

BusinessJournal

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Business Journal

Editor:
Linda Hutchinson-Jafar

Contributors:
Dr. Anthony Bryan
Ambassador P.I. Gomes
Garfield King
Sirius Mann

Design and layout:
Karibgraphics Ltd.

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T/F: (868) 645-0368
hutchlin@gmail.com
www.bizjournalonline.com

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From the Editor's Desk



The world economy remains mired in the doldrums, offering up very little respite for countries that continue to be challenged by the sub-prime and financial crises dating back to 2007 and 2008.

The economic news on the international front continue to be a source of great worry for countries as turbulence in the global economy is morphed into another passing year.

The troubling euro zone debt crisis, the sluggish recovery in the United States and slower growth in Asia, particularly China are all taking their heavy toll on the world and getting the global economy into sustained recovery and healthy growth will be a top item on the international agenda for some time.

At the recent 45th Annual Meeting of the Association of American Chambers of Commerce in Latin America, World Bank Group President Dr. Jim Yong Kim remarked that the "global financial uncertainty is the new certainty."

That's quite an unhealthy and troubling outlook for the global economy but a reality check, nonetheless.

ECLAC's latest *Economic Survey of Latin America and the Caribbean 2012* shows that growth in our region will be slower because of the weak global economy. Caribbean countries that are highly dependent on tourism will be among those hardest hit.

Like countries worldwide, those in the Caribbean are searching for solutions on how they can deal with some of their economic challenges.

In early September, they met at a high level Forum in Port of Spain to discuss the perennial challenges of low growth and high debt facing the Caribbean which you can read more of in this issue of Business Journal.

But the news on the global front remains less than encouraging and no one can say with any certainty when the turnaround will take place.

Regards,

Linda Hutchinson-Jafar
Editor

Ambitious Reforms Needed for Growth to Return in the Caribbean

A high level Forum to discuss the perennial challenges of low growth and high debt facing the Caribbean was held in early September in Port of Spain, Trinidad. Jointly organized by the International Monetary Fund (IMF) and the Caribbean Development Bank (CDB) and co-hosted by the Government of Trinidad and Tobago, the forum on "*Rethinking Policy to Address Low Growth and High Debt in the Caribbean*" discussed how lessons from the past and from other parts of the world could help Caribbean economies in light of the distinctive challenges the region faces.

At the conclusion of the Forum, the IMF and the CDB released the following statement:

- ***The Caribbean region has important strengths on which it can build.***
Political stability, strong investor protections, and observance of the rule of law have made it an attractive destination for investment.
- ***The authorities are working to strengthen their economies, as the region is gradually recovering after a deep recession.***
Commodity-exporters are benefitting from still-favorable global conditions, but tourism- and services-dependent economies remain adversely affected by the tepid recovery in advanced economies.
- ***Low potential growth remains a key challenge for the region.***
Decisive reforms to boost competitiveness and private sector investment are of the essence. In particular, policymakers are encouraged to continue focusing on lowering relative (domestic vs foreign) costs of goods and services to foster exports and reduce external current account deficits. Reforms to address structural impediments will also help in that regard. Although the implementation of such reforms is challenging in the short term, in the long run they could bring undoubted benefits for the economies of the Caribbean and help create jobs.
- ***Countries with high debt ratios would benefit from pursuing fiscal adjustment steadfastly.***
Fiscal adjustment in the context of weak growth can be difficult to sustain, yet the cost of pursuing unbalanced policies can be more disruptive economically and socially than gradual and credible adjustments. In many countries, fiscal consolidation has been initiated and a further deepening may be warranted.

Such consolidation could be enhanced by: improving the medium-term frameworks for fiscal policy; lowering current spending to make room for capital expenditure; reducing the level of tax waivers and concessions; and enhancing debt management.
- ***Protecting the poor and vulnerable groups should be central to reforms.***
Building on the social cohesion that prevails in the Caribbean, fiscal consolidation and structural reforms should also focus on improving social safety nets by making them more efficient and equitable to better target protection to the poor and vulnerable groups.

- **There has been a general increase in financial interconnectedness in the region, which presents large benefits but also carries risks.**

Greater interconnectedness has translated into a substantial presence of international banks and higher flow of foreign funds into the region. To help minimize systemic and contagion risks, it would be advisable to: deepen cooperation among supervisory authorities; harmonize regulations; meet international best practices; and strengthen the crisis resolution and deposit insurance frameworks.

- **The challenge to achieve sustainable growth in the region calls for a broad-based collective and collaborative approach.**

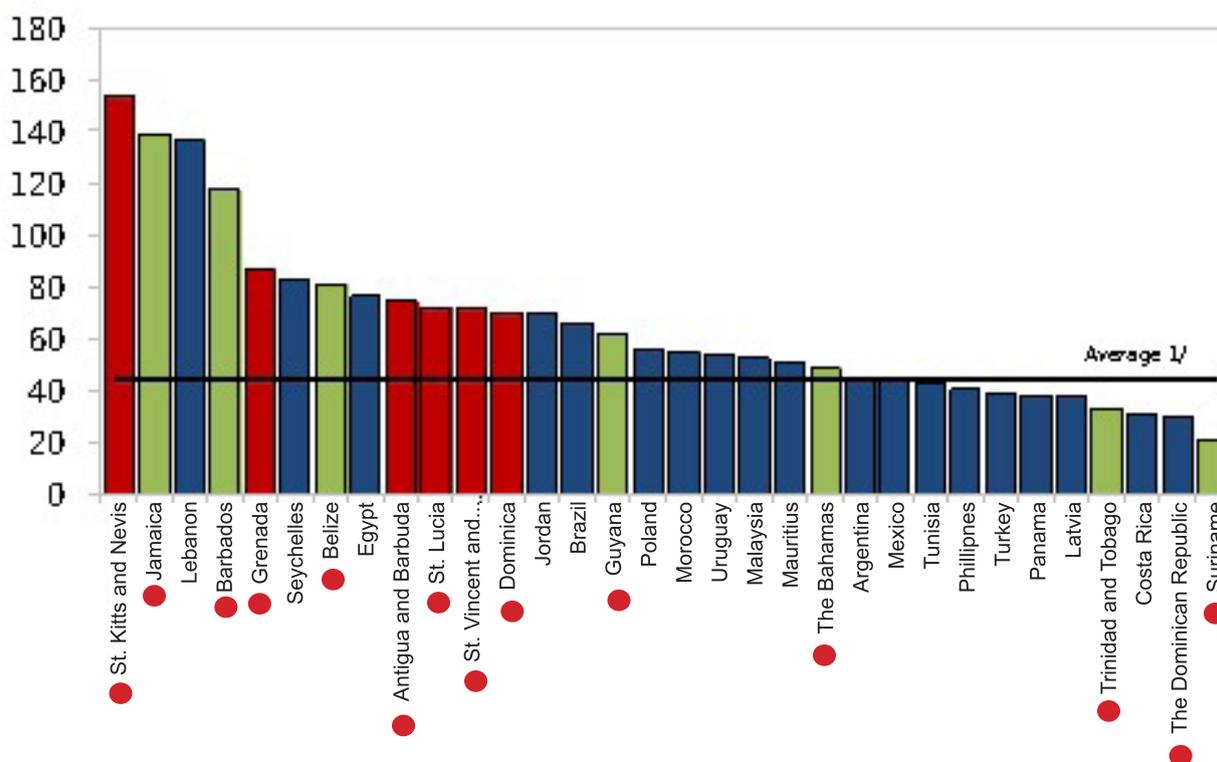
Multilateral financial institutions as well as donor partners will need to work closely and coordinate their assistance to

maximize the benefits to the region. This could perhaps include credit enhancement for transformational growth prospects.

- **We had a fruitful exchange of views at the Forum, some of which provided important food for thought, and participants recognized the desirability of a deeper and ongoing regional policy dialogue.**

This could take place through future conferences leveraging the analytical and technical resources of international institutions such as the IMF and the CDB. Such conferences could focus on specific priority policy issues, taking into account the vulnerabilities and needs of small states. The IMF and the CDB for their part reiterated their commitment to continue listening to the concerns expressed by the region with a view to enhancing their support.

Public Sector debt in the selected Caribbean countries, end 2011
(In percent of GDP)



Sources: IMF, WED: and IMF staff calculations.
1/ Average of Emerging Markets and Developing Economies

Latin American and Caribbean Growth Will Fall to 3.2% in 2012

Despite the slowdown, most countries have the capacity to respond to international adversity, according to the Economic Survey 2012.

The weak global economy, mainly due to the difficulties faced by Europe, United States and China, has affected growth in Latin America and the Caribbean. In 2012, the region's growth will be slower than in previous years, according to the latest estimates presented by ECLAC.

In the *Economic Survey of Latin America and the Caribbean 2012*, launched in Santiago, Chile, the United Nations agency states that slowdown experienced by economies in 2011 carried over into the first half of 2012, and this has brought down the growth projection for the entire year from the 3.7% announced in June to 3.2%.

According to the document, private consumption has been the main driver of regional growth, thanks to the growth in labour markets, increased credit and - in some cases - remittances. However, the dramatic slowdown in external demand and the downward trend in the prices of most export commodities have made foreign trade the main way in which international crises have been passed on to the region's economies.

"The economic performance of Latin America and the Caribbean in 2012 and 2013 is largely subject to the form taken by adjustment processes in developed countries, as well as the slowdown in China. It will also be dependent on the region's own response capacity", indicated Alicia Bárcena, Executive Secretary of ECLAC, as she presented the document.



General view of the audience attending the launch of the ECLAC report, held at the Headquarters in Santiago, Chile.

Photo: Carlos Vera / ECLAC

In this sphere, the region has accumulated valuable experience in recent years that should enable it to respond appropriately to external turmoil. The report describes measures adopted by governments in the face of international economic difficulties in the period 2008-2012, and concludes that most countries now have the fiscal room for manoeuvre to react with anti-cyclical policies to stabilize the patterns of employment, investment and growth (see attached fact sheet).

The findings of the *Economic Survey 2012* indicate that the majority of South American and Central American countries (plus Mexico) will have GDP growth rates in 2012 that are similar or slightly lower than those in 2011, because of the increase in consumption and, to a lesser extent, the growth in investment.

Argentina and Brazil, however, which account for a considerable proportion of the region's weighted GDP, will have slower growth than the rest (2.0% and 1.6%, respectively). This explains most of the reduction in the region's growth in 2012 compared with 2011 (when it was 4.3%).

Brazil experienced a stronger slowdown than other countries in the second half of 2011, and it was only in the beginning of the second half of 2012 that some signs of recovery began to appear. In Argentina, the fall was most striking during the first six months of 2012.

According to ECLAC estimates for 2012, growth will be led by Panama (with GDP growth of 9.5%), followed by Haiti (6.0%) and Peru (5.9%). Bolivia, Chile, Costa Rica, Nicaragua and Venezuela will grow by 5.0% this year, while Mexico will expand by 4.0%. Paraguay will be the only country to shrink (by 2.0%), and this is due to exceptional climatic factors that destroyed part of its production of soya - its main export product.

In terms of sub-regions, the Caribbean will grow by 1.6%, Central America by 4.4% and South America by 2.8%.

The scenario predicted for 2013 includes a continuation of the slight downward growth trend for most South American countries, as they are more dependent on commodity exports to China, with growth similar to 2012 levels for Mexico and Central American countries. In the Caribbean, the recovery will be gradual, with growth rates slightly higher than in 2012 in countries that are the most dependent on tourism.

Following the slowdown in 2012, ECLAC predicts a recovery for Argentina and Brazil in 2013, and this would account for most of the average growth increase in the region for that year (expected to stand at 4.0%).

As for inflation, the report states that it has maintained its downward trend in the second half of 2012, with an average cumulative variation in the 12 months to June of 5.5%, which is the lowest figure since November 2010 thanks to smaller increases in food prices.



Alicia Bárcena, ECLAC Executive Secretary, launched the report "Economic Survey of Latin America and the Caribbean 2012" in Santiago.

Photo: Carlos Vera / ECLAC

As far as employment is concerned, the document explains that the increase in work and its quality, plus higher wages, have all contributed to a moderate expansion of internal demand and consumption in the region. In a selected group of countries, the urban regional unemployment rate fell from 7.2% in the first half of 2011 to 6.8% one year later. For the region as a whole, average unemployment is expected to be 6.5% for the year as a whole, compared with 6.7% in 2011.

Shrinking aggregate demand in developed countries, along with the slowdown in China, impacted on regional exports to the United States, Asia and the European Union in the second quarter of 2012. In the first six months of the year, this also triggered a drop in the price of commodities exported by the region (mainly minerals and food). As a result, the terms of trade worsened in most countries, and the year as a whole is therefore estimated to close with a regional current-account deficit of 1.9% of GDP.

Despite the turmoil in the international financial sector, the region in general has maintained its access to global financial markets and its monetary reserves continue to expand.

CARICOM: Quo Vadis?

By
Anthony T. Bryan



Recent headlines in the regional press tell a story: “Caricom being left behind but blissfully ignorant,” “A dark time for the Caribbean,” “Caricom must prepare for integration changes,” “This is no time for a weaker Caribbean Community,” “Make Caricom wider not deeper,” and in *The Economist*: “Caribbean Integration, Centrifugal force: Half a century of small islands with big egos.”

Business consultant Sir Ronald Sanders remarked quite pointedly in an Op-Ed in September 2012: “the importance of the Caribbean Community (CARICOM) countries acting jointly to address their development needs has become acute...they are not addressing the fundamental weaknesses that persist.”

At the conclusion of the Heads of Government Summit in July 2012 in St. Lucia, an editorial in the *Trinidad Guardian* on 11 July was particularly harsh: “The reality confronting regional leaders is that while they made speeches, tinkered and let opportunities and deadlines for closer integration slip, the nature of international trade and the way the international economy functions have changed, without their taking advantage of the old opportunities. But even more disappointing than the meaningless rhetorical flourishes are the statements of intention made by the leaders in their final communiqué... Caricom leaders could do no more than restate old, lifeless commitments.”

We have seen similar headlines and opinions in the past. For the committed regionalist they must seem like recurring nightmares.

The question that emerges is whether the regional group has ever been able to respond to internal and external changes systematically

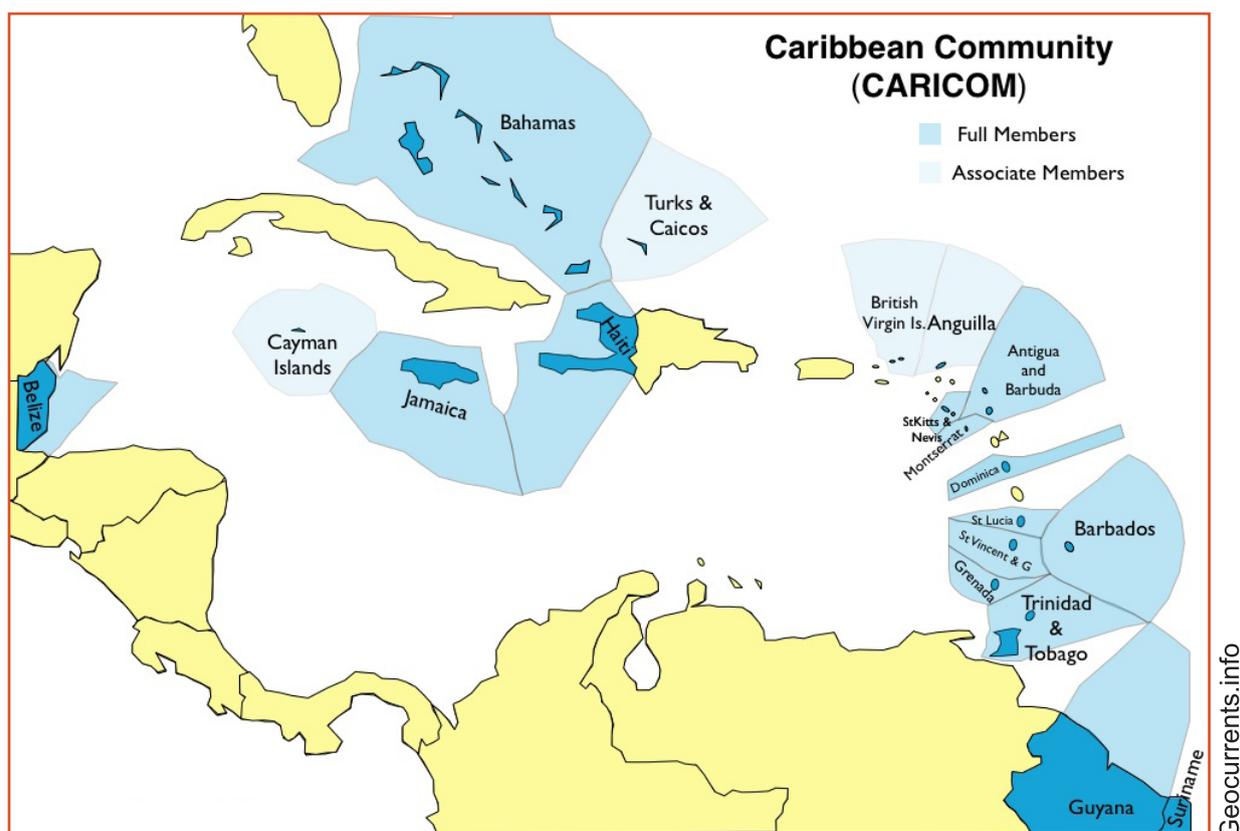
and with consensus that is sufficient to ensure its survival and growth. Of course there have been some regional successes. Most importantly, the Organization of Eastern Caribbean States (OECS) continues to be a model of integration, the University of the West Indies (UWI) is the Community’s prestige tertiary level educational institution, and the

Caribbean Court of Justice (CCJ) is expected to be adopted as the final court of appeal for the majority of the community’s states.

But in 1992, the seminal Report of the West Indian Commission, *Time for Action*, constructed by the venerable Sir Shridath Ramphal and a handful of the best minds in the region, surveyed the operations of Caricom and concluded the “Time for Action” had passed. At that time there was still an opportunity to move the venture forward. But the regional leadership failed to heed the counsel of the group.

Twenty years later a recent review of the integration movement, conducted by the Institute of International Relations at UWI-St. Augustine, concluded that if something is not done soon to revitalize and give new direction to the 40 year old union, it will soon die a natural death. To date there is much evidence (in the words of Colombian novelist Gabriel García Márquez) of the Chronicle of a Death Foretold!

Why are we at this stage? When one tries to match integration theory with practice in the case of Caricom, it appears that the current regional integration movement is weak in practice because of generic political and institutional factors. The integration process is constantly undermined as national and sectional interests are advanced over regional ones.



Conflicts arise over priorities and objectives because of differing approaches to the notion of regionalism. Consequently, the formulation and implementation of policies by member countries at both the national and regional levels are not based on a solid system of ideas or common ideology that recognizes that the deepening and consolidation of the integration process itself as an inextricable part of the development of each individual territory.

In fact, given the adversarial nature of Caribbean politics, regional decisions often become hostage to domestic power politics. There is no supranational authority with the power to enforce or implement decisions, so that many Caricom decisions are simply impotent, not implemented, or soon forgotten. In addition, measures that find agreement at the regional political or technical levels are subject to domestic noncompliance because of lack of local government enthusiasm or lack of adequate funding for sufficient technical capacity to carry out the mandate.

In recent times, in the realm of foreign policy where coordination is one of the tenets of the regional grouping, the regional institution has also exposed its vulnerability. In 2008, at the 11th Meeting of the Caricom Council for Foreign

and Community Relations (COFOR) in Antigua & Barbuda, then Caricom Secretary General Edwin Carrington pointed out that Caricom's adoption of Community positions on major hemispheric and international issues was one of the greatest strengths of the Community.

He warned that a departure from the pursuit of that obligation would significantly weaken the Community and its individual member states. He saw the task as one to promote and protect the Community's strategic interest, and charged ministers of foreign relations to determine how the region should respond to the challenges. Some of us would argue that PetroCaribe's regional impact and the individual state response to ALBA may have damaged the coherence and integrity of Caricom and further emphasized the vulnerability of the regional institution. The management of Caricom relations with Venezuela is not approached collectively.

Member states have adopted different postures toward Caracas or towards specific Venezuelan policy initiatives. The decision of Dominica and other Caricom states to support the ALBA initiative emphasized *the ease with which Venezuela could capture geopolitical space within Caricom*.

Others may disagree, but the question is still whether as a regional group Caricom is able to respond to external changes systematically and with consensus, instead of on an ad hoc and individual basis, as potentially divisive issues arise.

Is there any logic for Caricom?

Given the history of Caricom, it is clear that member countries tend to pursue their different development and political strategies pragmatically, without consultation or coordination with other member states. Regional columnist Rickey Singh has stated the problem succinctly: "The harsh reality is that, for all the enticing rhetoric, too many of our governments — not ignoring either leading regional entrepreneurs — and too many of the ultimate decision-makers in the public/private sectors, *seem to have lost the "vision"* that inspired the inauguration of CARICOM."

But why has nothing been done by the leadership to correct this catalog of deficiencies? Maybe it is time to question the logic of the institution of Caricom, whether it's needed, and whether the regional unity of which we speak is really a part of the DNA of the people.

On the latter point, I happen to think that a common identity is close to the heart of the people of the region and they will continue to embrace each other—Caricom or no Caricom!

While vulnerability is a constant condition of small states, Caribbean and other academics have often pointed to weaknesses in the theory, practice and structure of the regional movement.

Professor Anthony Payne, one of the prominent scholars on the integration movement has pointed out that over the years of its existence *Caricom has been able to promote the co-existence of regional integration at one level, with regional fragmentation at another. In fact, he concludes that strictly speaking Caricom is not an integration movement at all, if the term 'integration' is considered to mean the emergence of a new and separate community of identity into which previous national identities are progressively submerged.*

The end result is "not the replacement of national and political action, but rather its reinforcement". In the *Time for Action* Report, and in subsequent expert recommendations to Caricom heads of Government, there are repeated assertions that CARICOM continues to remain a community of sovereign states. While some revisions to the Caricom institutional structure have been made during the past 20 years, the institutional difficulties persist.



"...too many of the ultimate decision-makers in the public/private sectors, seem to have lost the "vision" that inspired the inauguration of CARICOM."

Deepening or Widening: A Futile Debate?

Obviously Caricom is about more than trade or foreign policy. Yet even today the debate still rages warm about the “deepening or the widening” of Caricom. My colleague, Dr. David Lewis of Manchester Trade in Washington, D.C. has opined to me and others several times that Central America and all others in the ACS-Greater Caribbean have overcome the mindset of smallness and vulnerability and have since moved on to better and brighter economic integration efforts!

They refused to move to the pace of the slowest drummer, namely Caricom. They made the required policy reforms to become “investment attractive” which put them light-years ahead of Caricom.

Prime Minister Ralph Gonzales of St. Vincent and the Grenadines, speaking in early September 2012 at a conference of the Sir Arthur Lewis Institute for Social and Economic Studies (SALISES) in Jamaica, urged that it was time to “prepare ourselves for the altered and altering conditions of the regional integration movement.”

He pointed out that the northern Caribbean states of Caricom (Jamaica, Haiti and The Bahamas), together with the Dominican Republic, Cuba and Puerto Rico may become part of a specific circle of regional and international trading relationships.

The OECS is now a tighter unit, and Barbados, and Trinidad and Tobago may have to decide whether to become part of that structure. His thesis is that Caricom will survive, but we are going to have distinct poles and circles of integration both within and outside of Caricom.

Is CARICOM (the institution) really necessary?

I think that the debate over “deepening or widening” is now futile or at best passé. We have to face a more generic issue: is Caricom really necessary? Can we at least now prepare ourselves for what seems to be an inevitable scenario?

First, Caricom will remain neutered! *Second*, whether the “institution” named Caricom continues to function or not may be irrelevant. It will probably continue in its present form to rival the European Union and some other less successful regional groupings in convening committees and producing documents. The region will always need that input for broad direction - whether the governments implement the suggested policy recommendations or not. At the very least the region will be informed.

Third, Caricom (the institution) appears to be emerging as a “half-way house” reflecting a shift from the solely inter-governmental framework to an emerging integration model in which *individual member countries are now more willing to explore the options of multiple integration schemes simultaneously*. I am not as yet prepared to say Caricom R.I.P. (After all my father was one of the leaders of the ill-fated Federation of the West Indies who saw a political life effort toward an earlier integration movement collapse over a curious form of mathematics, namely: one from ten leaves naught!) I learned that it’s not over until it is over!

Perhaps as regions become more diluted there is at least a case to be made for more flexible and dynamic models of regional integration that could include various levels of cooperation without reprisals. Let us be realistic. Countries may empathize with regional kith and kin. But in the end what they all observe are national interests! Disturbing perhaps, but true!

Professor Anthony T. Bryan, a senior associate of the Center for Strategic and International Studies (CSIS), in Washington, D.C. is currently a Senior Fellow at the Institute of International Relations, UWI-St. Augustine, Trinidad.

CULTURE, CULTURAL SERVICES & DEVELOPMENT: Finding a Niche on the Global Stage?

By Ambassador P.I Gomes

A recent Caribbean High Level Forum (HLF) met in Trinidad & Tobago on September 4 & 5, 2012 as a collaborative effort of the International Monetary Fund (IMF) and the Caribbean Development Bank (CDB) and host country Trinidad & Tobago.

The objective, according to a brief media report, was to discuss and formulate a policy to address the peculiarities of small states in dealing with the effects of the global financial crisis.

It will be curious to learn the extent to which the policy formulation exercise being undertaken or already well-advanced, proposes to take account of "culture and creativity" as socio-economic drivers in the "dynamic poles of growth" to which CDB President Warren Smith had referred.

Perhaps the Forum, convened by the IMF was understandably preoccupied with the longstanding issue of "size" of Caribbean economies, as well as "fiscal adjustments and challenges". These are rightly a preoccupation of bankers. But some merit may be found in having these debates take account of the insightful work of the late Lloyd Best, who repeatedly argued for treating the issue of "size" in Caribbean economies, not so much as a "structural constraint" but an opportunity for our "creativity and ingenuity" to drive economic transformation.

This will mean asking questions on what are and how can the intellectual, social and cultural endowments of Caribbean societies be mobilised and institutionalised to drive "development"?



Much of that thinking was mirrored in the emphasis on "social and cultural capital" in the sustainable livelihoods approach of the 1990s, as a critical factor in overcoming "underdevelopment" in societies such as ours.

More recently, very innovative work in this broad area of services is being championed by the Shridath Ramphal Centre of

the UWI, Cave Hill Barbados under very able leadership of Keith Nurse.

It appears however, that issues of "cultural services" remain somewhat overlooked as a "growth pole" that could attract substantial development finance and become a prominent feature of how Caribbean societies can pursue their growth and transformation in conditions of the current global crisis. Maybe with time due regard will be given to organising "cultural enterprises" as Caribbean multinational corporations.

To help bring this idea to fruition some earlier work of the African, Caribbean & Pacific (ACP) Group can be drawn upon and a revisit of the Santo Domingo Resolution could prove helpful. This is quite timely as issues of "culture, creativity and innovation" will be themes to be addressed by the Third Meeting of ACP Ministers of Culture to be convened in Brussels on 16-17 October, 2012.

Moreover, I will conclude by asking what has been done to implement the Protocol on Cultural Cooperation included in the Caribbean-European Commission Economic Partnership Agreement (CF-EC EPA)?

Let us consider a few highlights of previous ACP events on this dimension of culture and development.

From Dakar, Senegal to Santo Domingo, Dominican Republic

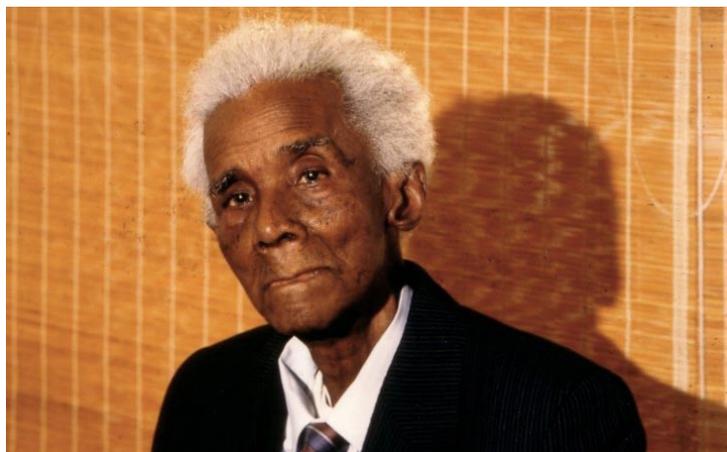
The first Meeting of ACP Ministers of Culture was held in Dakar in June 2003 and adopted the "Dakar Declaration and Plan of Action on the Promotion of ACP Cultures and Cultural Industries". It is not by accident the location was Senegal. The underlying central idea of the Declaration found expression in the words of the late President Leopold Senghor: "culture is at the beginning and end of development".

This is of course a similar sentiment that infused C.L.R. James' famous work: *The Black Jacobins: Toussaint L'Ouverture and the San Domingo Revolution*. In that study, James identified the creative revolutionary forces of the colonised, epitomised in Toussaint L'Ouverture, an illiterate slave who taught himself to read and became a military genius that brought France's empire on its knees. Such leadership and the consciousness of the masses of an enslaved society lead to the making of Haiti, the world's first Black Republic.

The Dakar Declaration was meant to inspire an understanding of development in ways by which cultural diversity of the peoples and societies across Africa, the Caribbean and Pacific would infuse their energy in drama, song, literature and oral traditions to build "new" societies.

At the level of the ACP Secretariat, a modest but significant beginning was made to implement the Dakar Plan of Action through two support programmes for Intra-ACP Cooperation.

One was for the ACP Cinema and Audiovisual Sector aimed at Film and Television Productions in which the image and identities from the ACP's 79 countries would be portrayed by artistes in drama and song, their rhythms and events of everyday life. This was to be another instrument to promote a dialogue across three continents and advance regional integration while deepening cooperation with the European Union, in keeping with the Cotonou Agreement.



C.L.R. James in 1988.
© 2007 Clive Williams, Sports Heritage U.K. Ltd

The other Programme was more policy-oriented aiming to encourage and strengthen a favourable enabling environment with incentives and resources for consolidation and expansion of viable sectors in which ACP Cultural Industries would be among the "dynamic poles of growth" for economic development. This contained the elements for the wider "services" sectors that were to be a prominent feature in promoting regional integration with preferences and part of the negotiations of Economic Partnership Agreements (EPAs) with the European Union. Discussions on how these were to be structured had already begun at the time of the Dakar Conference. How it has been addressed in a Protocol of the CARIFORUM EPA will be mentioned later.

The scope for "cultural industries", so envisaged more than a decade ago, entailed a wide range of economic activities such as publishing houses, music and film production, performance companies, fashion, fabric, handicraft designs and marketing - just to name a few. All these as creative expressions of our cultural heritage were meant to be transformative factors for authentic human development and the abolition of poverty in ACP societies.

[Although only "seed capital" of about EUR 15 mn (US\$ 20mn) had been provided to these Intra-ACP Programmes small but tangible benefits have resulted. By 2008, 24 projects covering production, distribution and professional training in film and TV had been executed.]



© 2012. Trinidad and Tobago Film Festival

South-South Cooperation in Action

With the organisation of the 1st ACP Cultural Festival and the meeting of Artistes and other Cultural Operators in the Dominican Republic in 2006 that followed the 2nd Meeting of ACP Ministers of Culture, the Santo Domingo Resolution acknowledged that “cultural policies should be an essential component of development strategies of ACP States”. The Resolution reaffirmed “the commitment to intensify South-South Cooperation in the area of culture... and further recognised that “South – South Cooperation has the potential to provide a critical mass of skilled and resourceful educators, scientists, artists and cultural practitioners who can meet the needs and expectations of the populations concerned”.

The building of a “critical mass” of educators and artists was taking place by the “seed” projects that supported the production of films by ACP directors, participation in a range of film festivals and networking among professionals and performers.

By 2008 some 24 projects in production, distribution and training had been supported to a level of about US\$ 8mn.

Of much greater significance was the establishment of an ACP Cultural Observatory as a means of providing technical advice and information, particularly for copyright legislation and the protection of Intellectual Property. The Observatory conducted data gathering and analysis on these issues in 6 pilot countries (Botswana, Cap Verde, Djibouti, Democratic Republic of Congo, Papua New Guinea and Jamaica). In addition, an ACP/ILO/UNCTAD/UNESCO joint project to strengthen policies for creative industries was initiated and is ongoing.

The dynamism and energy from the Santo Domingo Resolution although kept alive in various project-related activities, cultural events and small innovative enterprises had stimulated the awareness on the importance of dealing with “cultural services” as a critical sector in Economic Partnership Agreements (EPAs). Especially for Caribbean Countries who regarded “trade in services” along with “trade in goods” as vital for tapping into the lucrative EU market negotiations on these issues proved demanding. The outcome has been a Protocol about which some commentators question its benefits so far.

CARIFORUM-EU EPA's Protocol on Cultural Cooperation

From a brief examination of the Protocol, one senses that this was negotiated as a "work in progress" which seems more "prospective" than "programmatic". It is couched in language that speaks of "facilitating exchanges", "collaborating with the aim of improving.." or "encouraging as appropriate.." and of course, efforts of "best endeavour" will be pursued. It is more a skeleton and schematic that needs flesh and body to be a tribute to the great cultural resources and creativity with which our Caribbean peoples are endowed.

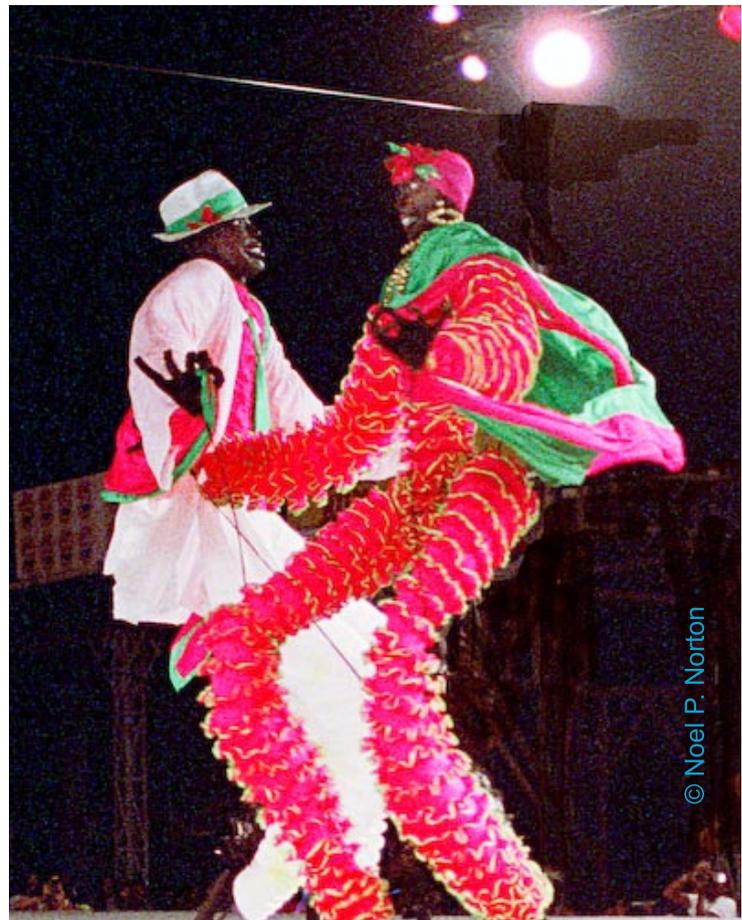
But CARIFORUM (CF) States have signed up to the EPA and although only a few have ratified, from the perspective of their obligations and the opportunities available, serious urgent attention is required. On the part of the EU, this is an area in which to challenge their commitments to "the importance of the cultural industries and the multi-faceted nature of cultural goods and services as activities of cultural, economic and social value".

Moreover, the Protocol recognises "protecting and promoting cultural heritage" as well as promoting its recognition by local populations is a "means of expressing cultural identities". But these expressions will need to be premised on the respect for cultural identities and customs of other societies. Thus, as provided for in the Protocol, every opportunity for dialogue, for information exchanges on cultural and audiovisual matters or on good practices in the field of Intellectual Property Rights protection ought to be made into a comparative advantage for CF countries from the "preferential treatment" the Protocol offers.

While there is an "endeavour" to provide technical assistance to CF States for development of cultural industries and policies as well as to promote production and exchange of cultural goods and services, such assistance is available for private companies, non-governmental organisations and public-private partnerships. Are these to remain "missed" opportunities given all that went into negotiating the EPAs?

I would hope not. Rather, I strongly encourage the many small Caribbean film and TV producers to combine their skills and experience to enter the films festivals of Africa and Europe as in Burkina Faso, Nigeria and Berlin.

Through the EPA, public-private partnerships could pursue co-production agreements, within and beyond the Caribbean and thereby undertake the "trade in services" that places the Caribbean in the global marketplace with cultural products and services that draw upon what is distinctly and uniquely our multiethnic, multilingual diversity and heritage that has formed a Caribbean civilisation...as much in James' **Black Jacobins** as in Minshall's **Tan Tan & Saga Boy**.



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Tan Tan and Saga Boy

Dr. P. I. Gomes is the Ambassador of the Republic of Guyana to the ACP Group of States in Brussels

Your Business...your image...your brand

By Garfield King



“Don’t think about getting a job, set your mind on creating work for yourself and providing jobs for others.” The suggestion came from a university lecturer recently, as he addressed students entering their final year.

The employment landscape has changed over the years. Jobs for life are rare and the competition for vacant positions is fierce. The situation has encouraged many to re-train in an attempt to be more marketable. Realising they have a talent, a skill or a service that can be offered, they may decide to enter the arena of self-employment. Some aim to earn enough just to keep themselves gainfully employed, while others set their sights much higher, perhaps hoping to run a large company in the future.

Whatever your aim and whatever your business, whether you have been running your own show for years or whether you have only just begun, there is always so much to learn. You need to be aware of the market; current prices; what your competitors are up to; the latest trends in the area in which you are operating; legal requirements; financial trends; availability of raw materials and the list goes on.

One dimension often put at the bottom of the list, or neglected entirely, is that of image. Image in this context refers to areas such as:

- How your business looks to the average person.
- The impression your business or company leaves in the marketplace.
- The impression people have of you in your job.
- Communication skills and having customers feel comfortable with you.
- The foundation on which your reputation is built.
- Engendering trust based on the excellence of your work and the quality of your service.

Which would you prefer – a job done by someone who is rude, unreliable and who gives you the feeling he/she is doing you a favour, or by a person who is punctual and makes you feel you are the best customer, worthy of special treatment? Obviously the latter would be the choice of most. Therefore, if the competition is tough and there are many companies offering the same products or services, the way to be noticed and recommended is to develop an image that is not just you, but the best you.

Have you thought about the way you communicate? Almost everything you do is a form of communication. The way you write; the way you walk and talk; the manner in which you dress and your attitude... all speak volumes about you. In fact, you are like a classified advertisement, everything you say and do will either promote or restrict the growth of your business.

Publicity and advertising campaigns play a part in building your image and we will discuss those in a subsequent column. But having embarked upon a business venture it is left to you to maintain the standards for which you have prepared your public. It is here that sound image management is crucial.

Never get too comfortable thinking that the customer is dependent on your service. Consumers have choices like never before and any complacency on your part could impact negatively on your business.

If your enterprise is more than a one-person operation, it is imperative that you and your staff become instruments that persistently promote good relations between the outer community and your business. You and your staff are living, breathing promotional tools for your company that can enhance the image of your business through healthy public interactions. These are encapsulated in your voice, your pen (writing), your body and above all your attitude.

"It's not just what you do, but the way that you do it." All of this adds to your personality profile in the eyes of the public and plays a significant role in your success.

Customer service trainer Sandee Bengochea believes we need to develop our own personal brand so people can say, "Go to Joe and this is what you can expect. This is the kind of person he is. This is what he will deliver to you."

Sandee runs her own promotional business, Sancom, and is co-founder of the Customer Service Academy of Trinidad and Tobago. She notes the business world is a very unforgiving place and your reputation is out there all the time.

Developing your brand is something you have to decide to do. "How do you see yourself developing? Where do you see yourself going as a person? What do you want people to think about you? How do people see you, what do they expect of you when they see you?" Sandee says these are questions you need to ask yourself and develop answers that work for you. Finding suitable answers to such questions helps to create and build your brand. She warns "If you don't develop your brand, other people will do it for you and then you become more of a commodity... nothing special."

Developing your own brand – your own image – sets you apart from your competitors. Mrs. Bengochea says it's like a person saying... "Well I want to treat myself to something special today". Are you that special person?



Garfield King is an independent radio producer, presenter and writer with over 30 years broadcast experience. As a trainer, he conducts workshops on public speaking, presentation skills and communication dynamics. inkings@tstt.net.tt

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Trinidad and Tobago

Moving up

BG Group announced that Derek Hudson has been appointed as the President and Asset General Manager (AGM) for BG East Africa following his successful tenure over the last five years as leader of BG Trinidad & Tobago.

Mr. Hudson will be succeeded by Garvin Goddard, another T&T national who will assume the role of President and AGM for BG Trinidad & Tobago.

In his leadership role for BG East Africa, Mr. Hudson will now have responsibility for BG Group's businesses in Tanzania, Kenya and Madagascar. He has more than 23 years of experience in the oil and gas industry and has exceptional knowledge of BG Group's global business.

Tanzania especially is an important new prospective play for BG Group. BG entered Tanzania in 2010, acquiring an interest in offshore Blocks 1, 3 and 4, and in July 2011 took over the role of operator. Earlier this year, the company drilled its fifth and sixth successful wells in the region – Mzia-1 and Papa-1. The new resources from Mzia-1 and Papa-1 are currently under evaluation. Prior to drilling these wells, BG estimated mean total gross recoverable resources approaching 7 trillion cubic feet of gas from its acreage in Tanzania.

Garvin Goddard becomes President and AGM for BG Trinidad & Tobago, with leadership responsibility over this core BG Group business. Mr. Goddard has over 18 year's multi-disciplined experience in the oil and gas sector, including 5 years as a Schlumberger Senior Field Engineer. He also has experience in finance, IT and customer service.

BG T&T is the second largest gas producer in Trinidad and Tobago. The company operates fields off the north and east coasts of Trinidad as well as onshore in the central block license area and has significant shareholding in Atlantic LNG.



Derek Hudson



Garvin Goddard

TRINIDAD AND TOBAGO'S 2012 DEEPWATER BID ROUND GETS MAJOR ATTRACTION



guardian.co.tt



Senator Kevin Ramnarine.
Minister of Energy and Energy Affairs.
Photo: energy.gov.tt

TRINIDAD AND TOBAGO'S 2012 DEEPWATER BID ROUND WAS DEEMED A RESOUNDING SUCCESS WITH 12 OFFERS BEING MADE FOR FIVE MARINE ACREAGES BY MULTINATIONAL COMPANIES INCLUDING SOME NEWCOMERS. NO BID WAS RECEIVED FOR A SIXTH BLOCK.

Among companies making bids include newcomers Elenilto Trinidad and Tobago, a joint venture between Elenilto/ Caspian Drilling and SOCAR, the State Oil Company of Azerbaijan; Kosmos Energy of the United States and Capricorn Energy, a wholly owned subsidiary of Cairn Energy Plc of the United Kingdom.

Energy companies which already have a significant presence in the country such as BG Trinidad and Tobago, Repsol, Centrica and BHP Billiton also participated in the bid round.

Bids will be evaluated on the basis of the point system and results of the bids will be announced in November. The Ministry of Energy and Energy Affairs also expects to launch the 2013 deepwater bid round in early 2013.

Minister of Energy and Energy Affairs, Kevin Ramnarine said the Ministry has been proactive throughout the year and engaged in a number of activities including reprocessing the 2D seismic data for the deepwater, increasing the cost recovery rate to 80% and marketing the bid round more aggressively

Trinidad and Tobago is keen to boost its energy reserves which have been declining in recent years.

A 2011 report on the country's gas reserves indicated that proved gas reserves dropped to 13.3 trillion cubic feet (TCF), a two percent decline from the 2010 reserves of 13.5 TCF.



Trinidad, Grenada sign energy cooperation agreement

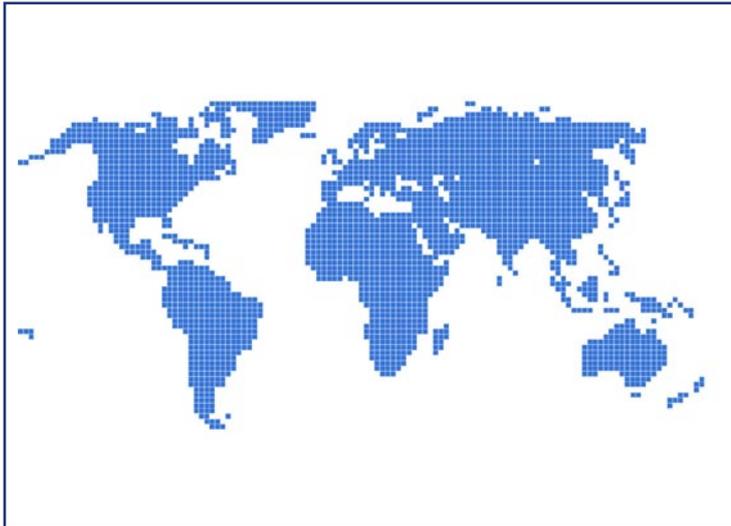
Trinidad and Tobago and neighbouring Grenada have signed a Framework Agreement for Cooperation in Energy Sector Development that will advance the joint exploration and exploitation of hydrocarbons in the maritime areas of the two countries.

Trinidad and Tobago's Minister of Energy and Energy Affairs, Mr. Kevin Ramnarine and Grenada's Minister of Finance, Planning, Economy, Energy and Co-operatives, Mr. Nazim Burke signed the agreement recently.

The Agreement lays the foundation for a broad spectrum of cooperation activities which may include the conduct of joint seismic surveys and joint exploration and the implementation of joint development plans for the unitization of hydrocarbon reservoirs existing in the respective continental shelves of both countries.

SELA analyzes relations between Latin America and the Caribbean and the Middle East

South-South cooperation is among the areas where Latin America and the Caribbean can cooperate in a constructive manner, with a view to strengthening their reciprocal relationship and their stances on global matters.



The Latin American and Caribbean Economic System (SELA) has published a document 'Relations of Latin America and the Caribbean with the Middle East: Status and areas of opportunities', which deals with the status of their relationship, its main features and the issues that the region should address with the nations of the Middle East.

The document provides an outlook of the current status of the bi-regional relation. An analysis is made of the legal framework of bilateral and bi-regional relations between Latin America and the Caribbean and the Middle East.

The institutional foundations of bilateral agreements show, inter alia, a rich agenda in cooperation for development, growth, reduction of poverty, environmental protection, culture and education, energy efficiency and utilization of renewable energy sources, as well as shared views in regional and multilateral forums.

Such agreements mirror common objectives and show the importance given by both regions to multilateralism as the way to reach agreements and settle disputes.

Relations between Latin America and the Caribbean and the countries of the Middle East had a tremendous momentum in 2005 upon the commencement of the Summits of South American-Arab Countries (ASPA), the first of which was held in Brasilia based on a full agenda of items of political, economic, cultural, science, technology and environmental coordination. Furthermore, the ASPA mechanism has become institutional through summits, meetings of foreign ministers, and working groups, together with the business component.

The document says that the rapprochement between both regions is not new. It dates back to the migration flows of the 19th Century, when people from the Middle East migrated to several countries of Latin America and the Caribbean. There was also rapprochement after World War II, when several countries in the Middle East gained independence.

The renewed interest in building bridges between the two regions, as appears from the establishment of the ASPA, opens a wide array of opportunities thus far barely explored due to the geographical location, unawareness of the respective realities, constrained reciprocal trade and investment flows, little liaison, and an institutional legal framework that ought to be sounder to bolster bi-regional relations.

Today, South America and the Middle East are in a better position to make strides with a win-win cooperation agenda. Nonetheless, the relation is still incomplete; there is the need to add to such standing dialogue Central America, the Caribbean and Mexico, which altogether account for more than 150 million inhabitants. While these countries are not parties to the ASPA, their links with the Middle East could strengthen the mechanism.

The negotiation of trade agreements has been a way of bilateral and bi-regional rapprochement. Agreements have been executed for investment promotion, laying the foundations for trade flows, investment and entrepreneurship.

Bilateral and bi-regional trade is still incipient, focused on few products, with a very low proportion compared to the country and regional trade with the rest of the world.

The study stresses that in 2010, Latin American and Caribbean exports to the Middle East amounted to US\$ 25.77 billion, as low as 2.91% of the total exports of the region (US\$ 885.90 billion).

For their part, Middle East exports to Latin America and the Caribbean totalled US\$ 13.67 billion.

This means that Latin America and the Caribbean buy the Middle East only 1.54% of foreign purchases. These figures hint to the potential of new trade opportunities in both ways.

Interestingly, the business communities of both regions, organized in bilateral chambers and associations, lay a sound foundation to lever up trade and investment in the long term and may act as a powerful catalyst to further business between the parties.

South-South cooperation is among the areas where Latin America and the Caribbean can cooperate in a constructive manner, with a view to strengthening their reciprocal relationship and their stances on global matters. This paper probes some meeting points identified in several regional and multilateral forums, as well as in the ASPA, with regard to energy, environment, education and culture, tourism and transportation.

With this document, the Permanent Secretariat of SELA continues making proposals with a view to strengthening the relations of Latin America and the Caribbean with the Middle East, under the political and social circumstances of several nations of the Middle East.

CARIFORUM and EU meet on EPA progress

CARIFORUM and EU officials held their second EPA Trade and Development Committee in Trinidad and Tobago in late September to discuss progress in the implementation of the Economic Partnership Agreement (EPA).

“This meeting provided both sides with the opportunity to take stock of developments, review progress in the implementation of EPA commitments and prepare the second meeting of the EPA’s prime institution, the CARIFORUM-EU EPA Joint Council,” said Peter Thompson, Director at the European Commission’s DG Trade. The Joint Council is set to meet on 26 October in Brussels and brings together CARIFORUM Trade Ministers, and their EU counterparts.

During the meeting, both sides discussed the EPA implementation in the main areas covered by the agreement, such as trade in goods, trade in services, trade-related rules, agriculture and development co-operation. In addition, they reviewed progress towards the setting up of the other institutions under the agreement – the EPA Joint Parliamentary Committee and the Consultative Committee – as well as to the setting up of a monitoring system.

The EPA is a pioneer trade and development partnership agreement signed between the 15 CARIFORUM countries and the EU in 2008.

August natural disaster events highlight disparity of global insurance cover

Aon Benfield, the global reinsurance intermediary and capital advisor of Aon plc (NYSE:AON), in early September released the latest edition of its Global Catastrophe Recap report, which reviewed the natural disaster perils that occurred worldwide during August.

Published by Impact Forecasting, the firm's catastrophe model development center of excellence, the report reveals that Hurricane Isaac became the first land-falling hurricane along the United States' Gulf Coast region since 2008, killing at least 7 people in the U.S. and 34 in the Caribbean.

Total economic losses from Isaac are forecast to reach the single-digit billions of dollars. However, it is too early to estimate whether insured losses will exceed the US\$2.3 billion sustained from Hurricane Gustav in 2008, which had a similar path to Isaac. Just days after landfall, insurers had already received more than 28,000 home and auto claims, with that total expected to steadily increase.

Tropical cyclone activity was heightened across the Northwest Pacific Basin during the month, with six typhoons making landfall and causing notable damage in Eastern and Southeastern Asia.

The costliest, Typhoon Damrey, was forecast to have caused economic damages of CNY20.86 billion (US\$3.28 billion) according to China's Ministry of Civil Affairs (MCA), and insured losses of CNY660 million (US\$124 million) according to the China Insurance Regulatory Commission (CIRC).

Meanwhile, Typhoon Haikui also affected eastern China, with the MCA noting CNY13 billion (US\$2.04 billion) in economic losses, and the CIRC citing payouts covering CNY1.46 billion (US\$230 million).

Steve Jakubowski, President of Impact Forecasting, said: "August witnessed a series of costly cyclone events globally, which have highlighted not only the disparity in risk management procedures between countries, but also the relative levels of insurance penetration.

Taking Typhoon Damrey in China as an example, the insurance cover may be in the region of three percent of the resultant total economic losses. This is very low compared to the United States, where we expect insurance cover for wind for Hurricane Isaac to be much higher."



Above: Damages incurred by Typhoon Damrey in China's Liaoning province in August 2012.
Photos: www.cctv.cn

In South Korea, Super Typhoon Bolaven caused extensive damage and killed at least 20 people, resulting in economic losses in excess of KRW200 billion (US\$177 million), and agriculture and auto insurance claims of more than KRW120 billion (US\$106 million).

In other tropical cyclone activity, Hurricane Ernesto and Tropical Storm Helene made landfall in Mexico.



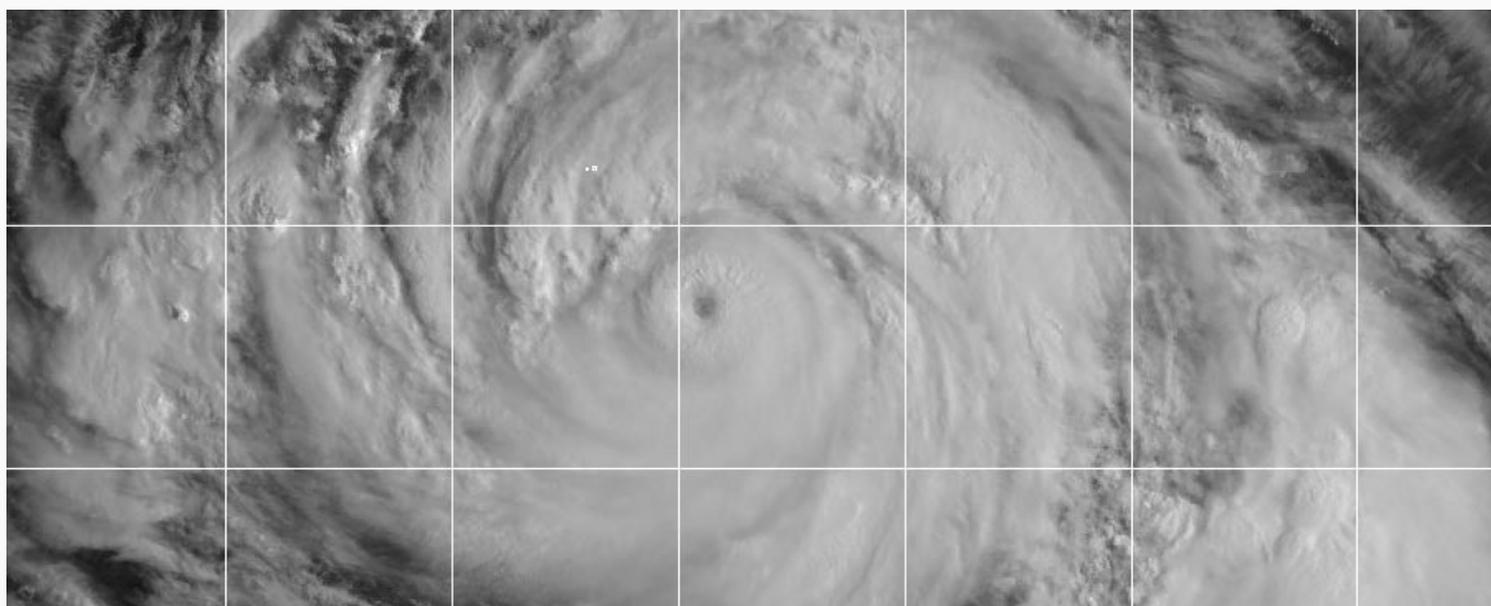
Typhoon Bolaven: High waves pound against a seawall in Okinawa prefecture in Southern Japan. Source: AP

Also in August, significant flood events were recorded. In the Philippines, torrential monsoon rains were enhanced by the passage of Typhoon Haikui, which led to catastrophic flooding on Luzon Island. At one point, as much as 60 to 90% of Metro Manila was inundated by varying levels of floodwaters. At least 109 people were killed, and economic losses were listed at PHP10 billion (US\$239 million). However, the total does not reflect damages sustained by the private sector, which typically account for the majority of losses.

Elsewhere, major flooding occurred in Niger, Nigeria, Chad, Cameroon, Sudan, Senegal, India, Pakistan, and China.

Two strong earthquakes struck northwestern Iran, killing at least 306 people and injuring more than 3,000 others, primarily in the province of East Azerbaijan. The magnitudes 6.4 and 6.3 tremors completely destroyed 46 villages and severely damaged 425 others. At least 157,000 people were left homeless, and economic losses were listed by the government at IRR7.36 trillion (US\$600 million).

Drought conditions worsened in Italy and Russia, with each country citing economic agricultural losses beyond US\$1 billion, and severe weather events were recorded in the United States, Canada and Ukraine.



Severe Droughts Drive Food Prices Higher, Threatening the Poor

Global food prices soared by 10 percent in July from a month ago, with maize and soybean reaching all-time peaks due to an unprecedented summer of droughts and high temperatures in both the United States and Eastern Europe, according to the World Bank Group's latest **Food Price Watch** report.

From June to July, maize and wheat rose by 25 percent each, soybeans by 17 percent, and only rice went down, by 4 percent. Overall, the World Bank's Food Price Index, which tracks the price of internationally traded food commodities, was 6 percent higher than in July of last year, and 1 percent over the previous peak of February 2011.

"Food prices rose again sharply threatening the health and well-being of millions of people," said World Bank Group President Jim Yong Kim. "Africa and the Middle East are particularly vulnerable, but so are people in other countries where the prices of grains have gone up abruptly."

Overall, food prices between April and July continued the volatile trend observed during the previous 12 months, which halted the sustained increases between mid-2010 and February 2011. Prices increased in April, came down in May and June, and sharply increased in July.

Sharp domestic price increases have continued in this quarter, especially in Africa. Sub-Saharan Africa, in particular, experienced the highest price increases in maize, including 113 percent in some markets in Mozambique. Meanwhile, the Sahel and eastern Africa regions experienced steep price increases of sorghum: 220 percent in South Sudan, and 180 percent in Sudan, for instance.

According to Food Price Watch, weather is the critical factor behind the abrupt global price increases in July. The drought in the U.S. has resulted in vast damages to the summer crops of maize and soybeans, for which the country is the world's largest exporter.

Food Price Watch



POVERTY REDUCTION AND EQUITY GROUP
POVERTY REDUCTION AND ECONOMIC MANAGEMENT (PREM) NETWORK
THE WORLD BANK
APRIL 2012

Global food prices have increased by 8% in the last four months since December 2011, and in March 2012 were only 6% below their February 2011 historical peak. All key food prices have increased, except for rice. Increasing international oil prices, adverse weather conditions, Asia's strong demand for food imports, and the persistent European financial crisis have contributed to this increase, notwithstanding the projected bumper harvests of rice and coarse grains and the corresponding increase in ending food stocks. Domestic prices remain high in many parts of the world, with the magnitude of increases typically exceeding price declines across countries. If the current production forecasts for 2012/13 do not materialize, global food prices could reach higher levels, underscoring the need to remain vigilant and improve the monitoring of early signals of global and regional crises.

Global Price Trends

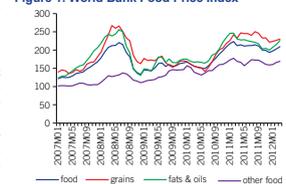
After four months of consecutive price declines, the World Bank's Food Price Index increased by 8% from December 2011 to March 2012. The price indices of grains, fats and oils, and other foods all increased in each month since January 2012 (figure 1). Fats and oils increased the most, with a quarterly increase of 13%, followed by an increase of 6% in the global price of other foods and 4% in the price of grains. The fertilizer index remained almost unchanged in the recent quarter, halting the strong decline observed during the last quarter of 2011 (table 1).

The prices of all key staples increased, except for rice. Maize prices increased by 9%, soybean oil by 7%, wheat (U.S. HRW) by 6%, and sugar (world) by 5%. These price variations were the largest increases observed since June and July of 2011. The price of rice (Thai, 5%) declined in the same period by 6%, adding to the price decline of 2% observed in the fourth quarter of 2011. Both abundant supply and strong competition among exporters have caused the international price of rice to decline.

Global food prices remain high, and only 6% below their February 2011 historical peak. The price of grains is

only 5% lower than in February 2011, fats and oils 8% lower, and other foods 5% lower. With respect to March 2011—that is, the yearly variation—prices remain only 1% below their levels 12 months ago (1% lower for grains, 2% for fats and oils, and 0% for other foods). Despite this tick in year-on-year prices, the sustained increase in the recent

Figure 1. World Bank Food Price Index

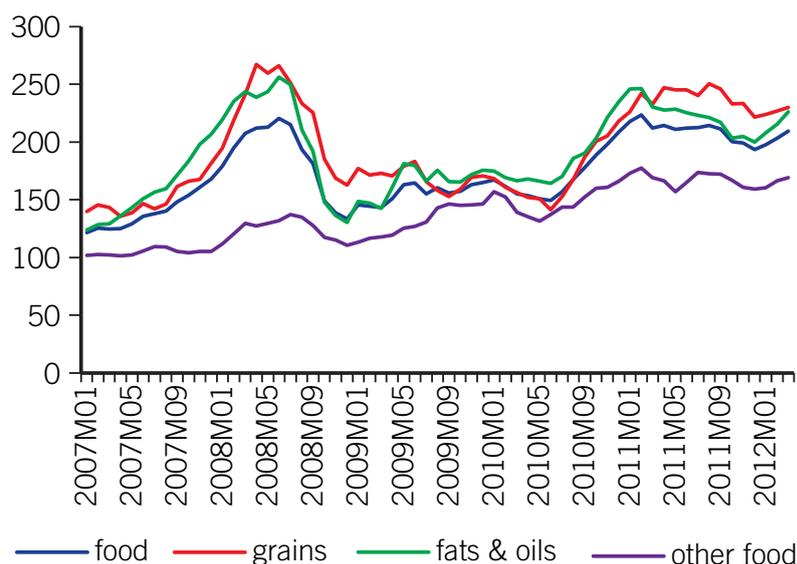


Source: World Bank, DESP.
Note: The Food Price Index weights export prices of a variety of food commodities around the world in nominal U.S. dollar prices, 2005 = 100.

Food Price Watch, produced by the Poverty Reduction and Equity group at the World Bank, is a series that aims at drawing attention to trends in domestic food prices in low- and middle-income countries and their policy implications. Contact: José Cuesta (jcuesta@worldbank.org)

Meanwhile, the dry summer in the Russian Federation, Ukraine, and Kazakhstan has contributed to projected wheat production losses.

The abrupt food price increases turned favorable price prospects for the year upside down. World Bank experts do not currently foresee a repeat of 2008; however, negative factors -- such as exporters pursuing panic policies, a severe El Nino, disappointing Southern hemisphere crops, or strong increases in energy prices -- could cause significant further grain prices hikes such as those experienced four years ago.

Figure 1. World Bank Food Price Index

Source: World Bank, DECPG.

Note: The Food Price Index weighs export prices of a variety of food commodities around the world in nominal U.S. dollar prices, 2005 = 100.

Droughts have severe economic, poverty and nutritional effects. In Malawi, for instance, it is projected that future severe droughts observed once in 25 years could increase poverty by 17 percent, hitting especially hard rural poor communities. And in India, dismal losses from droughts occurred between 1970 and 2002 to have reduced 60-80 percent of households' normal yearly incomes in the affected communities.

"We cannot allow these historic price hikes to turn into a lifetime of perils as families take their children out of school and eat less nutritious food to compensate for the high prices," said Kim. "Countries must strengthen their targeted programs to ease the pressure on the most vulnerable population, and implement the right policies."

"The World Bank has stepped up its support to agriculture to its highest level in 20 years, and will keep helping countries respond to the food price hikes," continued Kim.

The World Bank's support for agriculture in FY12 was over \$9 billion—a level not reached in the past two decades. The Bank is also coordinating with UN agencies through the High-Level Task Force on the Global Food Security Crisis and with non-governmental organizations,

as well as supporting the Partnership for Agricultural Market Information System (AMIS) to improve food market transparency and to help governments make informed responses to global food price spikes.

Should the current situation escalate, the World Bank Group stands ready to go even further to assist client countries protect the most vulnerable against future shocks. Measures can include increased agriculture and agriculture-related investment, policy advice, fast-track financing, support for safety nets, the multi-donor Global Agriculture and Food Security Program, and risk management products.

Programs and policies to help mitigate food price hikes include safety nets to ensure poor families can afford basic staples, sustained investments in agriculture, the introduction of drought-resistant crop varieties--which have provided large yield and production gains--and keeping international trade open to the export and import of food.

According to Food Price Watch, prices are expected to remain high and volatile in the long-run as a consequence of increasing supply uncertainties, higher demand from a growing population, and the low responsiveness of the food system.

Rethink Role of State in Finance

It is time to rethink the role of the state in the financial sector, so that governments can better balance the need for credit and emergency support for banks with measures to promote transparency and competition when crises erupt, says a new World Bank report.

“Governments need to provide strong supervision and ensure healthy competition in the financial sector. They also need to support financial infrastructure, such as better quality credit information that is shared more systematically,” says World Bank Group Managing Director Mahmoud Mohieldin. “But the mixed results of their direct role in issuing credits merits close examination. Indeed, as we emerge from the global financial crisis, governments may want to consider shifting toward indirect interventions.”

The Global Financial Development Report: Rethinking the Role of the State in Finance, examines how financial systems around the world fared during the global financial crisis. Coinciding with the anniversary of the 2008 collapse of Lehman Brothers, the report draws on several new global surveys and compiles unique country-level data covering more than 200 economies since the 1960s.

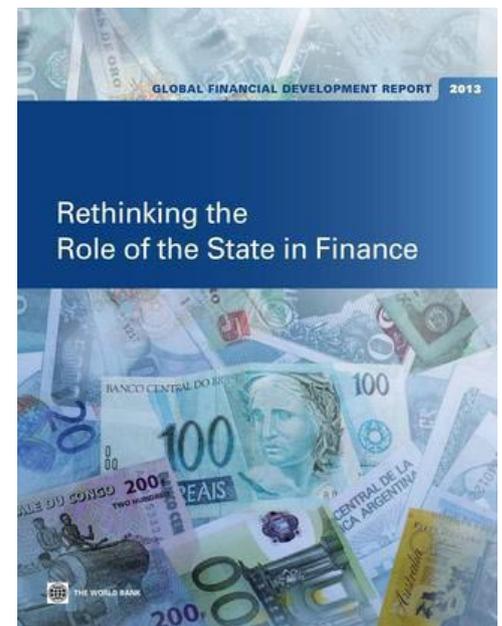
Analyzing four characteristics—the size of financial institutions and markets, financial access, efficiency, and stability—the report tracks financial systems in the run up to the global financial crisis and gauges the extent of their recovery to date. The authors confirm that developing economy financial systems are less deep and provide less access than those in developed economies, but they do not differ much in terms of stability.

One of the report’s original contributions is on state-owned banks. During the crisis, many developing economies turned to state-owned banks to overcome the credit crunch.

In countries such as Chile and Tunisia, governments pumped capital into state banks to cover existing loans or provide new credit to exporters or small- and medium-sized firms. South Korea raised the credit ceilings of its state-owned banks, India and Tunisia set up credit lines for those banks, and Brazil’s and China’s largest state-owned banks expanded credit considerably during the crisis.



Mahmoud Mohieldin, Managing Director, World Bank. Photo: © World Bank



The report finds that such interventions helped counter the spread of the crisis, but they may carry a price: inefficient lending, which in some cases is politically-motivated. In turn, that led to distortions that were amplified as capital was pumped into state banks, or as new credit lines were set up for them to encourage lending to exporters and smaller enterprises.

In some instances, state banks continued to extend credit even during economic recovery, raising concerns that they may crowd out private banks.

Past as well as new research on previous crises reveals that government ownership of banks is associated with lower financial development, more financial instability and slower economic growth.

The report recommends that countries carefully consider the risks posed by state-owned banks and pay attention to how they are governed, which is especially challenging in weak institutional environments.

The report also reviews recent successes and failures of the state as a regulator and supervisor. External assessments suggest that supervision in many places, for example in Australia, Canada and Singapore, worked well. Also, many developing economies had limited exposure to the risky behaviors that precipitated the meltdown, and most averted outright distress, including Malaysia and Peru, both of which were praised for their prudent policies.

Nonetheless, some countries suffered direct hits, especially in Europe and Central Asia, where reliance on parent banks and a build-up of funding imbalances in the run-up to the crisis left many countries vulnerable.

The authors analyze common traits among countries that were hit hard by the crisis versus those that fared better. Non-crisis countries tended to have less complex but better enforced regulations. Crisis countries allowed for less stringent definitions of capital, were not as rigorous in calculating their capital requirements for credit risks, and only 25 percent of them required general provisions on loans and advances (versus close to 70 percent in non-crisis countries).

The report refutes the view that there was “too much competition” in the financial sector of the crisis countries. “Research presented in the report suggests that with good supervision, more competition can actually help improve efficiency and enhance access to financial services, without undermining stability,” says Asli Demirgüç-Kunt, the World Bank’s Director of Development Policy and Chief Economist for Financial and Private Sector Development.

The World Bank Group is working with member countries to support the development and stability of their financial systems, along with economic growth and poverty reduction.



Janamitra Devan, Vice President of the Financial and Private Sector Development (FPD) at the International Finance Corporation (IFC), World Bank Group.
Photo: Friends of Europe on Flickr

“Around 16 percent of the Bank Group’s lending during the financial crisis went to the financial sector – double the 8 percent of its lending before the crisis began,” says Janamitra Devan, the World Bank Vice President, Financial and Private Sector Development.

“This report is part of the Bank’s continuing commitment to provide knowledge, operational support and lending to developing countries – both in times of financial crises and in eras of economic expansion.”

Lamy: “Multilateralism is struggling”

(Following is an abbreviated version of a speech delivered by Director-General of the World Trade Organization, Pascal Lamy while welcoming participants to the WTO’s Public Forum 2012 on 24 September 2012)

This year, like last year, has been marked by extraordinary turbulence. Sluggish economic growth rates, high unemployment, and newly released figures on world trade that are just as worrying. In this slowdown, no one has been spared.

But the turbulence we witness this year goes beyond the economic sphere. Like last year, political turbulence is rampant across the globe, food prices are starting to rise once again, although not in the same alarming fashion, and the climate crisis is continuing to go unabated.

As this kaleidoscope of problems plays out, we are also witness to a redistribution of the geopolitical deck of cards on a global scale. With the rise of the emerging countries, new and stronger voices from the developing world are making themselves heard. The poorest countries, once silent, are today much clearer and vocal about their priorities. What they are saying loud and clear is that the rules of the multilateral system must change.

The rules of the game — whether in the trade sphere, in the economic sphere, in the environmental or food security spheres — and indeed across all areas of international policy making, are in need of adjustment. Governments are not only struggling to cope with the vast panoply of domestic problems that they are confronted with, but they must do so against a landscape in which their relative powers have



Pascal Lamy

also changed. They must also do so in a world in which interconnections are greater and therefore global commons require stronger multilateral co-operation. And they must compete for spaces, for which previously no one had competed, like the Arctic or cyberspace.

In this challenging era that we live in, citizens are asking for the right to a decent living. They want jobs, they want human rights and they want dignity. The question becomes “can multilateral

co-operation live up to their expectation?” Will the international community be able to rise to the multiple challenges with which it is confronted today?

While multilateralism is struggling in almost all spheres of global co-operation, I stand here before you with some optimism. We are after all gathered in the “house of trade”. An international house that rose out of the ashes of two world wars and which took some 60 years to create.

Across from this house is the seat of the United Nations, the International Labour Organization, the International Environment House that groups many environmental treaties, and many other symbols of successful international co-operation. This is ‘la Genève internationale’ after all.

It is these organizations that teach us a very important lesson: progress in international co-operation is incremental, with some of our best episodes having been born of our worst excesses. Yes, the challenges we face today are multiple, and yes, multilateralism is struggling, but we have proven ourselves to be up to the task before, and we can be up to it again.

The WTO, in many ways, is one of the most successful examples of rules-based multilateralism at work. Its capacity to

administer and enforce the global trade rules, including in the present crisis, is widely recognized as a major success in international co-operation. But our members' difficulties to agree to update our rule book also demonstrates that the WTO is not immune to the geo-economic and geo-political transformations of our time. The WTO is both an organization and an institution. And I dare say that it is in a better shape as a member-driving institution than as a member-driven organization.

Auto Production Roars to New Records

Production of passenger vehicles (cars and light trucks) rose from 74.4 million in 2010 to 76.8 million in 2011----and 2012 may bring an all-time high of 80 million or more vehicles, according to new research conducted by the Worldwatch Institute (www.worldwatch.org) for its *Vital Signs Online* service.

Global sales of passenger vehicles increased from 75.4 million to 78.6 million over the same period, with a projected 81.8 million in 2012, writes report author and Worldwatch Senior Researcher Michael Renner. The major driver of increased production and sales are the so-called emerging economies, especially China.

Rising sales translate into ever-expanding fleets. An estimated 691 million passenger cars were on the world's roads in 2011. When both light- and heavy-duty trucks are included, the number rises to 979 million vehicles, which was 30 million more than just a year earlier. By the end of 2012, the global fleet could top 1 billion vehicles----one for every seven people on the planet.

Electric vehicle (EV) production remains at barely perceptible levels. Although several countries have issued targets for future EV fleets, it remains to be seen whether these goals can be met.

China, for instance, wants to put 5 million plug-in hybrid-electric and fully electric vehicles on its roads by 2020----which could account for more than 40 percent of the global EV fleet that year. An analysis by Deutsche



(Photo: Marin Tomas)

Bank Climate Advisors, however, suggests that production of 1.1 million EVs and a fleet of 3.5 million in China is a more realistic projection.

"Automobiles are major contributors to air pollution and greenhouse gas emissions," said Renner. "Greater fuel efficiency, along with the use of cleaner fuels, can help mitigate these impacts, although increases in the numbers of cars and the distances driven threaten to overwhelm fuel economy advances."

Discussions about reducing the environmental impacts of vehicles tend to focus on technical improvements, such as engines, aerodynamic design, and fuels----yet another concern is the distances traveled. Even though the United States has just 25 percent of the total population of the group of wealthy nations known as the Organisation for Economic Co-operation and Development (OECD), in 2008 alone accounted for just over 40 percent of the 10.3 trillion passenger-kilometers driven in all OECD member countries.

The Lighter Side...

Language for all ages... please.

By Sirius Mann



"Eh boy, cool down nah man... watch your language!" To watch the language of some people would be the same as viewing a double X-rated adult movie. Such has become the nature of our vocal interaction.

Walking home last week I heard two women arguing with a vengeance. As I approached, the tempers got hotter and the language got bluer. I am by no means prudish, but I was embarrassed by the words they used - many describing the anatomy of their relatives.

Visiting some friends recently I heard their children let out some steamy words after seeing two big frogs in the garden. These 8 year old boys and girls must have memorised every expletive of a Chris Rock stand up show. I glanced over at the parents, waiting for them to reprimand the children. If I had waited to hear reproaches I would still be sitting there now.

Each day our ears receive the sounds occurring around us. We attempt to communicate with each other in order to ensure minimum misunderstanding. We use the language of words

and body to convey our feelings, our objections, hopes and aspirations, our requirements and much more. In the Caribbean in general, and Trinidad and Tobago in particular, we have a beautiful synthesis of languages, accents, tones and colours that enhance our speech. We have at our disposal what has come to be known as Internationally Accepted English as well as the vernacular.

There is also a broad spectrum of variation between these two. Our rich and varied dialect reflects the personality of the country itself.

A friend, a retired principal, used to say, "Language is like currency. It has one value on the local market and another on the foreign exchange." I wonder what value we put on the words we speak. Our ears are often forced to act as garbage cans.

The foul language thrown between people, even in jest, is far from uplifting. Our everyday exchanges sound like we are attacking each other. We speak as if we are throwing stones or spears.

Why do many of us feel the need to express ourselves in such a manner? Maybe our own insecurity compels us to overstate our importance, granting us the right to talk to others as if they are sub-human. Could it be that we are not intelligent enough to find more appropriate words to use?

Some people say that there is nothing wrong with using obscene and abusive language. If there is nothing wrong with it, why even describe it as obscene and abusive? Why do most of us punish our children for speaking that way? Why do you get upset when someone starts to curse you? Why do we write angry letters to the media should we hear such language being broadcast? And why is it still possible to be charged with using incendiary language?

The more profanities are used, the deeper they are ingrained in the subconscious. The result is that you may even find yourself thinking in cuss words. Some call it mind pollution. Every time the mouth opens, expletives roll off the tongue

like slime. There is little or no control over what is said or the manner in which it is expressed. Sometimes, in the grip of deep frustration, shock, pain or surprise swear words can emerge from the mouth as a "reflex response". Perhaps that is excusable. Letting off steam when you "lose it" may be a better option than physically lashing out at someone. But do we really need to punctuate every sentence with a word you would not use in front of your mother?

It used to be that the use of expletives was a way of venting our rage, but if we use expletives all the time, as part of regular speech, what then do we do when rage ensues? Do we then bypass the words and move directly to angry actions?

N.B. Sirius Mann is currently busy trying to expand his vocabulary in order to replace some of his favourite expletives with words that are even more piercing, but display some thoughtful intelligence.



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