



CCMF CONFERENCES & SEMINARS FOCUS ON THE IMPLICATIONS OF THE GLOBAL ECONOMIC CRISIS	Pg 1
THE IMPORTANCE OF THE SUMMIT OF THE AMERICAS	Pg 2
REGIONAL NEWS SUMMARY	Pg 2
GOVERNMENT BUDGETS IN THE CONTEXT OF THE GLOBAL CRISIS	Pg 4

CCMF CONFERENCES & SEMINARS FOCUS ON THE IMPLICATIONS OF THE GLOBAL ECONOMIC CRISIS

The CCMF is organising two international conferences and a regional policy seminar to address the consequences for the Caribbean and similar open economies of the global economic crisis. They are the third Biennial International Conference on Business, Banking and Finance (BBF3) at St. Augustine, Trinidad, May 27-29; a policy seminar for senior business and public sector executives in Kingston, Jamaica, September 4; and the forty-first Caribbean Annual Monetary Studies Conference (AMSC), Georgetown, Guyana, November 10-13.



Ms. Catherine Kumar
Trinidad & Tobago
Bankers' Association

The general theme of BBF3, which is aimed at business executives, scholars, policy makers and professionals in business, finance and related fields, is "Financial services in emerging economies: surviving the global meltdown". The conference includes panel discussions on financial conglomerates, financial rescue packages and business strategies to deal with turbulent world markets.



Mr. Ron Allenby
Bank of Canada

Panelists include Mr. Eric Vincent Guichard (GRAVITAS Capital Advisors), Mr. Ron Allenby (Bank of Canada), Mr. Mariano Browne (Ministry of Finance, Trinidad and Tobago), Ms. Catherine Kumar (Trinidad and Tobago Bankers' Association) Mr. David Dulal-Whiteway (Republic Bank) and Mr. Larry Howai (First Citizens Bank). Other presentations

at the conference will cover the causes of financial sector distress, linkages between the financial and real sectors, the management of risks, macroeconomic impacts of the global crisis, and the reform of financial regulation. BBF3 is organised jointly with the Department of Management Studies and SALISES, UWI, St Augustine.



Prof. Avinash Persaud
Member of the UN Special
Committee on the Global
Financial Crisis

The thirteenth Senior Level Policy Seminar (SLPS) is intended to assist CEOs and senior executives in the private and public sectors in designing "Strategies to cope with global uncertainty - choices for Caribbean business and finance". Featured speakers include Prof Avinash Persaud, member of the UN Special Committee on the Global Financial Crisis, whose views on "a better

model of banking regulation" are attracting international attention. His article "An economist's defense of responsible offshore centers in small states" was recently published in the *Financial Times* (March 6, 2009). A senior IMF official will make a featured presentation on the global crisis, the impact on the Caribbean, the response of the international financial institutions, and the ways in which the Caribbean may benefit from new initiatives. Other featured presenters and panelists include Mr. Suresh Sookoo (RBTT Financial), Dr. Andre Gordon (Technological Solutions Ltd, Jamaica), and three others. The seminar is hosted by the Bank of Jamaica, and takes place at the Seabed Conference Centre in Kingston.

The Annual Monetary Studies Conference is organised jointly with the Bank of Guyana, around the theme "Building financial sector resilience in the Caribbean". Economists are invited to submit proposal for papers related to this theme for inclusion in the programme of the conference, the Caribbean's premier conference of economists, by the deadline of August 7. Papers may deal with financial integration, contagion, commodity and financial market volatility, countercyclical fiscal

CCMF CONFERENCES & SEMINARS FOCUS ON THE IMPLICATIONS OF THE GLOBAL ECONOMIC CRISIS CON'TD

policy, financial intervention, financial stability, non-bank financial institutions, balance of payments aspects, finance and development, and similar issues. Further information on these events may be found at www.ccmf-uwi.org.



*40th Annual Monetary Studies Conference
Eastern Caribbean Central Bank,
St. Kitts*

THE IMPORTANCE OF THE SUMMIT OF THE AMERICAS.....

.....lies in the fact of the attendance and message of Mr. Barack Obama, President of the US. His predecessor's apparently dismissive attitude alienated America's friends as well as those who were angered and injured, politically, socially and economically, by the policies of successive American administrations. Mr. Obama seems determined to set America on a new path. America remains the world leader and its predominant power, politically and economically. Precisely because the President of the US is so powerful, Mr. Obama is determined to treat the leaders of all nations with courtesy and respect, as colleagues in the task of global governance.

Most of the rest of the world aspires to American lifestyles, and the freedom and civility which characterises American discourse at its best. Mr. Obama intends to take advantage of this, and invite world leaders to join America in devising and strengthening institutions and arrangements for helping all nations to realize our shared aspirations for material well being and sustainable human development in modern civilised societies. Effective leadership begins with engagement, which is

Mr. Obama's current mission, and a shared sense of purpose, which, by and large, already exists in the world.

Mr. Obama's deliberate and considered decision to attend the Summit of the Americas, which was announced early and from which he never wavered, may be seen in the context of the redefinition of America's place in the world, and the new strategy of engagement. The US President took the opportunity to welcome all Latin America and the Caribbean to the table for constructive dialogue on the way forward to achieve shared goals, with respect accorded for the dignity and opinions of all involved. Latin America and the Caribbean appreciates only too well the extent of its dependence on the US, particularly in the current economic crisis, and the region shares values and aspirations with the US to a greater degree than most other parts of the world. Mr. Obama means to reassert American leadership by engaging the Americas in constructive dialogue towards a plan of action in which all countries will have a stake. Precisely because of this, he has a chance of success, where his predecessors had none.

REGIONAL NEWS SUMMARY

CL FINANCIAL

A US\$80 million liquidity support fund has been set up for British-American Insurance in the Eastern Caribbean Currency Union (ECCU), with contributions of US\$50 million from the Government of Trinidad and Tobago's (GOTT) CARICOM Petroleum Fund, US\$5 million from the Government of Barbados, US\$10 million from the ECCU Governments, and US\$15 million from regional and international organizations (CNN 8 Apr). The GOTT will inject TT\$5 billion in CLICO and CLICO Investment Bank (CIB) (TE 24 Apr) while on February 22, CL Financial sold its 51 per cent interest in Clico Energy Co Ltd to Proman AG for US\$46.5 million. (TE 30 April). The Islamic Banking Service (Guyana), formed in 2001 and with assets of G\$40 million at the end of 2008, is a Clico Investment Bank subsidiary. (TE 14 Apr). In case of liquidation, the liabilities of CLICO (Guyana) will exceed its assets by between G\$8.1 billion and G\$11.9 billion (SN 15 Apr). In Bahamas, more than 100 employees of CLICO were officially terminated on Wednesday morning. (BN 17 Apr).

REGIONAL NEWS SUMMARY CON'TD

THE STANFORD GROUP

Clients of a Venezuelan bank owned by Stanford withdrew an estimated \$93 million, or 36.8 per cent of its deposits, before the government intervened on February 19. (BN 10 March) . The Standford Financial Group laid off more than 170 workers in Florida. (JG 11 March) -some 77 employees of the Stanford International Bank (SIBL) and Stanford Trust were sent home on Wednesday. (SN 10 Apr) . Stanford started his Caribbean financial career on the island of Montserrat in the mid-1980s and moved what became Stanford International Bank to Antigua in 1990, buying the nearly insolvent local Bank of Antigua. (CNN 12 Mar)

OTHER NEWS

- ◆ The Chinese company Bosai prepares to release 100 persons from its workforce in Linden, Guyana. (SN 3 Apr)
- ◆ Michael Le Chin is close to a deal to sell a company from his Caribbean investment portfolio, to help AIC Barbados Limited pay off an estimated US\$170 million in principal and interest on maturing promissory notes being held by Jamaican investors. (JG 1 Apr).
- ◆ Jamaica has been a recipient of US\$300 million of liquidity funds from international financial institutions. (JG 1 Apr)
- ◆ Alpart will pay out US\$25 million (J\$2.2 billion) to some 900 to 1,000 bauxite workers whose jobs are being cut.
- ◆ The Jamaican finance ministry's latest operational report indicates a \$3.5 billion shortfall in budgeted bauxite levy receipts at the end of February. Inflows totaled \$4.3 billion, though finance had expected to collect as much as \$7.8 billion. (JG 3 Apr)
- ◆ Kingston container Terminal (KCT) whose domestic cargo accounts for 10 per cent of its business, recorded a drop of 39 per cent, January 2009, compared with January 2008, and a reduction of 35 per cent when February 2009 is compared with the same month in 2008. (JG 7 Apr)
- ◆ The Jamaica Conference Board's index of consumer sentiment fell in the first three months of this year, reaching 96 points from 125.7 in the previous quarter and 142.4 in the first quarter of 2008. (JG 8 Apr)
- ◆ A company official says work has started on an aluminium smelter in south-western Trinidad after a US\$400 million loan was secured from China's Export and Import Bank. The smelter is expected to be finished in roughly 22 months by 1,500 Chinese labourers. (JG 8 Apr)
- ◆ The J\$548-billion spending package that Finance Minister Audley Shaw tabled in House of Representatives is nominally J\$48 billion, or eight per cent more than the J\$508 billion that was the revised figure for the 2008/2009 Budget. (JG 8 Apr)
- ◆ The Jamaican economy shrank by 0.6 per cent in the last fiscal year. Real gross domestic product (GDP) growth for the current fiscal year is forecast at between negative 2.5 and 3.5 per cent. Visitor arrivals were up by two per cent over the period December 15, 2008 to April 21, 2009. (JG 24 Apr)
- ◆ First Citizens (FC) of Trinidad and Tobago reduced its prime lending rate from 13 per cent to 12.75 per cent effective April 6. (TG 3 Apr)
- ◆ Neal & Massy wood Group Limited (NMWG) yesterday confirmed that it retrenched 60 employees over the first three months of the year. (TG 3 Apr)
- ◆ The regional furniture retailer, Courts, released 15 workers in St. Lucia, while the Courts branch in Antigua cut seven staff. (TG 10 Apr)
- ◆ Peake Industries Limited, which manufactures air-conditioning units, has laid off 104 employees. The workers were sent home on March 13. (TG 15 Apr)
- ◆ The Central Bank of Trinidad and Tobago yesterday cut its 'repo' rate by 50 basis points. (TG 27 Apr)
- ◆ One hundred and nineteen steel workers received retrenchment letters from Point Lisas-based steel giant Arcelor Mittal Steel yesterday. (TE 7 Apr). The LN Mittal group has announced plans to pull out of a project it was developing with India's state-owned ONGC to explore for oil and gas off Trinidad's north coast. (TE 10 Apr)
- ◆ Today, Sagicor said it had retrenched 18 people in Barbados, 14 in the United States, and 10 in Jamaica, in an initial group of 42. However, the financial services company headquartered in Barbados said another 65 people in Jamaica and Cayman would be cut. (BN 26 Mar)
- ◆ Jamaica-based West Indies Alumina Co., whose majority shareholder is United Company RUSAL of Russia, has suspended bauxite mining. Windalco employs 1,119 people and produces 1.2 million tonnes of alumina annually. About 850 workers would be affected by the suspension, but the company has decided to keep them on the payroll working reduced hours on reduced pay. (CNN 2 Apr)
- ◆ The Caribbean Development Bank (CDB) is expected to provide US\$4.2 billion as part of a US\$90 billion support package over the next two years for Caribbean and Latin American countries. The IDB/IIC is expected to provide \$29.5 billion of the total and the World Bank Group \$35.6 billion. CAF is to contribute

REGIONAL NEWS SUMMARY CON'TD

\$20 billion, while CABEI is to provide \$500 million. (CNN 28 Apr)

- ◆ The weighted average selling rate of the Jamaica Dollar depreciated vis-a-vis the United States (US) dollar by approximately 20.0 per cent for the fiscal year. (CNN 27 Apr)
- ◆ The Government of Jamaica has successfully negotiated a total of US\$951 million in credit from the World Bank, the

Inter-American Development Bank (IDB) and the Caribbean Development Bank. (CNN 28 Apr)

Note: BN: Barbados Nation, JG: Jamaica Gleaner, SN: Strabroek News, TE: Trinidad Express, TG: Trinidad Guardian

GOVERNMENT BUDGETS IN THE CONTEXT OF THE GLOBAL FINANCIAL CRISIS

Ministers of Finance in Jamaica and St. Lucia delivered annual budget presentations on April 23 and April 24, respectively. Both presentations highlighted home grown responses to the implications of the global economic crisis, including the following:

- ◆ Adjustments to the income tax system including an increase in the personal income tax threshold aimed at providing relief to low income earners and increasing equity in the tax system.
- ◆ Announcement of measures aimed at increasing the revenue intake for central government such as increasing the taxes on fuel and broadening the General Consumption tax base in Jamaica. Revenue measures in St. Lucia include the implementation of a full pass through pricing mechanism for fuel and increase in taxes on cigarettes and alcohol. Both countries also spoke about the implementation of a tax amnesty.
- ◆ Implementation of tax reform, including the implementation of a value added tax in Saint Lucia after April 2010 and the establishment of a Large Taxpayer Office, a Forensic Data Mining Intelligence Unit, a Central Treasury Management System and a Public Account-

ability Inspectorate in Jamaica.

- ◆ Expenditure restraint measures include capping of the size of the public service in Saint Lucia and a 10 percent salary cut for parliamentarians in Jamaica.
- ◆ Social assistance measures include an increase in pension payments and review of the Public Assistance Programme in Saint Lucia and an expansion in the assistance programme for persons below the poverty line and the Constituency Development Fund in Jamaica.

Both Governments announced significant capital expenditure which will be financed largely through borrowing. In the case of Jamaica, 86.3 percent of the borrowing requirement (Ja\$215.8b) will take place on the domestic market. For Saint Lucia, 54.8 percent of the borrowing requirement (EC\$265.9m) will be raised on the Regional Government Securities Market (RGSM) and the rest will come from multilateral sources such as the CDB and World Bank.

STAFF OF THE CARIBBEAN CENTRE FOR MONEY AND FINANCE

Executive Director :

Dr. Delisle Worrell

662-2002 ext 2550

DeLisle.Worrell@sta.uwi.edu

Research Fellow :

Mr. Dave Seerattan

662-2002 ext 2552

Dave.Seerattan@sta.uwi.edu

Research Fellow :

Mr. Anthony Birchwood

662-2002 ext 2545

Anthony.Birchwood@sta.uwi.edu

Research Fellow :

Ms. Tracy Polius

662-2002 ext 2547

Tracy.Polius@sta.uwi.edu

Junior Research Fellow:

Ms. Julia Jhinkoo

662-2002 ext 2546

Julia.Jhinkoo@sta.uwi.edu



**CARIBBEAN CENTRE
FOR MONEY & FINANCE**

The University of the West Indies

St. Augustine

Trinidad and Tobago

Phone: 868-645-1174

Fax: 868-645-6017

E-mail: ccmf@sta.uwi.edu

Website : www.ccmf-uwi.org.