extent of its debt.

Lawrence Duprey who headed the billion dollar CL Financial empire

Former Finance Minister Karen Nunez-Tesheira said an early component of the strategy involved rapid action along with the Central Bank to provide liquidity support and guarantees to avoid panic and destabilizing runs on domestic financial institutions.

"As a result, the contagion effect has been minimal and confidence has been quickly restored in our financial sector which remains quite strong," according to the former finance minister.

The objective, she said, is not to interfere with normal market mechanisms, which would have forced some sort of reorganization. However, rapid and chaotic unwinding of activities in a large entity with long tentacles stretching across the region was not in anyone's interests, she noted.

Buttressing the government's fiscal support is a change-over of the Board of Directors and Management in the CL Financial Group. In the case of CLICO the new management is committed to reorienting the company's affairs towards its core business of life insurance.

While this is going on, a programme has been put in place to settle claims of investors and policy holders in a systematic fashion taking into account funding flows. A similar measured approach is being taken to the timing of asset liquidation.

With respect to CLICO Investment Bank in mid-April, the Inspector of Financial Institutions made an application for liquidation of the institution as it had been rendered insolvent and unable to meet its debts.

Third party deposits in Clico Investment Bank (CIB) were transferred to First Citizens.

Caribbean told to strengthen monitoring financial system:


Ewart Williams

Trinidad and Tobago's Central Bank Governor Ewart Williams has called on the Caribbean to strengthen its monitoring financial system to avoid potential crises of companies which could have widespread implications.

Referring to last year's bail-out of Caribbean conglomerate CL Financial (CLF) by the Trinidad and Tobago government, Mr. Williams described the monitoring system in the Caribbean as rudimentary and fragmented.

"This is unfortunate since any robust analysis would have shown up a whole range of vulnerabilities in all of the financial institutions of the CLF conglomerate," he said at a conference in Port of Spain in March.

He identified several glaring vulnerabilities of CLF including a mis-match between assets and liabilities with mostly short term liabilities paying above market interest rates matched by long term assets, excessive leveraging of balance sheet assets, a preponderance of inter-group transactions; the total absence of a risk management framework and inadequate capital.

These vulnerabilities were compounded by a weak legislative and regulatory infrastructure in which CLF was not subject to formal regulation, poor internal governance and insufficient regional regulatory collaboration.

"This was a potentially lethal combination, and when energy and real estate prices fell, triggering depositors' and policyholders' concerns about the state of the Group's finances, the inevitable happened," Mr. Williams said.

CLF, founded in 1993 by Trinidad-born entrepreneur Lawrence Duprey, held billions of dollars in assets in a portfolio of more than 60 companies in the Caribbean, Europe, the Middle East and Asia.

The portfolio included banking and financial services, insurance, energy, real estate, forestry, insurance, medical services and retail.

Former Magistrate heads TT's SEC

Former Industrial Court judge in Trinidad and Tobago Deborah Thomas-Felix has been appointed as Chairman of the Trinidad and Tobago Securities and Exchange Commission (SEC).

In her first meeting with stakeholders from the securities industry, Ms. Thomas-Felix noted declining activity in the Equity market.

She stressed that all stakeholders - investment advisers, brokers and securities companies - have a vital role to play in encouraging innovation in the market.

Ms. Thomas-Felix is a Hubert Humphrey Fellow who holds a Masters Degree in International Legal Studies. She recently resigned as a Judge of the Industrial Court of Trinidad and Tobago to go into private practice.

Chairman Thomas-Felix's experience in arbitration and as a judicial officer provides the Commission with the additional capacity to strengthen its enforcement and judicial role in the securities market.

Antigua & Barbuda, USA and Allen Stanford

by Justin Simon, QC Attorney General and Minister of Legal Affairs, Antigua and Barbuda

Editor's note: Given the international financial implications following the arrest of 59-year old Texas financier Allen Stanford, accused of a US$8 billion Ponzi scheme, we reprint an address by Antigua and Barbuda's Attorney General and Minister of Legal Affairs, Justin Simon delivered at the JDIC Bank Insolvency in the Caribbean: Law & Best Practice Conference held recently in Jamaica.

The emergence of Mr. Stanford in Antigua and Barbuda in 1990 and the cosy relationship with the then government of Prime Minister Lester Bird saw the American businessman pumping millions of dollars into purchasing properties and opening one business after the other, spurring unexpected economic activity and raising the profile of the tourism-dependent country. Mr. Stanford's personal fortune, valued in 2008 by Forbes Magazine at US$2.2 billion, dwarfs Antigua's gross domestic product of around US$1 billion.

Sir Allen Stanford

"Six of his local companies hold title to 45 parcels of land, most vacant, consisting of an aggregate of 245 acres of prime land of tourism development, commercial, and residential value, whose locations include the airside of our international airport, and two offshore islands. His principal offshore company, Stanford International Bank, we have since discovered, additionally owns 1,517 acres of pristine waterfront land including three undeveloped offshore islands through offshore entities in Tortola, BVI, and Isle of Man. "

When on Tuesday February 16, 2009 a United States District Judge in the Northern District of Texas made an Order on a motion filed by the Securities and Exchange Commission assuming exclusive jurisdiction over and taking possession of all assets, real and personal, tangible and intangible, of whatever kind and description, wherever located, of Stanford International Bank, Stanford Group Company, Stanford Capital Management LLC, R. Allen Stanford, James M. Davis, and Laura Pendergest-Holt,

Stanford International Bank, Antigua & Barbuda

the shocking news reverberated throughout the off-shore financial world.

The fact that the Order also appointed a Receiver (Ralph S. Janvey of Dallas, Texas) as both a necessary and an appropriate measure in order to prevent waste and dissipation of the assets of the defendants to the detriment of the investors compelled a columnist in Antigua & Barbuda's "Daily Observer" to pen a news item not inappropriately titled: "What a Difference a Day Makes".

R. Allen Stanford, the Man with the Vision, was now being accused of fraudulently selling US$8 billion in high-yield certificates of deposit in a Ponzi Scheme that stretched from Texas, USA through Latin America to the Caribbean.

In Antigua and Barbuda, we began to feel the "difference" immediately and adversely.

As at that date, R. Allen Stanford, who had been knighted by the Governor-General in 2006 on the recommendation of the Leader of the Opposition, was the sole and absolute shareholder/director of twenty six locally incorporated companies and two off-shore companies registered in Antigua and Barbuda, where he had made his "home away from home" since 1989.

He was granted citizenship in January 2000 by a "grateful" administration who recognized The Stanford group of companies as the largest private employer in the State.

Six of his local companies hold title to 45 parcels of land, most vacant, consisting of an aggregate of 245 acres of prime land of tourism development, commercial, and residential value, whose locations include the airside of our international airport, and two offshore islands.

His principal offshore company, Stanford International Bank, we have since discovered, additionally owns 1,517 acres of pristine waterfront land including three undeveloped offshore islands through offshore entities in Tortola, BVI, and Isle of Man.

At the date of the US legal action, of immediate and grave significance to the government and rapidly growing public concern were the status of his two banks (both wholly-owned lock, stock, and barrel):

- Stanford International Bank, an offshore entity registered with and regulated by our Financial Services Regulatory Commission established under our International Business


Antigua's Prime Minister, Baldwin Spencer

Corporations Act, in force since 1982 with the object of providing a regime of corporate law for international business corporations operating from within the State;

- and the local Bank of Antigua registered under our Companies Act, 1998 and licensed under our Banking Act of 1991 to operate ordinary banking business but regulated by the Eastern Caribbean Central Bank (ECCB) to, inter alia, promote and maintain Monetary stability in the OECS territories.

By February 18th, the Hon. Prime Minister, the Governor of the ECCB, the Hon. Minister of Finance, and the Chairman of the opposition Antigua Labour Party were calling on citizens to remain calm and warning that if individuals persist in rushing to the local bank in panic they would precipitate the very situation that we would all like to avoid: a catastrophic run on the bank.

By the following day, the withdrawal of unusual and substantial sums from the bank had forced the ECCB to extend credit to Bank of Antigua in the sum of EC$19M.

The Daily Observer was reporting in its February 19th edition that "From as early as six o'clock yesterday morning, scores of depositors queued outside the three branches of Bank of Antigua, anxiously waiting to withdraw their funds".

"So, following a personal threat made over the national airwaves to remove his businesses from Antigua and Barbuda, the then Government on February 6, 2003 approved the conversion to freehold of Stanford's leasehold interests in 8 parcels of Crown land (including the public car park) at the V. C. Bird International Airport representing over 40 acres at a price which took into consideration lease payments already made; and further approved title to an additional 25.75 acres around the disused runway for the purposes of Stanford's FBO and Caribbean Star businesses – all at concessionary prices."

On February 20th a Notice of Intervention was issued by ECCB advising the general public that it had assumed control of Bank of Antigua pursuant to Emergency powers under the Eastern Caribbean Central Bank Act (Amendment of Schedule) Order 1994 which empowered the ECCB to, inter alia, "assume control of and carry on the affairs of the financial institution" and with power to terminate the services of any director, officer or employee, where it is of the opinion that "the interest of depositors or creditors of a financial institution are threatened".

On the following day, the OECS Monetary Council held an emergency meeting by way of video conference to assess the state of the banking sector within OECS. On Monday February 23rd a new entity was incorporated in Antigua and Barbuda and was appointed by ECCB to assume full control and management of Bank of Antigua.

Comprised of representatives of the various indigenous banks in the OECS, the Eastern Caribbean Amalgamated Financial Company Limited became the St. Kitts-based ECCB's agent.

By the following day advances made to date by the ECCB had reached the EC$79M point and eventually peaked at EC$89M.

Today, it can be reported that the bank is operating normally, notwithstanding the whereabouts of its sole shareholder who purchased its entire share capital from Antiguan nationals in 1990; and we are left to rue the day in 1991 when the Banking Act, while forbidding the holding or acquisition by a person of more than 20% of the total voting rights in a financial institution, saved then-existing voting rights in excess of the regulatory 20% ceiling.

In 1996, the then government appointed R. Allen Stanford and two members of his US attorney's firm to a special

Former Antigua Prime Minister, now Opposition Leader, Lester Bird

Advisory Board to spearhead a revision of Antigua and Barbuda's offshore banking sector.

Out of their report emerged the creation of the International Financial Services Authority (IFSA) funded by a Stanford loan and with a mandate to regulate international financial institutions.

Allen Stanford as the principal shareholder of Stanford International Bank Limited was named Chairman, a move which prompted a 1999 missive from the United States deeming the move "unprecedented and inappropriate" and naming Antigua and Barbuda as a money laundering risk.

A new Board, ex-Allen Stanford and his appointees, was put in place within a year, and a subsequent 2002 amendment to our International Business Corporations Act received Parliamentary approval thereby creating the Financial Services Regulatory Commission (FSRC) to replace the IFSA; the position of Executive Director was then eliminated along with the holder of that office, and the position of "Administrator" was created, a post to which Leroy King (now a co-defendant) was immediately appointed.

Allen Stanford's property investment in Antigua and Barbuda and in Houston, Texas cannot be gainsaid. And his influence on both sides of the Atlantic cannot be denied. He certainly had a vision and seized opportunities "because", as he saw it, "potential has no boundaries".

So, following a personal threat made over the national airwaves to remove his businesses from Antigua and Barbuda, the then Government on February 6, 2003 approved the conversion to freehold of Stanford's leasehold interests in 8 parcels of Crown land (including the public car park) at the V. C. Bird International Airport representing over 40 acres at a price which took into consideration lease payments already made; and further approved title to an additional 25.75 acres around the disused runway for the purposes of Stanford's FBO and Caribbean Star businesses – all at concessionary prices.

In 2001, Stanford opened a controversial trust office in Miami which, it is alleged, was hardly regulated and generated hundred of millions of dollars through brokers for his banking empire which was managed and controlled from his expansive offices in Houston, Texas.

By 2003, he had started hosting a series of visits to the twin-island state by US Congressmen which became known as the "Caribbean Caucus" whose mission was ostensibly to "promote relations."

By 2009, there had been 11 such trips which included figures like Pete Sessions, Gregory Meeks, Donald Payne, Phil Crane, Sweeny, and Bob Ney at a cost of over US$300,000 picked up by the Inter-American Economic Council – a non-profit corporation funded by Stanford.

The trips, I understand, were not limited to Antigua where they were wined and dined at his avant garde Pavillion Restaurant, but included St. Croix, Key Biscayne, and Montego Bay. Suffice it to say, that as the scandal unfolded, members of the Caucus began returning or giving to charities political contributions that they may have received.

From 2001 to 2008, Sanford International Bank marketed its primary investment product, certificates of deposit and promised higher rates of return than rates generally offered at banks in the United States.

In its 2007 Annual Report, the Bank stated that it had approximately US$6.7 billion worth of Certificates of Deposits and more than US$7 billion in total assets. In its December 2008 Monthly Report the Bank purported to have more than 30,000 from 130 countries representing US$8.5 billion in assets.

Stanford Group Company, one of the defendants in the SEC lawsuit and founded

The Stanford 2020 Cricket tournament generated much excitement among spectators across the Caribbean region...

in 1995 was registered with the Securities Exchange Commission as a broker-dealer and investment advisor, and its financial advisors promoted the sale of Stanford international Bank certificates of deposit through a network of twenty five offices located throughout the United States.

Let me make it abundantly clear. Our legislative framework did not in any way, manner, or form, facilitate the alleged Ponzi Scheme for which Stanford's US victims are crying "foul Antigua" in their proposed US$8B lawsuits claiming that Antigua and Barbuda was a "partner in crime".

They have also embarked on a series of negative public advertisements designed to adversely affect our tourism product, stop international loan financing, and ruin our financial services sector.

What we will accept is that there were deficiencies in regulatory enforcement of Stanford International Bank by FSRC under the leadership of its then CEO Leroy King who it is alleged was bribed following his induction as a "blood brother" of Allen Stanford.

Strange are the things that we do as "brothers" in the context of the 60's and 70's.

Clearly, mandatory bank examinations repeatedly failed to rigorously apply effective supervisory techniques and further failed to monitor the ability of the bank's management team to measure, monitor, and control exposure to market risks given SIBL's reported rapid investment portfolio growth.

Since 2003, investors in the US had begun questioning the legitimacy of SIBL's Certificates of deposit, and as early as 1999 the State Department had singled out Stanford in a 1999 report for using his influence to weaken Antigua's offshore banking laws.

On March 6, 2009, 1000 employees in Stanford's US offices, representing 85% of his workforce there, were terminated. In Antigua and Barbuda, Stanford International Bank was placed in liquidation on April 15, 2009 and the lack of remittances from Houston to fund his businesses was becoming patently obvious.

Over 800 employees with gross monthly earnings of over EC$2.4 have since been terminated from the various Stanford businesses, none of which were profitable; severance pay to ex-employees which is a first priority debt under our laws, is yet to be paid. Trade creditors are owed in excess of EC$25M, and the few still active businesses continue to operate at the largesse of the Public Utility Authority.

Parliament met in emergency session on February 26th and 27th 2009 and passed a resolution compulsorily acquiring all lands titled to the Stanford local corporate entities; a pending legal challenge has stayed the completion of the acquisition process.

Antigua and Barbuda's experience serves as a call to the entire region for a more focused attention on the effectiveness of our financial services' regulatory framework and the need for implementing measures to ensure that the guards are themselves policed.

Faced with serious reputational risks given the criminal charges now preferred against R. Allen Stanford and Leroy King and the demise of Stanford International Bank, the Government sought the assistance of the Caribbean Financial Task Force (CFATF) in providing internationally recognized industry specialists to conduct an investigation into the operations of our Financial Services Regulatory Commission and to review our existing regulatory framework and make recommendations to strengthen the integrity of the financial services sector.

The review was conducted in August and September 2009 and their reports were submitted in September and November 2009 for study and implementation.

The Government wishes to place on record its deep appreciation to the members of the investigating team for their commitment and thorough in-depth examination of the Commission and our regulatory regime: Mrs. Ingrid Bullard – International Financial Services Consultant, Ms. Cheryl Bruce – Commonwealth Secretariat, Mr. Nicholas Burbridge – Senior Director, office of the Superintendent of Financial Institutions, Canada, and Mr. Alan Cleave – Senior Official and AML/CFT Law Enforcement Expert, Bermuda.

Additionally, CARTAC, the co-sponsor of this Conference, has since assisted in providing a report on the re-organisation of the Commission following an in-depth investigation of the Commission's organizational structure. We are grateful for that assistance and are embarking on implementation by June 30, 2010.

In conclusion, I want to posit that the region's financial stability at the end of the day will depend on three closely related factors:

- our political policy on national economic growth, management, and development, nd foreign investment concessions;
- our political will to review our legislative and regulative framework and our pro-activeness in implementing recommendations which address deficiencies; and both buttressed by adequate judicial intervention and supervision in the last resort.

Bermuda signs Double Taxation Agreement (DTA) with the Kingdom of Bahrain


bernews.com

Shaikh Ahmed bin Mohammed Al-Khalifa, Minister of Finance, Bahrain and David Burch, Minister of Immigration, Bermuda

This double taxation agreement marks the first full DTA signed by Bermuda.

It includes a provision for the full exchange of information on criminal and civil tax matters between Bermuda and the Kingdom of Bahrain, consistent with the internationally agreed standard for transparency and exchange of information for tax purposes set by the Organization for Economic Cooperation and Development (OECD).

The DTA marks Bermuda's 20th agreement incorporating provisions for the full exchange of information on criminal and civil tax matters. The DTA is a reciprocal arrangement between the Kingdom of Bahrain and Bermuda not to tax the repatriated income that a firm or a national of the parties domiciled in one country earned in (and paid taxes on) the other country.

Haiti Donor Conference Exceeds Expectations

The international community has pledged US$5.3 billion for the next two years and US$9.9 billion for the next three years and beyond to reconstruct the earthquake ravaged country.

P.J. Patterson

Haiti had sought initial pledges of US$3.9 billion and US$11.5 billion over the next decade.

The pledges came at an International Donors'Conference 'Towards a New Future for Haiti' convened by the United States and the United Nations at UN Headquarters, New York at the end of March to help Haiti which was struck by a catastrophic earthquake on January 12 which left close to a quarter million people dead and more than a million homeless.

Actual losses from the disaster were pegged at US$7.9B or 120 per cent of Haiti's GDP.

A Post Disaster Needs Assessment presented to the Conference by the Haitian Government estimated that US$11.5B was needed to rebuild the country. Fifty per cent of the estimated resources were earmarked for social programmes; 17 per cent for infrastructure and 15 per cent for the environment and disaster preparedness and management.

It is proposed that the resources pledged for the implementation of the Action Plan elaborated by the Government of Haiti with the assistance of its external partners be entrusted to a multilateral donor trust fund supervised by the World Bank.

These resources would be used to fund projects agreed by an Interim Haiti Reconstruction Commission presided over by the President of Haiti and co-chaired by the Prime Minister of Haiti and the Special Envoy of the United Nations Secretary-General.

Special Representative of the Heads of Government of the Caribbean Community (CARICOM) to Haiti, former Jamaica Prime Minister P.J. Patterson said the Donor Conference was "a defining moment in our collective history" as Haiti, donors, development agencies, intergovernmental and non-governmental organizations seek to attain an objective "which has long eluded us – the sustainable development of Haiti".

"We must go beyond relief and recovery to build with the Government of Haiti a land which provides a quality of life for its citizens and future generations which its amazing history and rich culture deserve," said Mr. Patterson.

Damage caused to a village in Haiti by the earthquake that struck that country on January 12, 2010

Hotel Executives Discuss Challenges

Frank Comito, Executive Vice President of the Bahamas Hotel Association and newly re-elected CSHAE President speaking to an audience at the Leadership Conference

The challenges facing the Caribbean tourism industry as a result of the global economic crisis along with the subsequent decrease in marketing budgets from many of the region's tourism departments has spurred the Caribbean Society of Hotel Association Executives (CSHAE) to ban together to try and affect a positive impact on their own.

The leadership role in which the private sector-led hotel and tourism associations play and must continue to exert in the industry's development was the primary focus of the CSHAE Annual Leadership Conference held in May in San Juan, Puerto Rico.

Staff and volunteer professionals from 21 destinations throughout the Caribbean spent two days in intensive training sessions, assessing their roles as private sector organizations as well as discussing ways to be more effective as agents of change within the industry and their destinations. Attendees shared success stories and best practices to help one another to solve problems and become more efficient organizations.

"At no other time in our industry's history has it been as essential for the private sector and organizations like our hotel and tourism associations to be a primary force for affecting positive change in our industry and our communities," noted CSHAE President Frank Comito who serves as full time staff executive for the Bahamas Hotel Association.

The conference provided the association professionals with a backdrop of the challenges facing the industry and their organizations which have been exacerbated by the global recession.

Executives are tasked with doing more with less financial resources. Most governments in the region have slashed tourism budgets, adding even more pressure to the industry to fill gaps and find creative ways to leverage limited resources and partner with the public sector to address tourism's marketing and product development challenges.

Conference sessions focused on developing strategies for successful association programs, addressing budget challenges without compromising services, developing dedicated private sector leadership, effective government relations, improving member benefits and offering meaningful programmes and educational training to association members.

Facilitating these sessions was Scott Joslove, CEO for the Texas Hotel and Lodging Association, the largest association in the United States.

Oil is still gold in Trinidad and Tobago

Petrotrin refinery, Point-a-Pierre

High international prices are spurring the interest of the Trinidad and Tobago government to once again turn its focus on oil exploration and production as gas on the world stage continue to face challenges including dampening costs.

Government's renewed interest also coincides with the country's 100 years anniversary of commercial oil production. Crude oil was commercially produced in Trinidad and Tobago for the first time in 1908 and two years later, the country exported its first cargo of oil. Refining operations commenced seven years later.

Petrotrin, the State-owned integrated energy now has a mandate by the government to boost oil production which has faced massive declines over the past two decades.

In the first two months of this year, oil production continued to decline reaching 105,000 barrels per day (bdp) compared with an average of almost 110,000 bpd in the first two months of last year.

Oil production in 2009 stood at 110,000 bpd compared to natural gas whose production has sky-rocketed to 700,000 barrels of oil equivalent a day (boed) and which has made the twin-island a major exporter of Liquefied Natural Gas (LNG).

The average daily oil production in 2008 was 115,889 barrels. Petrotrin's average crude production was 49,261 bpd in 2008 while BHP Billiton Trinidad and Tobago saw its oil production from its Greater Angostura field plunge from 50,542 bpd four years ago to 14,870 bpd in August 2009.

Other companies including BP Trinidad and Tobago and EOG Resources also produce oil on a smaller scale.

In 1978, the country, as a mature hydrocarbon province reached its highest average daily production of 229,589 barrels per day.

Last year, Petrotrin signed ten-year sub-licence agreements with five contractors to explore for oil and gas in seven onshore fields.

Petrotrin's president Kenneth Allum said although some of the fields are remotely located, limiting drilling and have received less focus than those within the company's mainstream areas, the fields had "significant remaining potential."

Mr. Allum anticipates a production increase in the first year of at least 200 bopd per field or 1,400 bopd for all seven fields.

A Cabinet-approved independent petroleum consultant supported by a team of government technocrats from the government has been undertaking a number of reviews on the Supplemental Petroleum taxes to small petroleum operators and review of incentives for marginal or small fields, drilling activities; enhanced oil recovery and heavy oil.

Permanent Secretary in the Ministry of Energy Leroy Mayers admits that companies have not been able to successfully exploit these resources due to the operating environment and technological challenges.

Special incentives, he said will be developed to facilitate the production of heavy oil reserves.

Government continues to point to what it calls large unexplored tracts in the deep-water areas and undeveloped marginal fields in the shallow marine areas which they believe have the potential to significantly add to the country's reserves.

They estimate that there are 100 million barrels of oil in place remaining to be produced in the on-shore area.

Estimates of heavy oil in the offshore areas range from 2,600 million barrels to 5,000 million barrels.

The Energy Ministry has also been seeking to identify oil bearing prospects and a recent scientific study on the potential of the Trinidad Deep Atlantic Area suggests a 50/50 probability of oil and gas.

Blocks in this area will be put out for competitive tender during the second quarter of 2010.

The energy sector accounted for about 48% of GDP in 2009.

The future of the Gas Business in Trinidad and Tobago – *time to rethink*


Robert Riley

BP Trinidad and Tobago Chairman and CEO, Robert Riley recently addressed members of the American Chamber of Commerce in Trinidad and Tobago on 'The future of the Gas Business in Trinidad and Tobago – time to rethink."

Business Journal reprints a section of his very insightful statement on Trinidad and Tobago's energy sector.

Trinidad and Tobago's energy sector currently produces 4 billion cubic feet a day of gas – some 60% exported as LNG, 27% used in the petrochemical sector and 7% for power generation.

The energy sector accounts for about 45% of GDP, 80% of exports and 58% of government revenue.

The Ministry of Energy estimates that proved gas reserves stand at 15.37 trillion cubic feet while probable gas reserves are at 8.45 trillion cubic feet, and possible gas reserves at 6.39 trillion cubic feet, putting total gas reserves at 30.11 trillion cubic feet.

Over the next ten years therefore, we will have the challenge of steep declines in our existing producing reservoirs and for bpTT's business, we estimate that it would take US $500 to $600 million in annual capital investment to sustain our current production capacity."

More and more we will be driven into deeper and more difficult access areas offshore. Analysts predict deepwater spending will top US$167 billion in investment through 2014– an increase of 37% over the preceding five years, driven by "the lack of new opportunities onshore or in shallow water, together with the need to offset decline from existing reservoirs."

We cannot continue doing exactly what we have been doing for the past 20 years and expect to create a future that will be sustainable without new gas or new oil.

We are in a far more competitive world today. We have moved very quickly from a world where only a few places had gas and we enjoyed first-mover status in the United States market. Now there is gas almost everywhere.

In the past all China had was coal and

now they are talking about finding gas there too! And as I indicated earlier, a new wave of global LNG development is threatening the significance of this country's status in the global industry.

So the first order of business for us is to set in motion plans for finding a new oil and/or gas province. Happily, the Ministry of Energy is moving expeditiously in that direction as we speak and I hope the coming bid round is appealing enough to attract the kind of players that can get the job done.

The future of Trinidad and Tobago's energy industry and the country's primary source of revenue will therefore depend on a strategic and stable fiscal and energy policy that provides for:

- A gas allocation strategy that focuses on growing revenue and not merely growing volumes;
- The right terms to enable exploration now, to ensure resource availability for the life of our existing plants;
- Increased industry efficiency that will ensure a lower cost of gas supply;
- Improved supporting infrastructure and services for the upstream (sea and air ports, roads, water, and electricity for example).

Also, our industry infrastructure should be equipped as well for managing a possible natural disaster, with a coordinated country and industry response.

cont'd...

On 21 April 2010, BP Trinidad and Tobago's (bpTT) Serrette platform was installed in Trinidad waters in the company's east coast offshore acreage

As I said earlier, the gas bonanza as we knew it is over. It is now time for us to deeply re-think the future of our gas business in Trinidad and Tobago and the role it plays in the country's economy.

Are we satisfied with the heavy dependence on our natural gas business and are we comfortable that we have plans in place to create a more balanced and diversified economy in the future?

Are we carefully utilizing and investing our energy revenues on true diversification opportunities?

And in the area of energy policy, have we created a stable, attractive and enabling fiscal environment to discover the next major hydrocarbon province?

We need to ask ourselves the tough questions.

- What role will energy (natural gas, petroleum fuels and electricity) subsidies continue to play as we seek improved energy efficiency and conservation?
- Is our gas allocation strategy really aligned with maximizing revenue from the energy sector? Are we foregoing sales to higher priced markets for a diversified local downstream industry?

These are just some of the questions I believe we must pose in our rethink of our natural gas business in Trinidad and Tobago.

In my view there is a great deal for us to rethink. Given our dependence on the natural gas industry, I would say that the time to re-think is upon us.

Trinidad and Tobago launches hydrocarbon bid round

Trinidad and Tobago's Ministry of Energy launched its 2010 competitive hydrocarbon bid round on April 7, for seven shallow and average water blocks.

Successful bidders will be announced by October.

Energy companies were also invited to nominate which of 39 deep water blocks interested them.

Launch of the deep water blocks ranging in depths of 1,000-3,500 metres will take place during the second quarter of this year.

Speaking at the launch of the shallow water bid round, former Energy Minister Conrad Enill noted that there was more certainty in the global market and investor interest is increasing.

"Given these and the fiscal regime that has been restructured to become more competitive, the timing for launching the competitive bid round is appropriate," he said at the launch which was attended by representatives of the major energy companies operating in the country.

Mr. Enill said the new bid round will provide an opportunity for future new oil and gas discoveries and development.

A December 2008 gas audit by US-based Petroleum Consultant, Ryder Scott showed that Trinidad and Tobago's proved reserves stood at 15.4 trillion cubic feet (tcf). Probable reserves were estimated at 8.5 tcf and possible reserves at 6.3 tcf.


Conrad Enill

Mr. Enill disclosed that total projected capital expenditure for energy companies in marine areas between 2010-2015 was US$2 billion which will be used maintain their existing operation, undertake the drilling of 13 exploration wells and 87 development and work-over type wells.

Air Jamaica – Expensive Pride

Arthur Lok Jack,
Chairman of Caribbean Airlines

The pride of having Air Jamaica buoyant in the air over the past four decades has cost - J$126 billion (US$1.4 billion) and J$31 billion (US$350 million) over the last three years alone

The Government of Jamaica is now spending US$200 million to meet the airline's outstanding obligations during the transitional period beginning May 1 and which is expected to last from six to 12 months, after which Caribbean Airlines will enforce its plan to provide a sustainable airlift from Jamaica.

On the eve of Air Jamaica's transition from a national airline to becoming part of the regional carrier, Caribbean Airlines, Jamaica's Prime Minister Bruce Golding said keeping Air Jamaica flying has placed a huge burden on government's scarce resources, only made worse by the global recession.

He said government has had to take the regrettable but inevitable decision that it could no longer provide the financial support required to keep Air Jamaica flying.

"We have to get our priorities right. We have to eliminate our fiscal deficit and reduce our borrowing, so that interest rates can come down and the economy can be given a chance to achieve real growth.

"We have to be able to devote more of our available resources to reducing crime, improving education, strengthening healthcare delivery and providing better infrastructure. We cannot do these things if we have to absorb such huge losses from state-owned enterprises like Air Jamaica," said Prime Minister Golding

But, he noted that Jamaica has been fortunate to be able to transfer majority ownership to a regional carrier, which will operate the routes that are of the greatest importance to Jamaicans and tourists.

Trinidad and Tobago based Caribbean Airlines said it is costing US$50 million to acquire and operate six Air Jamaica aircraft and eight of its routes.

Under the agreement, the Jamaican government will have a 16 per cent share in Caribbean Airlines. Trinidad and Tobago will retain an 84 per cent shareholding.

Swimming against the Caribbean tide – The striking case of Suriname

by Michele Robinson

Mention the Caribbean and debt and what immediately comes to mind is a region of small middle-income countries plagued with high and rising levels of indebtedness, payments arrears, a recent spate of credit rating downgrades and, increasingly, the spectre of comprehensive debt restructuring.

This view is not surprising. Six of the ten most heavily indebted middle-income countries are located in the Caribbean with three of them (Grenada, Jamaica, and St. Kitts) with public debt-to-GDP ratios in excess of 100%. So, amidst the dismal debt dynamics characterising many Caribbean countries, is there any good news regarding debt in the Caribbean? The answer is yes – Suriname!

At the end of 2009, Suriname's debt-to-GDP ratio was an estimated 16%, the lowest debt-to-GDP ratio among Caribbean states. Suriname's robust economic growth and healthy fiscal surpluses coupled with more active debt management in recent years, have been the principal factors underlying the country's favourable debt dynamics. Suriname's real GDP growth has averaged 6% per annum over the past 6 years, moderating to 2.5% only in 2009, in the wake of the global economic slowdown.

Suriname's public finances have also been healthy, with the government running an average annual fiscal surplus of 2% per annum between 2006 and 2008. Slippages in the fiscal accounts in 2009 should only be only temporary as, with a projected expansion in the mineral sectors, the fiscal accounts should revert to a modest surplus by 2013.

The debt situation in Suriname was not always so favourable. However, a comprehensive programme of economic reforms was adopted in 2000 when a new democratically elected government took office. One component of the economic reform programme was the enactment of legislation, the National Debt Act, in 2003, to strengthen the institutional framework for debt management and to increase government transparency and accountability. The most significant provisions of the National Debt Act were:

- An exposure limit of 60% of the total debt to GDP.
- The imprisonment of up to 10 years and fines of up to 2 million Suriname dollars (approximately US$728,000) imposed on the minister of Finance if found guilty of breaching the prescribed debt-to-GDP exposure limits.

The National Debt Act also provided for the establishment of a National Debt Office charged with managing Suriname's national debt. The SDMO embarked on a comprehensive programme of debt restructuring clearance of debt arrears and repayment discipline to bring the public debt to sustainable levels. They have achieved noted success. Suriname's credit ratings have been steadily improving

Aided by significant fiscal revenues and foreign inflows, payment arrears to Brazil, Venezuela and Japan were all cleared over the period 2004-2009. Debts to Germany and Italy were also renegotiated. As a consequence, Suriname's overall debt-to-GDP ratio fell by almost one-half from 38.9% in 2004 to 16% in 2009.

What then are the debt management challenges for Suriname going forward? With the economic downturn and imminent elections, the Suriname authorities are under pressure to boost spending. A second phase of a two-step wage reform programme is slated to be implemented in 2010.

A programme of large capital projects, in the oil and mining sectors and in infrastructure, is also about to start. While these large expenditures are expected to be offset in the medium-term by a substantial increase in revenues, the challenge is to finance them prudently so as to maintain debt sustainability over the long-term.

The Suriname authorities are confident about managing their debt and even lowering their prescribed debt-to-GDP ceilings. Prudent borrowing, mainly through grants and concessional loans, underpin their debt strategy. Should Suriname achieve this, they will continue to swim against the swirling tide of Caribbean debt.

Michele Robinson is a public debt management consultant with over 20 years experience at the national and international level. She is currently the publisher of the widely circulated debt management newsletter, *Debt Watch-Caribbean,* on her website www.michelerobinson.net

New Financial Services Ombudsman

With effect from May 1, Suzanne Roach is the new Financial Services Ombudsman of the Central Bank of Trinidad and Tobago.

She has replaced Ms. Ann Marie Narine, who served as the Financial Services Ombudsman from 2008 until end April 2010.

The office of the Financial Services Ombudsman investigates complaints from individuals and small businesses in respect of services provided by the financial institutions.

Ms. Roach brings a wealth of experience to this position having served the Central Bank of Trinidad and Tobago for over twenty-seven (27) years at a senior level working in a number of departments.

Her most recent position was that of Manager Internal Audit department, a position she held for the last twelve (12) years.

Greening Business

by Lorraine Ortiz-Valcárcel

At home, living green – or as green as possible – is a now a way of life for my family. Some choices were easy; opting for chemical-free products for my son's care, for instance, was clearly a no-brainer. In a culture where the simple act of recycling is still considered by many little more than a hassle, I faced more than a few expressions of amused incredulity from friends and family, as I progressively phased out toxic products not just from our medicine cabinet, but from our cupboards, laundry and yard.

The fact that green living has not reached the tipping point in Puerto Rico also meant a bigger price tag on regular household items and that something as fundamental as recycling was an uphill battle. When the possibility of recycling was first introduced in the gated community where I live, it was scrapped because the homeowners association did not like the aesthetics of the container for recyclables… Fortunately, the municipal government stepped up to the plate and our small community now enjoys weekly pickup of recycled material directly from each home.

I now wait for serious legislation, not token gestures, that would allow me to undertake projects at home that call for a more significant investment.

Magnify my personal experience by a 100 and extrapolate it to the hospitality industry and you begin the see the picture.

Puerto Rico has vast environmental legislation and jurisprudence, but real change is lacking (and I'm not even addressing policy that would make it feasible for tourism businesses to retrofit their operations in order to become more sustainable). It's as if the idea of sustainability remained a 'new age' concept on the fringes of business.

I joined the team of the now Verdanza Hotel, a member of Summit Hotels and Resorts, in early 2008. We had no established policy regarding environmentally-friendly practices and when Earth Hour came around, on a whim, we made arrangements for the hotel to mark the occasion with employees and guests. The gesture moved us, for the first time, to take stock of our practices as the starting point towards a more sustainable operation. It was no small move because it was clear that green-washing the hotel for image purposes was not acceptable; on the other hand, presuming to become 'green' overnight was frankly not realistic. Our answer was a pledge that called for a sustained effort over time to improve performance step by step.

An assessment of hotel operations revealed there was already a solid foundation on which to build a comprehensive sustainability program. Through preventive maintenance and the replacement of light bulbs, showerheads and sink faucets with more efficient technologies, the hotel's engineering department had already realized a reduction of 30% in its water and energy consumption over the course of one year, for instance.

Verdanza had also installed two water tanks to capture rainwater, which filtered and treated supplies the water for the hotel's SprayPark. Meanwhile, in the area of waste management, I learned that the hotel kitchen houses a 250-gallon holding tank for used vegetable oil, which is recovered by a local company and repurposed as bio-diesel. This means thousands of gallons of used fats are prevented from contaminating landfills or polluting Puerto Rico's waterways.

It was rewarding and encouraging; we took pride in having taken the first steps, even if baby steps compared to properties in Puerto Rico and the Caribbean that are well ahead in their efforts. It was also daunting; we didn't have the advantage of a new property built on the principles of sustainable development - and as the only independent full-service hotel in San Juan, nor did we benefit from the support and resources of an international chain. So over the course of the next two years we have walked a similar path as I did at home: one project at a time. In other words, distance running, not a sprint.

Lorraine Ortiz-Valcárcel is Director of Public Relations at the **Verdanza Hotel in Puerto Rico.**

Green tips at work

Do you have a morning hot drink routine? Using a **washable mug** is an environmentally-friendly alternative to non-biodegradable styrofoam or plastic cups.

Leave a cup and **reusable bottle** for water at work to eliminate buying drinks, which get served in plastic cups, or bottled water. 80% of plastic bottles are recyclable but only 20% are actually recycled.

When you need a pad for lists and messages, **turn over an old document** and write on the back of that instead.

If there isnt an office **recycling system, start one yourself!** Recycling our trash actually contributes to reducing global warming emissions. And it is estimated that 75% of what is thrown in the trash could actually be recycled, though currently only 25% is.

When you must have a paper copy, make sure you default your printer option to **use both sides**. This is an easy tree-saver!

Most computer accessories like ink cartridges and CDs and DVDs are made of **materials that could be reused**. Computer cords and speakers are fairly standardized, meaning they can be used for a variety of computer models and makes.

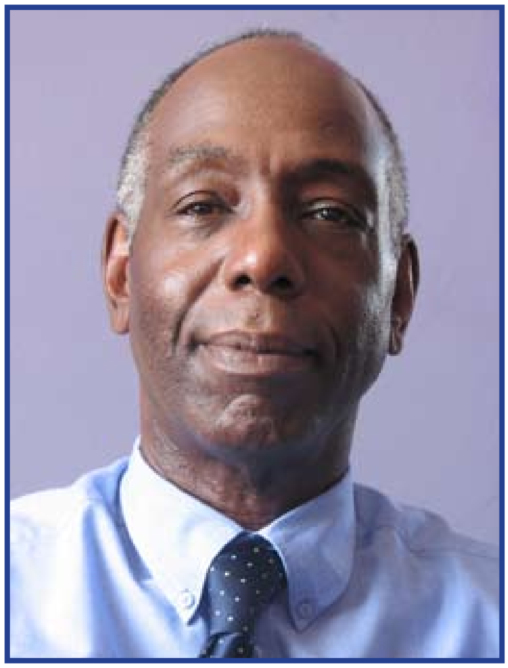
Lower your offices carbon footprint by seeing computers, monitors, printers, copiers, speakers and other business equipment to their energy saving feature and turning them off at the end of the day.

Turning off all unnecessary lights, especially in unused offices and conference rooms is an easy way to save energy.

If you're in search of something to **personalize your workspace**, look no further than the humble **house plant**. House plants are good for the environment because they remove quantities of pollutants present in the air.

Zoned out in the Comfort Zone

by Garfield King



A client recently called me in to conduct a staff training programme. During one of the sessions a participant said she didn't think the ideas presented would work, because that's not the way she's accustomed doing things. And anyway, "my manager has not complained. In fact, I scored quite well on my latest assessment." A few others agreed with her.

"If it's not broke don't fix it"… a familiar quote that has all but become a mantra in many businesses. In today's world such thinking can lead to inertia. Okay, there are occasions when it can be useful to maintain systems just the way they are, but too much time in the comfort zone can cause you to zone out. With concern in recent years over the level of risk exposure in the financial sector, it's no surprise that many businesses feel justified in playing it safe. But playing it safe can endanger progress.

One of the points I remember from an intensive week-long manager's training course is the importance of flux. The course was "Managing Organisational Transformation." The trainers explained that if you want to walk you can't keep both feet on the ground at the same time. You are always in a state of transition if you are moving. Successful businesses adopt a similar model. While having one foot steady and grounded, they make sure the other foot is ready to lead off in the direction of the most favourable opportunity. Such enterprises, the trainers told us, are never static, always in transition they keep a close eye on trends and are primed to take advantage of a new wave and ride it.

Listening is not an easy art to develop and if managers do listen, are they willing to actively encourage staff to speak up and contribute ideas for improvement? Employees tend to be more productive when they feel involved in what's going on and not just a cog in the machine.

If they know their managers are open to new ideas, there's a good chance the workforce will not just be following orders, but actively thinking about more effective, efficient ways of working. That has to be good for everyone, especially the customer.

However, employees often complain that original thinking is neither welcomed nor rewarded. If you question the system you are likely to be branded a troublemaker instead of an innovator. Discouraged from displaying a questioning attitude or developing critical thinking, employees are instead encouraged to maintain the status quo and not rock the boat. This may be particularly relevant in an organisation enjoying a period of relative success. Change is unwelcome as it may upset the formula. But if you have been doing things one way for many years, that doesn't mean you've been doing things the best way. Is it possible that your way could be made more efficient?

It's often said that the biggest enemy of change is success. The more you think you know the less open you are to new information and ideas that could really take you to a new level. Dr. Robert Kriegel, one time athletic coach and author of "If it ain't broke… break it", says it's sometimes useful to think like a beginner. "Experts tend to rely on yesterday's solutions to solve today's problems. Beginners don't have such preconceived notions; they approach new situations with curiosity and open minds" says Kreigel.

Regardless of how far ahead we may think we are, it's vital to keep our eyes open and welcome change when required, otherwise we may slip into a coma of false security as the competition glides past.

Developing countries not tapping into their creative resources

Developing countries including CARICOM Member States have not maximized the opportunities presented within the cultural/creative industries sector, one of the fastest growing sectors of the world-economy.

Dr. Hilary Brown, CARICOM Secretariat's Programme Manager on Culture and Community Development made the comment at a special symposium in Guyana in late April to mark this year's World Intellectual Property Rights Day.

Commenting on the creative economy and the value of cultural industries, Dr Brown noted that in the period 2000 to 2005, trade in cultural goods and services grew at an average of 8.7 % per annum, while the value of world exports of creative goods and services was US$424.4 billion in 2005, representing 3.4% of world trade.

She added that the best estimates value the sector at 7 per cent of the world's gross domestic product, which was projected to grow at 10 per cent per annum.

The creative industries were also the leading sector in more developed countries. In the United States in 2003, for example, creative industries contributed 6% of GDP and accounted for 4.7 million jobs. A 2006 Study commissioned by the World Intellectual Property Organization (WIPO) on Jamaica revealed that the creative industries accounted for 5.1% of GDP and made an employment contribution of 3%.

The obvious growth trends in that sector, said Dr. Brown presented an opportunity for developing countries to make "quantum leaps" into new value-added areas. However she observed that developing countries were not currently benefiting from the potential of their creative economies despite the richness of their cultural expressions, talents and diversity.

"Out of 132 developing countries, 85 have never produced one commercial film and can only account for 3% of world markets for paintings and approximately 4% for sculptures," she added.

According to Dr Brown, the global demand for Caribbean creative industries was growing and provided good returns on investments, especially in literary works, fashion, festivals, and music.

Growth in the 'diasporic' economy, she stated, was also generating demand for domestic and regional content and provided a bridge to international markets.

All this, she said, should redound to boosting the Caribbean economy, "if only we would tap into these tremendous possibilities."

"It is time for the Caribbean to recognize what others have long discovered - that Culture has great economic value and our region is poised to realize significant earnings from the many excellent cultural goods and services we produce, for which we are known and respected globally."

NEWS BRIEFS

WORLD BANK AND PRIVATE SECTOR PARTNER TO DEVELOP AGRICULTURE INSURANCE MARKETS

The World Bank and the Inter-American Federation of Insurance Companies (FIDES) signed a grant agreement aimed at reducing farmer vulnerability in Latin America and Caribbean.

Agriculture is a key sector for many Latin American and Caribbean economies that employs a significant proportion of the population. However, in recent years, the increased number and magnitude of extreme weather events poses serious threats to the competitiveness of the agriculture sector.

"This grant seeks to create an environment where insurance companies can expand coverage to farmers at increasingly affordable costs," said Diego Arias, World Bank Senior Agriculture Economist.

The grant, which will provide a total of US$390,000 over the next three years, will help FIDES develop agricultural insurance markets in the region through:

- Improvements in weather data and weather risk mapping to support the design of agricultural insurance contracts.
- Training on the design and administration of agricultural insurance for local insurers, financial institutions, universities, and public sector officials.

"By promoting agricultural insurance markets through capacity building and better data management, we expect the insurance industry in Latin America and the Caribbean to expand coverage and help farmers reduce their financial exposure to production shocks," said Enrique Rodríguez, President of FIDES.

The grant contributes to the World Bank's efforts to build national capacity for comprehensive risk management frameworks in the agriculture sector that address the challenges arising from climate change.

IMF OPENING RESIDENT REPRESENTATIVE OFFICES IN THE CARIBBEAN

The International Monetary Fund (IMF) is opening two new resident representative offices, in Jamaica and in Antigua and Barbuda, the latter to cover IMF member countries in the Eastern Caribbean Currency Union.

The establishment of these offices will further deepen the IMF's dialogue with the country's authorities and other important regional stakeholders, including trade unions, the private sector, academics, and non-governmental organizations. The IMF already has a Resident Representative office in Haiti.

Gene Leon

Wendell Samuel

Gene Leon has been named to serve as the IMF's Senior Resident Representative in Jamaica, while Wendell Samuel will head the newly-created Regional Representative Office for the Eastern Caribbean, based in Antigua and Barbuda.

A presence in the Caribbean will help the IMF to better understand local circumstances and constraints and foster the already close and productive dialogue with policymakers in the region.

"The resident representatives will serve as an on-the-ground resource on technical and policy matters that the authorities can tap as they implement their economic programs," said Mr. Nicolas Eyzaguirre, Director of the IMF's Western Hemisphere Department.

CARIBBEAN COUNTRIES TAKE ACTION TO PROTECT THE MARINE ENVIRONMENT FROM GARBAGE

The discharge of garbage by ships in the Wider Caribbean Region will be prohibited as of 1 May 2011, following decisive action by the International Maritime Organization (IMO).

The decision was taken by the IMO's Marine Environment Protection Committee at the organization's 60th session on 22-26 March.

With the adoption of an MEPC resolution establishing 1 May 2011 as the date on which the MARPOL 73/78 Annex V (Regulations for the Prevention of Pollution by Garbage from Ships) Special Area regulations take effect in the Wider Caribbean, this region becomes the 6th zone to be protected against the discharge of all garbage from ships, other than organic materials under certain conditions (based on distance from shore and particle size).

Although the effective date is approximately one year away, MEPC still calls on Governments and Industry to comply with the Special Area requirements as soon as possible. The adoption of the resolution follows the notification at the same MEPC session by 22 Caribbean Parties to the MARPOL 73/78 Convention that sufficient adequate reception facilities for garbage are now provided in most relevant ports within the region.

In the Wider Caribbean Region, 25 Countries are Parties to MARPOL and its Annex V. This Annex prohibits the discharge of all plastics, but allows, under certain conditions, for the discharge of other types of garbage - such as dunnage, paper, lining, metal and so on - except in designated Special Areas.

CARIBBEAN HEADS TO RE-EVALUATE CARICOM SINGLE ECONOMY DEADLINES

Edwin Carrington
CARICOM's Secretary General

Heads of Government of the Caribbean Community (CARICOM) will in July re-evaluate the deadline for implementation of certain aspects of the CARICOM Single Economy (CSE).

The Single Market component of the CARICOM Single Market and Economy (CSME) the Community's flagship programme, was established in 2006. The Single Economy is anticipated to be in place by 2015.

Barbados Prime Minister David Thompson said the tough economic circumstances had an impact on the ability of Member States to implement aspects of the Single Economy.

The domestic challenges spurred by the global economic and financial downturn meant that CARICOM Member States could not focus on the policy initiatives that would have seen progress on the Single Economy.

"That is only natural, we are small islands with limited human resources in our public sector; even our private sectors which are very much a part of the development of the Single Economy are battling with big challenges," he said.

Brazil's President Luiz Inacio Lula da Silva poses with Caribbean leaders at the Brazil-CARICOM Summit in Brasilia in April 2010

CARICOM/BRAZIL SIGN DECLARATION AND BILATERAL AGREEMENTS

Fourteen CARICOM countries and Brazil signed the Brasilia Declaration at the end of the first Brazil-CARICOM Summit in Brasilia on April 26.

The signatories pledged to further promote the integration of their economies, as well as cooperation in international politics, and expressed their mutual desire for further integration and cooperation.

At the summit more than 40 bilateral agreements were signed on issues such as visa exemption and technical cooperation in health, education, culture, agricultural development, energy and biofuels, tourism and civil defence.

The summit established a political consultation mechanism which will meet regularly to identify and promote common positions in the international arena.

The declaration stressed the importance of relations between CARICOM and Mercosur - a bloc including Argentina, Brazil, Paraguay and Uruguay - and pledged to work for a free trade agreement.

CARIBBEAN MARKETPLACE 2011 SLATED FOR JAMAICA

The Caribbean Hotel & Tourism Association (CHTA) announced that Caribbean Marketplace 2011 will be held at the new Montego Bay Convention Centre from Jan. 16-18, 2011 and will be presented by CHTA, the Jamaica Hotel and Tourist Association (JHTA), the Jamaica Tourist Board, MasterCard and Virgin Holidays.

Caribbean Marketplace is the requisite business-to-business marketing event for the Caribbean hotel and tourism industry which follows the "All Tourism, All Caribbean, All Business" mantra throughout the entire programme. At Caribbean Marketplace, hoteliers meet, network, negotiate and conduct business with buyers from around the world.

CHTA anticipates that Caribbean Marketplace 2011 will achieve similar success as the recent year's Caribbean Marketplace conferences and expects an even larger turnout for 2011. In 2010 there were 1,362 delegates, just 10.5% off of the recent high of 1,521 attendees in 2009, as well as over 402 booths, 268 buyer delegates and 847 supplier delegates.

CHTA's President Enrique De Marchena Kaluche said unlike many events, where participation decreases during tough times, the region needs Caribbean Marketplace now more than ever.

"For our hoteliers, we rely on the support of our tour operators in order to capture the largest possible share of the market. At the same time, the tour operators need to engage our hotels with lucrative contracts that will help us all profit during these tough times.

SEC LAUNCHES MANAGED FUNDS STUDY

The Trinidad and Tobago Securities and Exchange Commission (SEC) has launched a study of the Managed Funds industry.

In his remarks Charles de Silva, Acting General Manager of the SEC stated that the initiation of this study marks the second time in just about five years that the SEC is embarking on such a substantial piece of fundamental research on the financial sector.

The first such project was a study of the mutual funds industry which was undertaken in 2005. The investigative scope of the study extends beyond the mutual funds industry and will include all major classes of institutions that are engaged in the mobilization of long-term savings.

It will directly survey fund managers and key actors at the highest decision-making levels of mutual funds, pension funds, trust companies, the National Insurance Board, and other asset management institutions.

According to the Central Bank of Trinidad and Tobago's Summary of Economic Indicators, total financial system assets grew to TT$261.4 billion in 2008 (US$41 billion), with commercial banks accounting for approximately 33.7 percent. Non-bank financial institutions, Life Insurance, the National Insurance Board and the Unit Trust together accounted for approximately 36.34% of total financial system assets.

These institutions together with pension funds, mutual funds and subsidiaries (or trust and asset management, or trustee divisions) of financial institutions and commercial banks, comprise the managed funds industry of Trinidad and Tobago.

SMALL BAJAN COMPANY AIMS BIG WITH NEW MEDIA TECHNOLOGY


Andrew Jemmott

Positioning the island of Barbados as a hub for digital media and technology industries in the Caribbean is the aim of an emerging information technology company.

Barbadian entrepreneur Andrew Jemmott, chairman and CEO of The Caribbean Streaming Network (CSN) said the world is driven by digital media and emerging technologies such as social networking and mobile distribution platforms.

Barbados with its solid technological infrastructure is well placed to take advantage of the numerous opportunities in this field.

"There is an entire generation known as 'Generation Y' for whom the internet, mobile connectivity and on-demand content are essential and CSN will feed their insatiable appetite for digital content, by providing immediately available content on-the go," said the Barbadian Entrepreneur.

"Our products and services are geared towards providing the consumer access to the vibrant cultures as well as the various business, hospitality and entertainment services that the Caribbean has to offer," he added.

A member of the family of the newly launched Barbados Entrepreneurs' Venture Capital Fund and owned by local parent company Icon Studios, CSN capitalizes on the exciting developments in new media by offering rich online content in the form of music videos, concerts, festivals, pulling the Caribbean together with a cross cultural delivery of web content that showcases Caribbean culture to the world.

"Our goal is to capture, catalogue and engage the world with rich online content highlighting interaction with website users," adds Mr. Jemmott.

European Commission and UWI organise EPA Conference

Over 100 experts gathered on the Cave Hill Campus in April at the invitation of the European Commission and the University of the West Indies for a conference on the CARIFORUM-EC Economic Partnership Agreement (EPA), One Year On: Regional Integration and Sustainable Development.

The purpose of the conference, part of a series of seminars being organised by the European Commission in various African, Caribbean and Pacific (ACP) regions, was to discuss the EPA, its content, meaning and value.

Formal EPA negotiations between the EC and CARIFORUM were launched in Jamaica on 16 April 2004. The signing ceremony was held in Barbados on 15 October 2008.The EPA replaces the trade provisions of the Cotonou Agreement between the EU and ACP.

Valeriano Diaz, Head of Delegation, Delegation of the European Union to Barbados and Eastern Caribbean said the CARIFORUM-EC EPA was the first comprehensive EPA which would provide a unique sustainable and comprehensive framework benefitting Caribbean trade and development.

"We expected that the EPA would serve as a useful precedent for the region in its negotiations with other partners. But we also know that there were those who did not believe that the EPA would be in the Caribbean's best interest - maybe some of you present today still hold that view, and we look forward to interesting and interactive discussions over the next few days," he said.

"In this respect, you may point as evidence the lack of progress on the establishment of the EPA institutions, starting with the Joint CARIFORUM-EC Ministerial Council, which should oversee the implementation of the Agreement.

"Believe me, we have tried and we are still trying to convene this meeting as soon as possible. The EU side is totally committed to the Agreement and to ensuring a successful outcome."

Valeriano Diaz

Although there seems to be too little progress, some steps have actually taken place, said Mr. Diaz noting that the EC has already appointed its EPA coordinator and that a CARIFORUM counterpart is actively being discussed.

Both sides reiterated at their March EU-CARIFORUM Meeting on Political Dialogue in Jamaica their commitment to convene the first Joint Ministerial Council in the near future.

Several received support form traditional development partners, including from the EU -Barbados, CARICOM, Grenada hopefully soon -and from several EU Member States including the UK and Germany.

An example of EU Aid for Trade in action includes the Caribbean Aid for Trade Regional Integration Trust Fund, (CARTFund) set up by DfID and managed by the Caribbean Development Bank (CDB).

Mr. Diaz said so far, CARTFund has supported several EPA projects including the establishment of the EPA Implementation Unit in Antigua and Barbuda, but also an EPA Manual and Awareness Building Programme for the Caribbean Tourism Sector.

Statement of Robert B. Zoellick World Bank Group (WBG) President

Heads of Government - CARICOM, 21st Inter-Sessional Meeting

Today I had the opportunity to meet with the heads of government of CARICOM countries.

As the world looks to 2010 for the grip of the global economic crisis to lessen and recovery to take firmer hold, it is important to realize that there are still dangers to economic growth.

CARICOM has been vulnerable to the global crisis. Small island states also face unique challenges, in terms of economic growth, trade, climate change, water and natural disasters. The WBG is committed to partnering with CARICOM to help countries build sustainable and inclusive growth.

At today's meeting we discussed a number of the key issues facing the region: the impact of the economic crisis, climate change, debt, and financial jurisdiction issues. I very much appreciated our useful discussions and the practical problem solving approach of CARICOM leaders. I learned important insights from the leaders' exchange.

We also had the opportunity to discuss the tragic earthquake in Haiti and the way forward. I met with President Rene Preval in Washington on Tuesday to discuss how the WBG can best support Haiti in the coming months. The World Bank has provided an additional $100 million in grants in response to the earthquake, while our private sector arm, the IFC has also made an additional US$35 million investment to help boost jobs. The WBG also joined other donors in 2009 granting Haiti US$1.2 billion in debt relief through the Heavily Indebted Poor Countries initiative and the Multilateral Debt Relief Initiative.

In our exchange today on debt, we explored ways in which the World Bank can work to help countries identify options and customize a framework for debt sustainability and economic growth.

CARICOM is particularly active on climate change, and the world is increasingly recognizing the needs of the small island states. The World Bank can help CARICOM with increasing its resilience to climate change, innovative financing, and low carbon growth strategies that include a focus on reducing the cost—and increasing the efficiency-- of energy in the region.

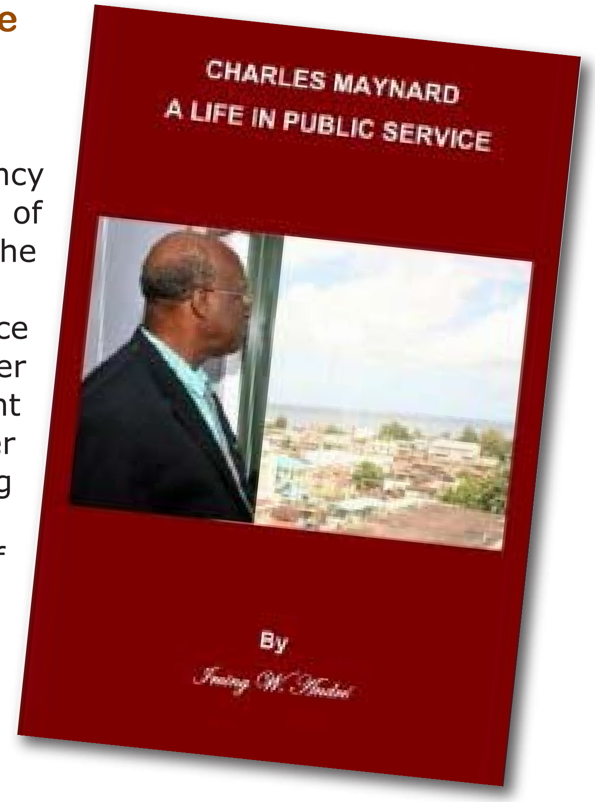

Robert B. Zoellick

The Bank's private sector arm, the International Finance Corporation, is exploring opportunities to support renewable options, such as geothermal, hydro, wind and solar, along with an energy efficiency program.

With regards to financial jurisdictions, we addressed the range of issues the region faces in complying with international standards under the OECD and G-20. The WBG will continue to support countries with advice and assistance to put the necessary legal frameworks and treaties in place. While it is in the region's interest to complete these steps as quickly as possible, we recognize their special circumstances and are pleased to work with countries as needed on the implementation path.

Book Reviews

Book Launch Celebrates Life and Public Service of ECCU Citizen



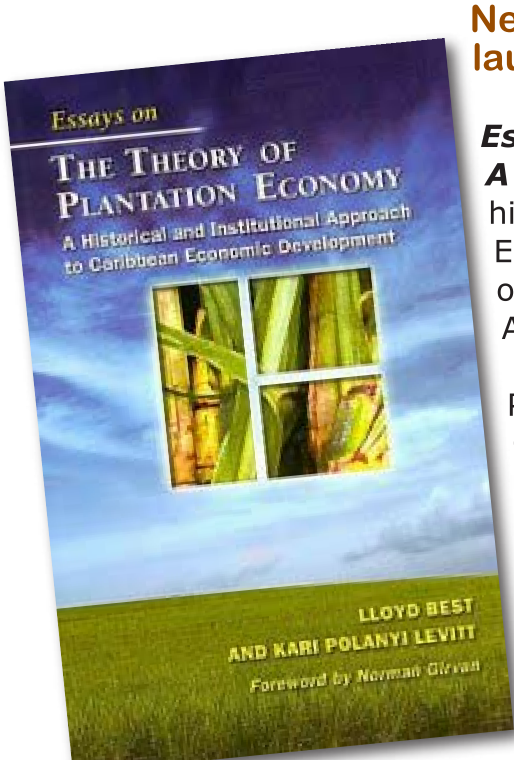
Charles Maynard: *A Life in Public Service* captures the life and public service of His Excellency Charles Maynard, Ambassador of the Commonwealth of Dominica to CARICOM and the OECS and member of the OECS Economic Union Task Force Committee.

Ambassador Maynard's tenure in the Public Service of the Commonwealth of Dominica, which spans over 45 years, began in 1963 when he served as Permanent Secretary until 1970. He also worked as a Cabinet Minister where he held three different ministerial positions during the period 1980 to 1995.

In addition, Ambassador Maynard was a member of the House of Assembly for 20 years. He also served on several local, regional and international organisations including: the Dominica Association of Industry and Commerce, the Caribbean Tourism Organisation, the Caribbean Center for Development Administration and the World Health Organisation.

The book was written by Irving André who also wrote the biographies of Dominica's First Minister, Franklin Baron; First Premier, Edward LeBlanc, and First Surgeon, Dr Desmond McIntyre.

New book by Best and Levitt on Plantation Economy launched at UWI



Essays on the Theory of the Plantation Economy: A Historical and Institutional Approach, a new book highlighting the present-day significance of Plantation Economy theory was recently launched by University of the West Indies (UWI) Pro Vice Chancellor and St Augustine Campus Principal, Professor Clement Sankat.

The book is co-authored by the Dr Kari Polanyi Levitt, Professor Emerita, Department of Economics, McGill University, Canada and the late Dr Lloyd Best, founder of the Trinidad and Tobago Institute of the West Indies (now the Lloyd Best Institute of the West Indies) as a think tank for research and discussion of Caribbean issues. Both Levitt and Best hold Honorary Doctorates from UWI, St Augustine Campus.

Essays on the Theory of the Plantation Economy: A Historical and Institutional Approach identifies the main features of the plantation economy as a hinterland characterized by subordination and dependency on the dominant metropole.

Distinguishing between hinterlands of conquest, settlement and exploitation, Best and Levitt analyse the rules that determine this complex relationship with the metropole.

Their economic theories are presented against a background of the historical factors that gave rise to the structural continuity of Caribbean economies and which now impede meaningful structural transformation.

Upcoming Events

30TH ANNUAL CARIBBEAN CONFERENCE

Caribbean Insurance Conference 2010, 13-15 June, Jamaica

The Ritz Carlton Resort
Montego Bay
Jamaica

Who Attends:
The Caribbean Conference provides an information sharing and collaborative forum for Caribbean insurance regulatory authorities, insurance educational institutes, actuaries and other special groups with interest in the Caribbean insurance industry. Every year this conference attracts over 500 delegates from 38 different countries.

Highlights:
Attend the premier conference for professionals in the Caribbean insurance industry and take advantage of the opportunity to

- Network with other industry peers
- Visit our exhibition hall and gather information on products and services
- Learn from our educational sessions how to enhance business practices
- Learn from best practices shared by the leaders in the industry
- Attend reinsurance meetings

Sticky Red Tape

By Sirius Mann

D*o you sometimes find huge obstacles placed in your path? Have you ever been tripped up by something in your way? Check it out. It could be that the obstructions were stuck in place with red tape and what tripped you up might have been pieces of red tape left lying around.*

The manufacture of this sticky ribbon is a huge industry. It rolls off the production line in various sizes. There's the small economy version used with family and friends, the large size used in the workplace and the jumbo bulk pack often used by governments.

Red tape is exceedingly strong and has an uncanny adhesive quality. Whenever you need information, want something done, need to do something, or want to go somewhere, someone is sure to pull out the red tape in an effort to keep you stuck right where you are.

Everything appears to be wrapped in it and nothing can be accessed without firstly removing this tape. Is there anyone who has not had an encounter with this sticky red substance?

Webster's dictionary defines red tape as …"excessive and tedious adherence to form and routine". The Online Oxford English says …"excessive bureaucracy or adherence to rules, especially in public business" as for origin… "so named because of the red or pink tape used to bind official documents."

You often hear people ask; "Why is everything taking so long? Why are there so many delays?" I wonder if the sticky red tape is to blame. I wonder if this red adhesive parasite has devoured the plans for re-development; destroyed the programmes for growth; chewed up the funding for social projects; infested the bloodstream of the health system and left holes in the fabric of national life.

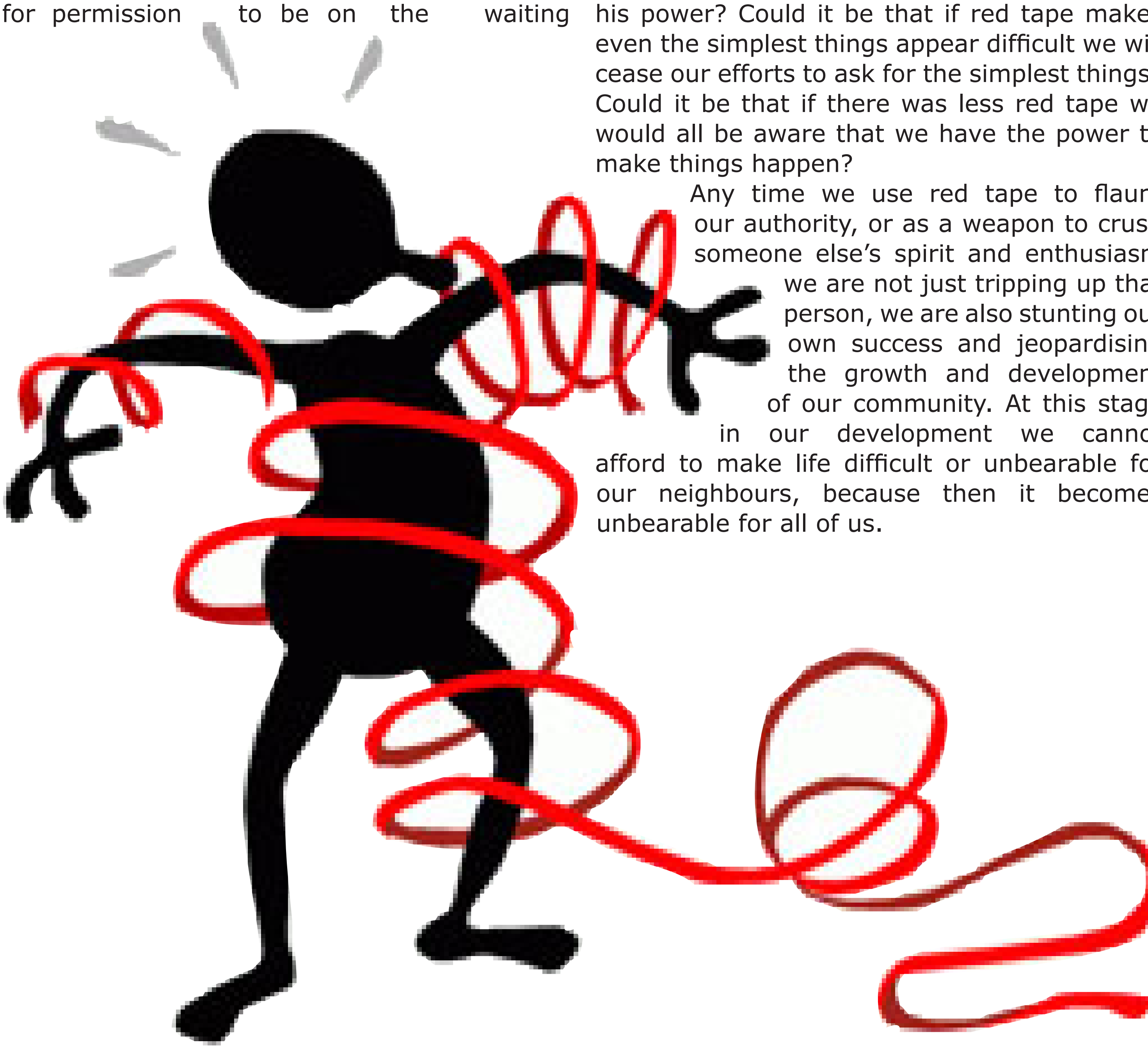
Let us be clear about the ownership of this tape. Many people feel it is the property of government departments alone, but nothing could be further from the truth. Red tape is an instrument used by people wielding power in all walks of life.

There are also those individuals who, regardless of how junior they are in the hierarchy, seem to derive a sadistic kick from making life painfully difficult for us: "You must fill out this form in triplicate before I am allowed to direct you to the washroom." Or, "You must stand in this queue so as to get a number to stand in that other line so that you can get a form to apply for permission to be on the waiting list for applications to request exemption from standing in queues."

Let's go back to the dictionary definition of red tape, the notable words are "excessive" and "tedious". Rules, regulations, systems and procedures are vital for the smooth and efficient management of any business, organization or community. In order to maintain a secure environment checks and double checks must constantly be made. This is understood, accepted and appreciated, but when these measures are adhered to in a manner that is counter productive, one has to ask questions.

Is red tape a tool used by some as a means of holding onto their position? Could it be that by making life as frustrating as possible for the average person the official feels he is increasing his power? Could it be that if red tape makes even the simplest things appear difficult we will cease our efforts to ask for the simplest things? Could it be that if there was less red tape we would all be aware that we have the power to make things happen?

Any time we use red tape to flaunt our authority, or as a weapon to crush someone else's spirit and enthusiasm we are not just tripping up that person, we are also stunting our own success and jeopardising the growth and development of our community. At this stage in our development we cannot afford to make life difficult or unbearable for our neighbours, because then it becomes unbearable for all of us.



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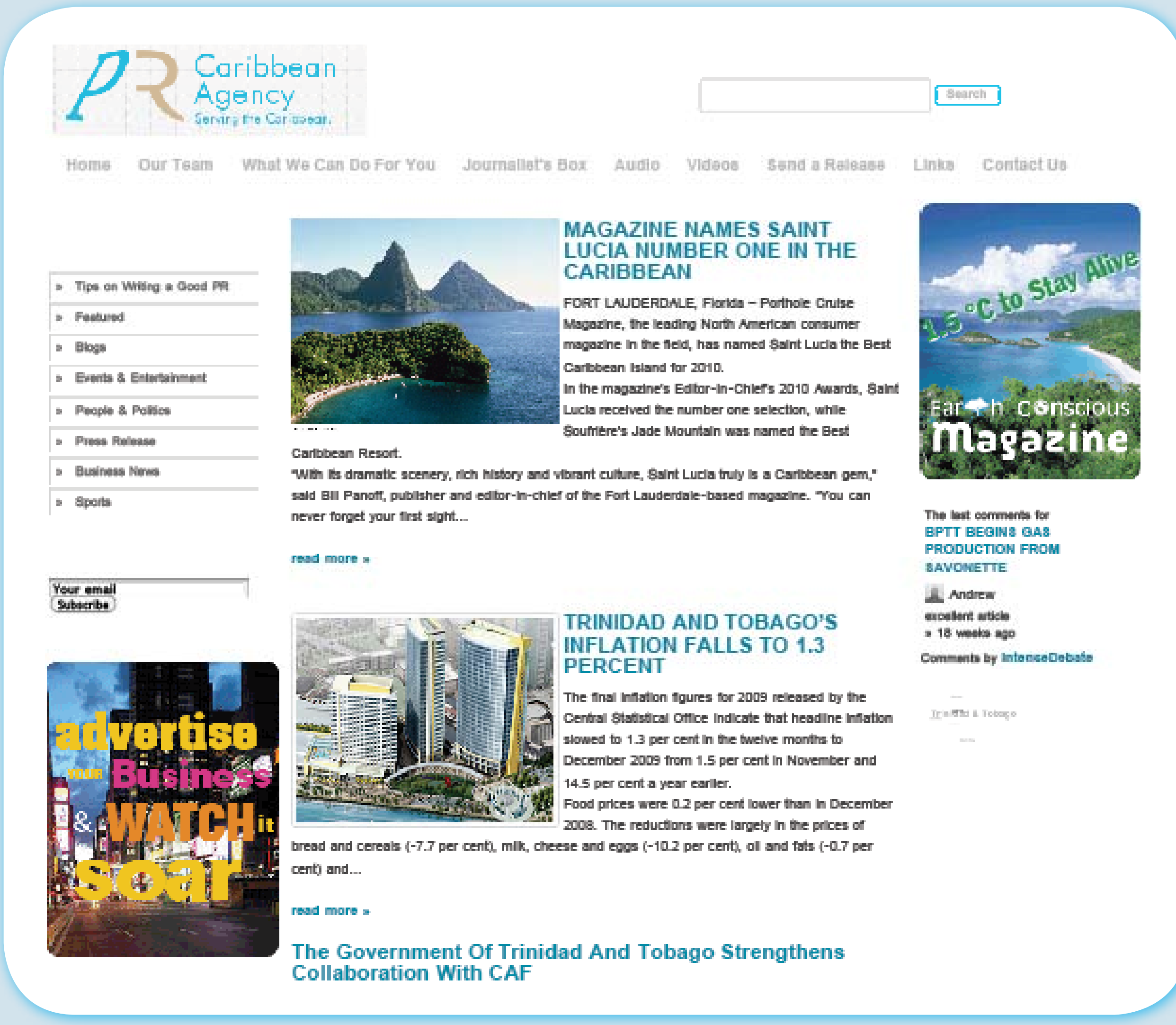

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