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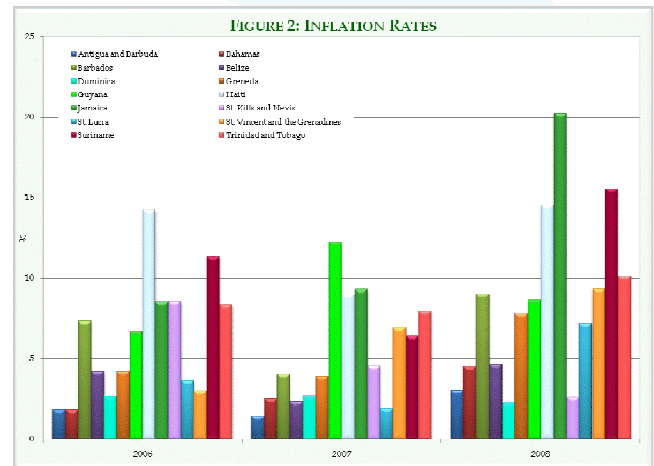
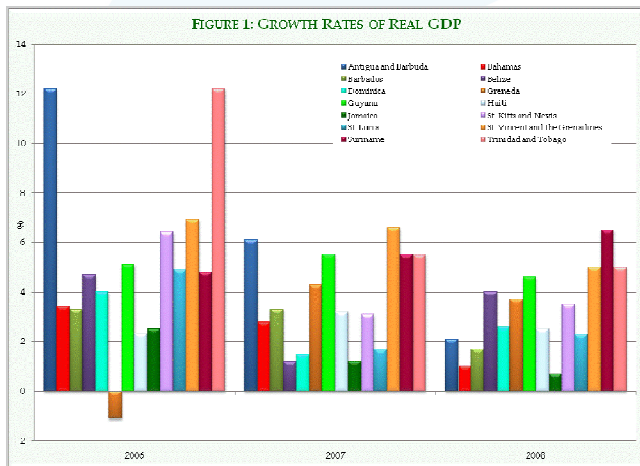
DECEMBER 2008

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ECONOMIC PERFORMANCE IN THE CARIBBEAN IN 2008

Caribbean countries are on track to achieve real economic growth in 2008, although at rates more modest than in 2007 (see Figures 1). At the beginning of October the IMF projected positive growth rates for all of CARICOM, ranging from a low of 0.7 percent (for Jamaica) to a high of 6 percent (for Suriname). In 2007 growth rates ranged from lows of 1.2 percent (Belize and Jamaica) to a high of 6.6 percent (St Vincent and the Grenadines).¹ . On November

were below 5 percent, except for St Lucia and St Vincent and the Grenadines. At the other end of the spectrum, inflation rates for Haiti and Suriname were projected at 15 percent, while Jamaica's inflation rate is expected to reach 20 percent in 2008 (see Figure 2). The Central Bank of Trinidad and Tobago reported a 15 percent rate of inflation to the end of September. Caribbean countries' foreign exchange reserves have remained buoyant



17, the Central Bank of Trinidad and Tobago issued a growth projection of 3.5 percent for 2008, more pessimistic than the 5 percent projected for that country by the IMF². However, the Central Bank of Barbados reported in October that the growth rate to the end of September was 1.7 percent, in line with the IMF projection for Barbados³.

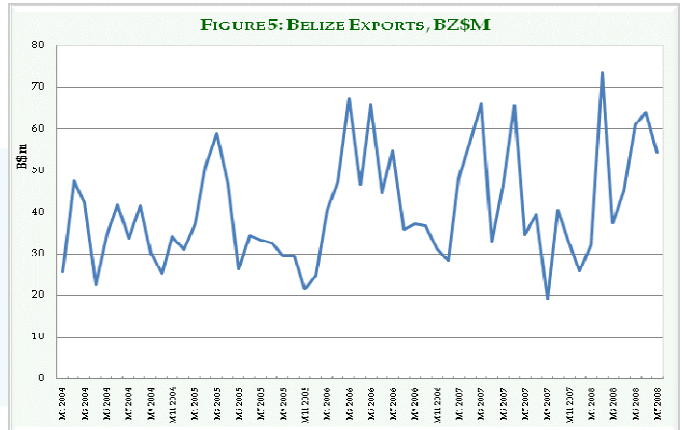
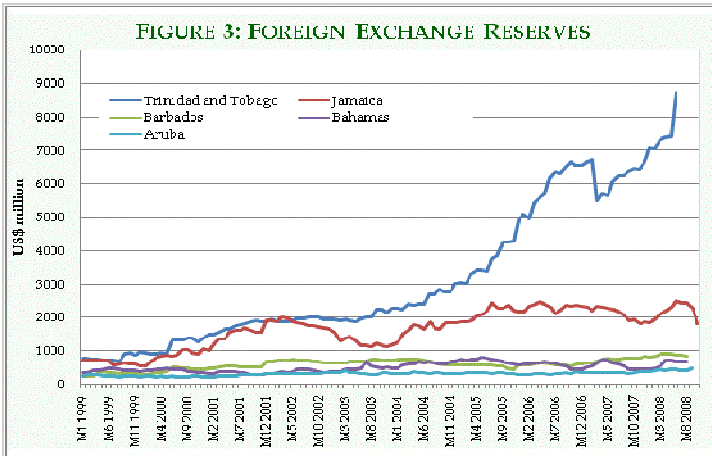
Inflation accelerated almost everywhere in the CARICOM region in 2008, but in The Bahamas, Belize and most OECS countries inflation rates remained relatively modest. The IMF's projections for inflation in the OECS and Belize

up to the time of writing (late November) and countries are well positioned to ride out a modest contraction in tourism and export demand, provided it is of relatively short duration. Foreign reserves are on the increase everywhere except in Jamaica, which saw a surge in demand for foreign exchange in October. (The surge was reportedly caused by a decline in the value of US dollar denominated Jamaica government bonds, which prompted brokers in the US to demand payment from their counterparts in Kingston for bonds bought on their behalf.) Countries generally had adequate levels of for-

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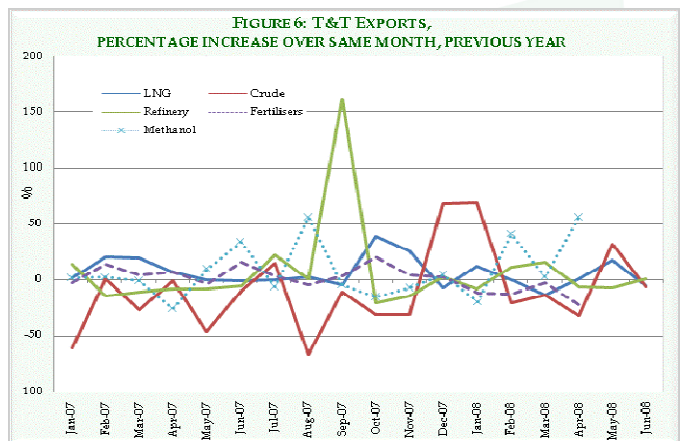
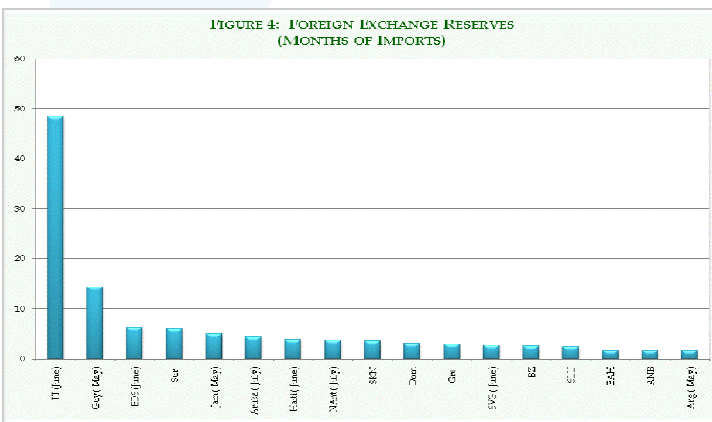
eight reserve cover (even in the case of Jamaica), ranging from the equivalent of three months of imports to more than one year. (See Figures 3 and 4.)

first six months were up 13.5 percent over those for the corresponding period of 2007. In Belize export growth was strong up to July (see Figure 5). In Trinidad and



The demand for tourism services increased slightly in most Caribbean destinations, but the general sentiment is that the full effects of the global financial crisis will not be felt until the coming winter season. In its monthly news release on November 6, the Central Bank of The Bahamas noted a 2.2 percent increase in long stay visitors for the first seven

Tobago, exports of LNG and methanol were higher in the first half of the year than in 2007, but fertilizer exports were down. Crude oil production was down, but refinery throughput was a little higher (see Figure 6). More recent export data, and data for Guyana, Suriname and Haiti, CARICOM's other major exporters, are not yet available.



months. The Central Bank of Barbados estimated a 1.4 percent increase in tourism value added for the first nine months⁴. The Caribbean Tourism Organisation reported increases in tourist arrivals in excess of five percent for Antigua and Barbuda (to September), Jamaica (to August) and St Lucia (to September). There was a small decline in arrivals in Belize, to August. Up to mid-2008 there was no sign of a contraction in Caribbean exports. In Jamaica exports in the

1: IMF, *World Economic Outlook October 2008*, www.imf.org.

2: CBTT, *Monetary Policy Report October 2008*, www.central-bank.org.tt

3: Central Bank of Barbados, "Review of the economy for the first nine month of 2008," www.centralbank.org.bb

4: Central Bank of The Bahamas, "Monthly economic and financial developments, September 2008," November 6, 2008,

THE 40th ANNUAL MONETARY STUDIES CONFERENCE

The 40th Annual Monetary Conference, co-hosted by the Caribbean Centre for Money and Finance and the Eastern Caribbean Central Bank, was held over the period 11-14th November 2008 at the Sir Cecil Jacobs Auditorium of the ECCB in St. Kitts. The conference is the oldest and best established academic conference of economists in the Caribbean. The theme of this year's conference was "*Economic Transformation in a Post-Independent Caribbean: What can we learn from Sir Arthur Lewis*". Challenges confronting the region were covered within the following subthemes:

- Banking, Finance and Regulation
- Economic Growth Dynamics in the Caribbean
- Foreign Exchange Market and Interest Parity
- Regional Integration
- Inflation and Economic Management
- Globalization, Trade and Sustainability of the External Accounts
- Agricultural Development and Developmental Issues
- Fiscal Challenges and Debt Management in Small

Open Developing Countries

- The Dynamics of Monetary Policy in the Caribbean
- Capital Technology and Econometric Transformation
- Socio Economic Challenges in the Caribbean

A total of forty (40) papers were presented from amongst eighty (80) attendees.



23rd ALDITH BROWN MEMORIAL LECTURE



**Professor Vaughn Lewis
delivering the
23rd Aldith Brown Memorial Lecture**

A highlight of each year's monetary studies conference is the Aldith Brown memorial lecture. This year the 23rd lecture was delivered by Professor Vaughn Lewis. Professor Lewis is a former Prime Minister of St. Lucia and founding Director General of the OECS. Professor Lewis offered a novel perspective on the

"Changing Contours of Caribbean Regionalism: Their Implications", noting that the bargain that was made at Chaguaramas when the CARICOM treaty was signed involved a regional industrialization policy with a special regime for the LDC's. However, because of the protracted contraction of their economies in the 1980s, Guyana, Jamaica and Trinidad and Tobago were unable to fulfill their aspirations to invest in more sophisticated industry thereby creating a market for light manufacturing from LDC's. If progress is to be made with the implementation of the CSME, a new bargain must be struck with specific benefits to motivate full and enthusiastic participation by OECS countries.

CCMF ACTIVITIES FOR THE PERIOD OCTOBER– NOVEMBER 2008

The CCMF prepared a presentation on the consequences for the Caribbean of the current international financial crisis for a meeting of the Bureau of the Heads of Government of Caricom on November 22. CCMF staff attended the meeting of Governors of central banks of Caricom on October 31 and presented reports on economic performance in the Caribbean Community and on the implications for the Caribbean of the current interna-

tional financial crisis. Anthony Birchwood made a presentation to the high-level regional workshop on "Harmonized tax System in CARICOM", sponsored by the Caricom Secretariat, on November 3-4. The Executive Director of the Centre acted as moderator for a panel of the economic consultation of government and the private sector in Barbados on October 29.

ANNOUNCEMENTS:

• NEW RESEARCH FELLOW



Tracy Polius is a Research Fellow at the Caribbean Centre for Money and Finance. She has conducted significant research on the financial sector in the Caribbean. Ms. Polius has published regionally and internationally in the areas of banking, reserve pooling and financial sector stabil-

ity. She has presented research papers at various conferences and workshops including the International Symposium on Forecasting and ECCB Annual Development Conference. Ms. Polius is a former Economist of the Eastern Caribbean Central Bank (ECCB) and former Director of Economic Affairs of the Ministry of Finance; Saint Lucia. She has also worked as a consultant, executing research on behalf of the United Nations Development Programme (UNDP)-OECS and Barbados. Ms. Polius is a graduate of the University of the West Indies, Saint Augustine (M.Sc. Economics)..

• THE JUNE 2008 JBFEEE

The volume 3, number one issue of the Journal of Business, Finance and Economics in Emerging Economies is out. This issue was dedicated to Sustainable and Environmental Economics and produced by the Sustainable Economic Development Unit (SEDU) at the Economics Department. The papers covered a range of areas in the field, including sustainable development, environmental issues, human development issues, and marine life.

Papers are available online at <http://www.ccmfuwi.org/?q=journal>

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**HAPPY HOLIDAYS FROM
THE CCMF STAFF**

