

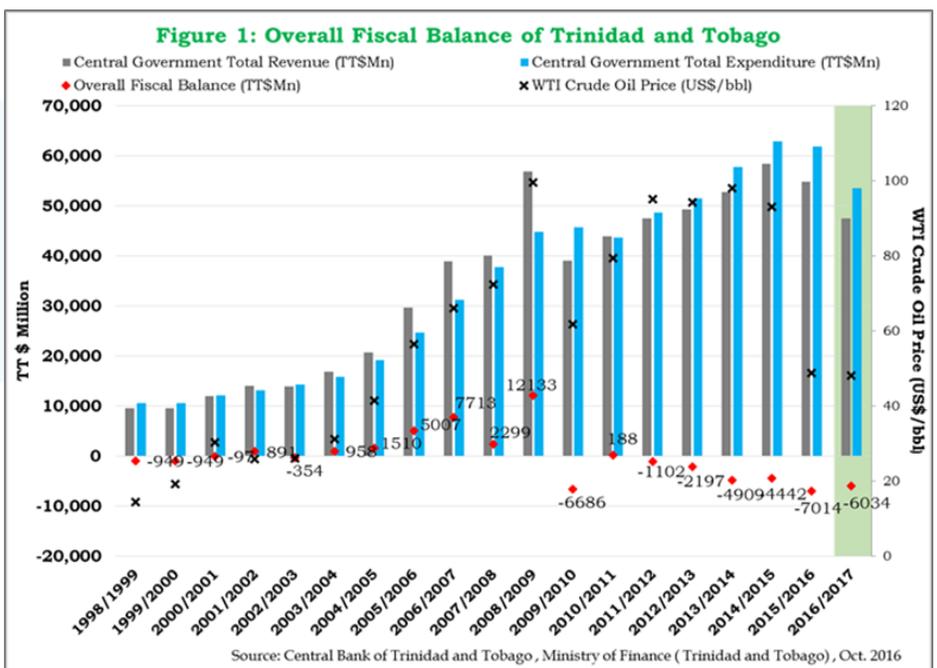


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TRINIDAD AND TOBAGO'S FISCAL ADJUSTMENT PATH 2016/2017 AND BEYOND

Many resource-rich economies of the world are currently faced with a fiscal adjustment dilemma stemming from the persistent fall in commodity prices. Countries such as Saudi Arabia, Angola, Republic of Congo, Ecuador, Kuwait, Kazakhstan, Iran, Venezuela and Yemen have had to undertake drastic fiscal adjustments because they did not build enough buffers into their economic and fiscal policies to withstand large and persistent declines in commodity prices. In most cases, the economic rents accruing to their budgets were significantly reduced and fiscal tightening was inevitable.

In the Caribbean region, economies such as Guyana, Suriname, Belize and Trinidad and Tobago have had to implement fiscal adjustment programmes in the year 2015/2016 due to lower commodity prices. In Trinidad and Tobago, the fiscal adjustments that occurred in 2015 were not that drastic compared to those taken by Suriname and Belize. In the Trinidad and Tobago budget for financial year 2016/2017, however, continuing low oil prices and a more difficult economic environment generally, meant that there was need for more stringent fiscal adjustments to help stabilize the financial position of the government.



Since the onset of the sharp decline in oil prices in 2015, this country's economic performance has deteriorated significantly (Figure 1 and Table 1). These developments highlight one of the main weaknesses of the fiscal policy strategy of Trinidad and Tobago, that is, its fiscal policy has been strongly pro-cyclical. Huge imbalances would have therefore built up in the fiscal accounts when oil prices were high and now the inevitable fiscal consolidat-

Table 1: Selected Economic Indicators of Trinidad and Tobago

	2012	2013	2014	2015	Projections 2016	Projections 2017
Real GDP (Annual Per cent changes)	1.3	2.3	-1.0	-1.8	-2.3	2.3
Energy GDP (Annual Per cent changes)	-2.8	1.3	-2.4	-4.9	-7.1	6.5
Non-Energy GDP (Annual Per cent Change)	3.9	2.8	-0.2	-0.6	-0.4	0.1
Unemployment Rate (%)	4.9	3.7	3.3	3.6	-	-
Inflation Rate (%)	7.2	5.7	8.5	1.5	4.6	4.7
Public Sector Debt (% of GDP)	41.1	41.0	41.9	47.2	48.4	58.5
Gross Official Reserves (US\$m)	9,515	10,411	11,317	9,788	9,194	8,347

Source: Economic Bulletin, Central Bank of Trinidad and Tobago (July 2016) and IMF Article IV Consultation Report (June 2016)

TRINIDAD AND TOBAGO'S FISCAL ADJUSTMENT PATH 2016/2017 AND BEYOND cont'd

ing has to be implemented in depressed economic conditions which could accentuate the economic downturn if not handled carefully.

The budget proposed by the Government of Trinidad and Tobago (GoTT) for the fiscal year 2016/2017¹ is therefore one that is aimed at consolidating the fiscal accounts and balancing the budget over the medium term while trying to facilitate growth. This is a difficult challenge since the fiscal accounts of Trinidad and Tobago have been deteriorating since 2009/2010 (Figure 1), with one of the main source of revenues being "one-off²" measures which are not sustainable. In December 2015, the Trinidad and Tobago economy was officially declared to be in a recession and the GoTT mid-year budget review presented in April 2016 represented the Government's first step in confronting the imbalances in the government accounts. The budget proposal for the fiscal year 2016/2017 represents a second important step towards fiscal adjustment in a recessionary environment. The fiscal adjustments proposed for the year 2016/2017 were primarily based on measures to generate more revenue from improved methods of tax collection, an increase in existing taxes and the introduction of new taxes, as well as scaling back of expenditure in areas such as subsidies and limiting access to education grants (Box 1).

Box 1: Summary of Trinidad and Tobago's Budget Statement for 2016/2017

Revenue measures:

Revenue Authority: The establishment of the Revenue Authority in the financial year 2017 will allow greater transfer of information between the Board of Inland Revenue and the Customs and Excise Department which is needed to reduce the incidence of tax evasion. The new institution will also allow for tax administration to be supervised by an independent board, which will be responsible for introducing high quality and accountable management. It is estimated that the first year revenue effect of the Revenue Authority to be in excess of \$100 million, rising exponentially thereafter.

Transfer Pricing: It has been estimated that since 2011 Trinidad and Tobago has lost at least US\$1.4 billion per annum in reduced benefits from diversions of natural gas sales to higher priced markets through unbalanced off-taking contracts. To reduce this tax leakage, the GoTT engaged the Inter-American Centre of Tax Administrations to assist in developing a policy and legislation to govern transfer pricing. Pending comprehensive legislation, the GoTT will engage a transfer pricing consultancy to help in formulating a commercial structure of arms' length pricing that will advise the Government's position in upcoming negotiations with Atlantic LNG.

Property Tax: Property Tax collections will be fully implemented in 2017 based on The Property Tax Act 2009, with minor amendments to the Valuation of Land Act. It should be noted that the legislation provides for exemptions to homeowners on the basis of inability to pay. New tax invoices will be issued in 2017, subsequent to the completion of the valuation roll prepared by the Commissioner of Valuations and the assessment roll prepared by the Inland Revenue Division.

Gaming: The Gambling (Gaming and Betting) Control Bill is to be debated in parliament. This legislation will bring all forms of betting and gaming activities under a comprehensive, robust and stringent regulatory framework. Importantly, the legislation will meet not only the global standards required by the Financial Action Task Force (FATF) and the Caribbean Financial Action Task Force (CFATF) but will also contribute over time to a buoyant public revenues base.

Alcohol and Tobacco: To curb the consumption of alcohol and tobacco the following taxes are proposed:

- Increase with effect from October 20, 2016 the excise duty on locally-manufactured tobacco products by 15 per cent as well as on alcoholic products by 20 per cent. The estimated revenue yield from this measure is \$60 million;
- With effect from October 20 2016, customs duty on imported tobacco and alcoholic products from the Common Market Origin will also be increased by 15 per cent and 20 per cent respectively;

The customs duty payable on alcoholic beverages and tobacco products imported into Trinidad and Tobago from extra-regional sources will also be adjusted to receive equal treatment to that of the common market. The estimated yield from this measure is a further \$60 million.

New Tax Bracket for High Income Individuals and Companies: The introduction of a new tax bracket of 30 per cent on high-income individuals whose chargeable income exceeds \$1 million per annum and on companies with chargeable profits also in excess of \$1 million per annum. This measure will be introduced on January 1, 2017. This measure is expected to generate from high-income individuals and businesses, an additional \$560 million in tax revenue.

Tax on On-line Purchases: To impose with effect from October 20, 2016, a seven per cent charge on purchases that arrive in Trinidad and Tobago through the courier companies or are brought in directly by individuals via air freight. This measure will generate approximately \$70 million in additional revenue. The tax will be due and payable at the bonded warehouses before clearance of goods or directly to customs in the same way that VAT and customs duty are currently collected.

Sale of Assets: To support the national budget in 2016/2017 the disposal of the following assets is proposed:

An offer for sale will be made by the National Gas Company of Trinidad and Tobago Limited of its residual 51 per cent shareholding in Trinidad and

- Tobago NGL Limited (TTNGL). This measure is expected to generate \$1.5 billion.
- An offer for sale will be made by the GoTT of an additional 20 per cent of its shareholding in First Citizens Holdings Limited, the majority owner of First Citizens. This measure is expected to generate \$1.5 billion.

TRINIDAD AND TOBAGO'S FISCAL ADJUSTMENT PATH 2016/2017 AND BEYOND cont'd

Box 1: Summary of Trinidad and Tobago's Budget Statement for 2016/2017 (continued)

- An offer for sale through competitive processes for 50 per cent of the industrial estates now under the remit of Evolving Technologies and Enterprise Development Company Limited (eTecK). This measure is expected to generate \$500 million.
- The sale of 20 per cent of Trinidad Generation Unlimited (TGU) to institutional investors, such as the National Insurance Board (NIB) and the Trinidad and Tobago Unit Trust Corporation. This measure is expected to generate \$600 million.

The Government also intends to pursue in 2017 the partial divestment of Lake Asphalt to an International Strategic Partner, who can successfully market our natural asphalt and diversify Lake Asphalt's product line. This will increase production volumes, monetise the product and increase employment, especially in the La Brea area, which is in urgent need of development.

Expenditure reduction based measures :

Fuel Subsidy: The GoTT continues its incremental removal of the fuel subsidy, with an increase in the price of diesel by 15 per cent. Accordingly, the new price of diesel fuel will now be \$2.30 per litre, up from \$1.98 per litre. This measure will take effect immediately.

GATE funding restrictions:

GATE funding to be reduced and a means test introduced.

For students from households earning under \$10,000 per month, 100% funding

For students from households earning \$10,000 - \$30,000 per month, 75% funding

For students from households earning over \$30,000 per month, 50% funding

No funding will be provided to students pursuing medical studies in St. George's University; persons over 50; persons pursuing additional undergraduate or post graduate degrees

Funding will only be provided to accredited institutions

Students pursuing postgraduate degrees that are aligned with the country's development needs will be funded

These GATE funding restrictions are expected to save \$150 million by 2018.

The fiscal deficit of the 2016/2017 budget of Trinidad and Tobago is to be financed by a draw down in its Heritage and Stabilization Fund, borrowings and the sale of assets.

Source: Ministry of Finance (October 2016)

The GoTT proposed measures to reduce government's expenditure in the short-term include a continued reduction in the fuel subsidy and in the long-term via the rationalisation of the GATE programme. There seems, however to be a very deliberate attempt by the GoTT not to make any drastic cuts in expenditure in the fiscal year 2016/2017. The GoTT is being cautious in its expenditure reduction measures since any sharp reduction in expenditure may further depress economic growth. Moreover, in their attempt to maintain and encourage economic growth and enhance the non-oil productive capacity of Trinidad and Tobago's economy, the following measures were proposed to be implemented in the fiscal year 2016/2017:

- ◆ **Agro-Processing Tax Relief:** All approved agro-processing operations will now be tax free. A certification process will be developed at the Ministry of Agriculture, Land and Fisheries to ensure that only qualified applicants benefit from this tax relief. The qualifying criteria will be that at least 75 per cent of the processing of agricultural products must be done in Trinidad and Tobago and 75 per cent of the ingredients must be produced or harvested locally.

This measure will be implemented in the second quarter of fiscal year 2017.

- ◆ **Value Added Taxes (VAT) removal from Yachting Repairs:** To promote growth in the maritime industry, VAT will be removed from yacht repairs for yacht owners. This is in keeping with international best practice. This measure will take effect in the first quarter of 2017.
- ◆ **Public-Private Partnership (PPP) Business Tax relief:** Over the next four years, utilising a public-private partnership approach, the Government will provide 50 per cent tax relief and other appropriate fiscal incentives to businesses which can mobilise private sector funding to provide public infrastructure and/or public facilities, amenities and services. Projects that increase productivity and create meaningful employment will also be considered for inclusion. The Government would provide a proper Clearing House to evaluate such proposals. This measure will be implemented in the first half of 2017.
- ◆ **Entrepreneurial Talent Grant:** Utilising a national talent search methodology, and a national

TRINIDAD AND TOBAGO'S FISCAL ADJUSTMENT PATH 2016/2017 AND BEYOND cont'd

competition, citizens will be invited and encouraged to present innovative business ideas for evaluation by a panel of accomplished businessmen and entrepreneurs. The top five projects annually will receive a \$1 million grant to facilitate the development and implementation of their business concepts.

How effective these measure will be at stimulating economic growth and diversification of the economy of Trinidad and Tobago is yet to be seen.

The advice given by the IMF in June 2016 to Trinidad and Tobago was to quickly develop and announce, a comprehensive multi-year fiscal adjustment package given the need for sizable and sustained fiscal adjustments. Trinidad and Tobago currently has buffers in place to curb the negative effects of the fiscal adjustments needed for this fiscal year. The ability of these buffers to cushion against any large or persistent shocks to the Trinidad and Tobago economy beyond 2017 is however questionable. In the future, more significant steps in this fiscal adjustment path may have to be taken. The pace and size of the fiscal adjustments will depend on: the magnitude of the oil price decline,

the rate at which the oil price decline occurs, the growth rate of the non-energy sector of the economy and the level of reserves available to act as buffers to finance any fiscal deficits. The main challenge then for Trinidad and Tobago is to adopt a fiscal consolidation plan that will take into account the need for economic stabilization while at the same time trying to foster growth, especially in the non-oil sector.

1: On 30th September, 2016, the Ministry of Finance, the Honourable Mr. Colm Imbert delivered the 2016/2017 Budget Statement for Trinidad and Tobago.

2: Asset sales, combined with an early loan repayment by a state-owned enterprise, provided TT\$4.8 billion in financing, which was almost two-thirds of total deficit funding requirements for the fiscal year 2014/2015. The stock of arrears (especially for VAT refunds), estimated in the 2016 budget statement at TT\$5 billion, was also used to help with financing difficulties in 2015/2016 (Source: IMF Article IV Consultation Report , June 2016).

By:
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GLOBAL COMPETIVENESS REPORT 2016-2017: THE CARICOM RANKING

The World Economic Forum Global Competiveness Index is the most comprehensive benchmark of national competitiveness of economies worldwide. This year's index comprised 98 per cent of the global economy. Only three CARICOM countries were included in the 2016-2017 index compared to previous indices as a result of data shortages. Barbados led the Latin America and Caribbean region in the areas of infrastructure, labour market efficiency and technology readiness (Figure 2).

Barbados, with a rank of 72, topped the three CARICOM economies. Due to data shortages, the island had not been included in the 2015-2016 index but it has dropped several places since its rank of 55 out of 144 economies in the 2014-2015 index. The top five problem areas for Barbados for doing business were poor work ethic, inefficient government

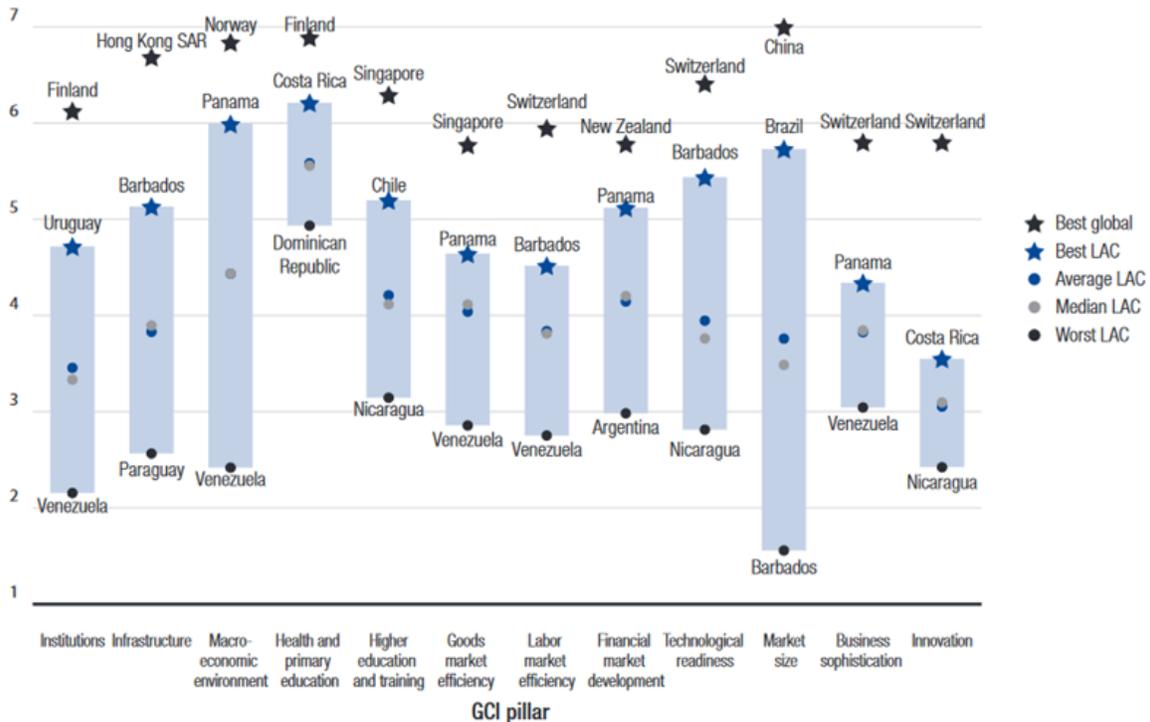
bureaucracy, tax rates, restrictive labour regulations and access to financing.

Trinidad & Tobago's ranking also fell from 89 out of 140 economies in 2015-2016 to 94 out of 138 in 2016-2017. The top five problem areas for Trinidad & Tobago for doing business were poor work ethic, corruption, inefficient government bureaucracy, crime and theft and foreign currency regulations.

Jamaica saw improvement in the index, moving to 75 out of 138 in 2016-2017 from 86 out of 140 in 2015-2016. The top five problem areas for Jamaica for doing business were crime and theft, inefficient government bureaucracy, tax rates, corruption and poor work ethic.

GLOBAL COMPETITIVENESS REPORT 2016-2017: THE CARICOM RANKING cont'd

Figure 2: Global Competitiveness Index Score range across the 12 pillars in Latin America and the Caribbean, 2016-2017 (Score 1-7)



Source: The Global Competitiveness Report 2016-2017, World Economic Forum

REGIONAL ECONOMIC NEWS

Aruba

- The Aruba Tourism Authority and the Curacao Ports Authority signed a cooperative two-year agreement with a focus on cruise tourism and a common goal to generate economic activity and prosperity for both destinations through a collaborative partnership. (Curacao Chronicle, 21 September, 2016)
- Citgo Petroleum, aiming to start a \$685 million renovation project to revive Aruba's idled refinery, has asked its cash-strapped parent company PDVSA to provide initial funding of \$100 million, according to an internal document seen by Reuters. The importance of Aruba as a facility to be used by PDVSA and its subsidiaries has increased in recent weeks since the parent company could be forced out of neighbouring Curacao, where it currently operates the 335,000-barrel-per-day Isla refinery and a storage and blending terminal. (Reuters, 20 September, 2016)

The Bahamas

- A Bahamian-owned cargo airline service known as Junkanoo Air is expected to boost economic growth by increasing the

circulation of goods throughout The Bahamas and surrounding regions. The airline, as of August 30th 2016, provides air cargo transport services between the U.S (primarily South Florida), The Bahamas and surrounding countries (including Turks and Caicos, Haiti and Cuba). (TheNassauGuardian, 8 September, 2016)

The Bahamas has rejected outright an attack by UK publication The Economist, which claims The Bahamas' choice to implement automatic exchange of information (AEOI) through bilateral agreements is an intentional "go-slow approach" based on "fabricated confidentiality concerns" designed to allow The Bahamas to "share data with as few countries as possible". The scathing article seeks to eviscerate The Bahamas on its position with respect to AEOI, and doubles down on the disputed assertion that The Bahamas is "a tax haven of long standing". (CNNNow, 14 September, 2016)

The Bahamas has been elected chair of the Caribbean Tourism Organization. (TheNassauGuardian, 16

REGIONAL ECONOMIC NEWS cont'd

September, 2016)

- New revelations published by the International Consortium of Investigative Journalists (ICIJ), the German newspaper Süddeutsche Zeitung and news organizations from Europe, South America, Asia and Africa reveal fresh information about offshore companies in The Bahamas. Alongside detailed reporting, ICIJ, Süddeutsche Zeitung and other media partners are making details from The Bahamas corporate registry available to the public. This creates, for the first time, a free, online and publicly-searchable database of offshore companies set up in the island nation that has sometimes been called "The Switzerland of the West." (CNNNow, 22 September, 2016)
- The European Commission is considering action against a former top official following revelations of an undeclared link to an offshore company in The Bahamas. The Commission's announcement is among a number of global reactions to the Bahamas Leaks, the latest massive leak of corporate data by the International Consortium of Investigative Journalists (ICIJ), Süddeutsche Zeitung and media partners that reveals new details about politicians, fraudsters and corporate giants. (CNNNow, 23 September, 2016)
- As The Bahamas moves to adopt the Common Reporting Standard (CRS), the international community will be watching, warned Brian Moree, senior partner at McKinney Bancroft & Hughes, this week. The Bahamas has committed to implementing CRS by December 2018, as mandated by the Organisation for Economic Cooperation & Development. Moree spoke of the various stages that adopting the legislation would entail, including incorporating it into domestic law, creating an administrative and IT framework and safeguarding data. (TheBahamasInvestor, 23 September, 2016)

Barbados

- The budgeting process is set to greatly improve in Barbados as a result of Economic Commission for Latin America and the Caribbean training for public finance managers on public expenditure reviews, according to Seibert Frederick, permanent secretary in the Barbados Ministry of Economic Affairs. (CNNNow, 6 September, 2016)
- The Financial Stewards of a \$117 million fund based here are crying out for "suitable" investment opportunities in Barbados and the region. Fortress Fund Managers, a firm which manages several portfolios, including the Caribbean High Interest Fund, said that facility was holding on to its cash largely because there were insufficient investment options in regional government securities and Barbados corporate bonds. In a report covering the second quarter ended June 30, Fortress said: "Low global interest rates and credit stress among Caribbean governments continued to limit the fund's return in the second quarter. "We remain conservatively positioned especially with respect to Caribbean government debt, focusing squarely on capital preservation." (NationNews, 10 September, 2016)
- Chief executive officer of the Barbados Tourism Marketing Inc, William "Billy" Griffith, delivered the news of high tourism growth yesterday at the State Of The Industry Conference at Hilton Barbados Resort. Griffith said that preliminary figures for January to August showed the island's tourism continued to grow following last year's record-breaking 591 000 long-stay arrivals. (NationNews, 15 September, 2016)
- The Central Bank of Barbados launched a new publication on Friday focusing on how the economy and economic policies impact Barbadians. "In the past 50 years, the areas in which we as a nation have thrived are the areas where there has been exceptional performance and a sustained commitment to achieving and maintaining the highest standards. Our first edition of Economic Insight.bb shines a spotlight on Barbadians and Barbadian institutions that are world class," said CBB Governor, Dr DeLisle Worrell. (The Gleaner, 18 September, 2016)
- Government and the private sector are challenging information contained in the World Bank report on the ease of doing business in Barbados. The Prime Minister said while it was agreed that "not all the information contained in the report about Barbados would satisfy the most elastic definition of accurate, we did agree that the perception created by what is contained in the report could influence people who want to do business in Barbados, and therefore we had to treat perception as reality. Therefore, those issues that were within our competence to correct, we had to correct them." One area of concern, Stuart said, was that there was no response from the World Bank when information contained in the report was challenged in writing, which led him to question the source of the published information. (NationNews, 20 September, 2016)
- President of the Barbados-based Caribbean Development Bank, Dr Warren Smith, is warning the Barbados government that it needs to deal urgently with the island's worsening debt situation. (TTExpress, 21 September, 2016)
- S&P Global Ratings has lowered its long-term foreign and local currency sovereign ratings on Barbados to 'B-' from 'B'. The outlook is negative. The short-term ratings were affirmed at 'B'. S&P also downgraded its transfer and convertibility assessment for Barbados to 'B-' from 'B'. According to S&P, the government's financial profile has eroded over the last several years because of persistently high fiscal deficits, reflecting both budget slippage and unbudgeted spending. The Central Bank continues to directly finance the government, which the ratings agency considers at odds with its goal to defend Barbados' long-standing currency peg with the US dollar. (CNNNow, 26 September, 2016)
- Barbados international business minister, Donville Inniss, will not be "pulling any punches" at this week's Peer Review Group of the Global Forum of the Organisation for Economic Cooperation and Development in Paris. At that

REGIONAL ECONOMIC NEWS cont'd

meeting, Inniss and his team are expected to defend Barbados' position since being blacklisted by the European Union, along with several other Caribbean countries, for being an uncooperative tax jurisdiction. (CNNow, 26 September, 2016)

- A multi-million-dollar performing arts centre to be built on the Needham's Point Peninsula and a new control tower at the Grantley Adams International Airport are among major infrastructural and development projects being bank-rolled by China. (NationNews, 28 September, 2016)

Belize

- A team lead by the Economic Commission for Latin America and the Caribbean Sub-regional Headquarters for the Caribbean carried out a mission to hurricane-struck Belize, to provide support to the government in its effort to undertake comprehensive assessment of the impact of Hurricane Earl, which hit in early August 2016, and to assist in the formulation of recommendations for recovery and reconstruction. The team included experts from the Inter-American Development Bank, the United Nations Food and Agriculture Organisation, and the Pan-American Health Organization. (CNNow, 14 September, 2016)
- Preparing for any possibility of danger due to a scheduled demonstration, the United States Embassy in Belize issued a travel advisory for US nationals traveling to or through Belmopan on Monday. The embassy issued its warning in response to a peaceful demonstration, planned by the Belize National Teachers Union, which took place at the stairs of the National Assembly. (TheReporter, 22 September, 2016)
- On September 21, 2016 the Executive Board of the International Monetary Fund concluded the Article IV consultation with Belize. (The International Monetary Fund, 26 September, 2016)
- In its latest report on Belize published on Monday, the International Monetary Fund (IMF) has painted another bleak picture for Belize's economy and has urged GOB to increase the General Sales Tax (GST). The IMF published the report as a result of its Article IV Consultation with the country. Apart from increasing GST, the IMF has recommended that the government reduce the public wage bill, reform the pension plan for civil servants and strengthen public financial management. (BreakingNewsBelize, 27 September, 2016)
- The Central America Regional Security Initiative has given out over \$3 million to non-government organizations to support the US-funded projects that target regional security by providing assistance to people who are otherwise involved in organised crime. US Ambassador to Belize, Carlos Moreno explained during the handing-over on Tuesday that the projects are geared toward steering young people away from gang participation, violence and crime. The assistance is given through education, increase in job opportunities, and entrepreneurship. (TheReporter, 29 September, 2016)

Curacao and Sint Maarten

- According to the Quarterly Bulletin of the Centrale Bank van Curaçao en Sint Maarten, economic developments in the monetary union were uneven in the first quarter of 2016. Curaçao recorded a real GDP contraction, while Sint Maarten's economy expanded in real terms. (Curacao Chronicle, 9 September, 2016)
- Venezuelan state-owned oil company, Petróleos de Venezuela, SA (PDVSA), will not renew its lease with Curacao's government to operate the 325,000 b/d Isla refinery when the current lease expires on 31 December 2019, the energy ministry. But PDVSA expects that Isla refinery's new operator from 2019 onward will continue to refine, blend, store and ship Venezuelan-sourced crude to the company's export clients mainly in Asia. (CNNow, 21 September, 2016)

Eastern Caribbean Currency Union

- The Embassy of Brazil in Saint Lucia is preparing to host a major investment mission with numerous opportunities for business that will also strengthen ties between the giant South American nation and its tiny Caribbean neighbour. According to Ambassador Sergio Couri, the mission will comprise investors and parliamentarians bent on doing business with Saint Lucian entrepreneurs and other business persons, in a wide range of sectors. (CNNow, 7 September, 2016)
- Latin American investors are bent on boosting business ties in the Greater Caribbean, with companies in two major business capitals looking to forge new and better, stronger and deeper ties with their smaller hemispheric neighbours to the south. Hot on the heels of the announcement of a visit to Saint Lucia in November by a Brazilian investment mission interested in doing business in the Eastern Caribbean, Mexico says it too has plans to talk and do business with the wider Caribbean in November - but, in Mexico. (CNNow, 9 September, 2016)
- Antigua and Barbuda Prime Minister Gaston Browne has held talks with officials of the Barbados-based Caribbean Development Bank and the Jamaica National Building Society to discuss the region's efforts at addressing the withdrawal of correspondent banking services. The meeting also discussed the upcoming conference on de-risking to be held in Antigua and Barbuda in October. (TTEpress, 13 September, 2016)
- An International Monetary Fund (IMF) team led by Nicole Laframboise visited Grenada from September 7-14, 2016, to conduct discussions on the fifth review of Grenada's IMF-supported programme under the extended credit facility (ECF). The ECF arrangement was approved on June 26, 2014 for an amount of SDR 14.04 million (US\$19.64 million) or 120 per cent of Grenada's quota at the IMF at the time of the approval of the arrangement. The first, second, third and fourth reviews were completed on December 12, 2014,

REGIONAL ECONOMIC NEWS cont'd

- June 29 and November 25, 2015, and May 18, 2016, respectively. (CNNNow, 16 September, 2016)
- Prime Minister Dr Timothy Harris noted that, for the last 18 months, the government of St Kitts and Nevis has worked hard to redeem its citizenship by investment programme through its rebranding and vision approach, which focuses on providing service and maintaining relationships at the highest level: the 'platinum standard'. (CNNNow, 17 September, 2016)
 - Earlier this month, the government of Dominica signed agreements for three additional major developments under the citizenship by investment programme, which it said will "transform the economy." At a signing ceremony on Monday, September 5, 2016, agreements were signed with Bois Cotlette Development Inc. for the development of Bois Cotlette Estate in Soufriere; Ay Holdings Caribbean Ltd for Jungle Bay Resort in Morne Acouma, Soufriere and Oriental Developers Caribbean Ltd for the development of Silver Beach Resort and Spa in Picard, Portsmouth. (CNNNow, 19 September, 2016)
 - St. Lucia is moving to have the Trinidad-based Caribbean Airlines (CAL) as its national carrier, Prime Minister Allen Chastanet has said. Speaking at a news conference on the state-owned National Television Network on Monday night, Chastanet said that having CAL serve as the national carrier may be the best option for the island given the many issues facing air transport in the region. (TTEExpress, 20 September, 2016)
 - Prime Minister Dr Keith Mitchell has said that Grenada is prepared to provide the cash-strapped regional airline, LIAT, with a financial subsidy for it to service the island, but was not prepared to provide funds for the airline's operations. (TTEExpress, 21 September, 2016)
 - On its 33rd anniversary of independence on September 19, 2016, St Kitts and Nevis signed the instrument of ratification with Germany on assistance in civil and criminal tax matters through exchange of information. (CNNNow, 22 September, 2016)
 - The government of Dominica and the government of New Zealand expanded their cooperation in geothermal energy development with the signing of a NZ\$2.05 million (US\$1.5 million/EC\$4 million) partnership agreement to support the construction of a 7MW geothermal power plant in Dominica. Since 2014, the government of New Zealand has been providing the government of Dominica with technical assistance for the development of Dominica's geothermal resources. (CNNNow, 23 September, 2016)
 - The Barbados-based Caribbean Development Bank has urged the St. Lucia government to implement fiscal reform as it projects a concerned economic future based on current trends. The study of the island's current economic status requested by the three-month old United Workers Party administration showed that St. Lucia's debt to gross domestic product ratio stands at 75 per cent and the experts have advised government to act on recommendations made to reduce that ratio to 60 per cent by 2030. The report undertaken in conjunction with the Eastern Caribbean Central Bank points to an economic growth of 1.2 per cent for St. Lucia in 2015, with a preliminary forecast of a 1.1 per cent growth for 2016. (TTEExpress, 23 September, 2016)
 - Residents of Nevis will soon see tangible activity related to the geothermal development project on the island. Word of that development came from premier of Nevis and Minister of Finance in the Nevis Island Administration, Vance Amory, when he delivered an address at the Tenth Annual Consultation on the Economy hosted by the Ministry of Finance. The event was held on September 22, 2015. The theme was "A Revitalization of Skills Development and Entrepreneurship." (CNNNow, 24 September, 2016)
 - Gaston Browne, prime minister of Antigua and Barbuda, told the United Nations General Assembly that, along with climate change and lingering indebtedness, Caribbean islands face another existential threat from the withdrawal by global banks of correspondent banking relations to their financial institutions. In the global campaign against money-laundering and terrorist financing, very strict penalties have been imposed on banks by regulatory bodies in North America and Europe for any infringement of the stringent regulations. (CNNNow, 26 September, 2016)
 - Brazil would like to see the small islands of the Organisation of Eastern Caribbean States (OECS) region do more business with it - and the giant Latin American neighbour to the south is ready to open its doors and markets to its tiny northern businesses. The Brazilian embassy in Saint Lucia is bringing a 20- to 30-member high-powered business mission to Saint Lucia next month but, while it is aimed at businesses in the OECS capital, there are also plans for the mission to arrange for its members, accompanied by Brazilian parliamentarians, to visit other OECS territories in the near future. (CNNNow, 27 September, 2016)
 - Prime minister of St Kitts and Nevis and minister of finance, Dr Timothy Harris, said that although the Federation of St Kitts and Nevis is relatively small compared to other countries, it is poised to be among the best performing economies in the region, well above the standard. Speaking at the National Consultation on the Economy, Harris said, "For 2016, St Kitts and Nevis is projected again to be among the best performing countries in the Eastern Caribbean Currency Union and CARICOM member states." (CNNNow, 30 September, 2016)
- ### Guyana
- With announcement of the discovery of significant oil deposits in Guyana's waters, Guyana can anticipate a coming boom in this sector; but focus must be placed on the effective management of this non-renewable resource, while balancing that with Government's push towards a green economy. (Guyana Chronicle, 2 September 2016)

REGIONAL ECONOMIC NEWS cont'd

- Convinced that Guyana's tourism product has the potential to be a game-changer in the growth of the Guyana economy, Roraima Airways is in the process of investing some US\$3 million in staffing and infrastructure. This was disclosed by Chief Executive Officer, Captain Gerry Gouveia in a recent exclusive interview with Stabroek Business. (Stabroek News, 16 September 2016)
- The Guyana government has signed a debenture agreement with the National Insurance Scheme for an aggregated value of GUY\$5.6 billion (One Guyana dollar=US\$0.004 cents) that will benefit more than 170,000 people affected by the collapse of the Trinidad-based insurance conglomerate, CLICO. The agreement will allow for the government to replace the billions of dollars the estimated 180,000 policyholders who invested in the Colonial Life Insurance Company that went bankrupt in 2009. (TTEExpress, 17 September, 2016)
- The key Memorandum of Understanding between the governments of Guyana and Trinidad and Tobago under which the latter will provide various forms of support to the oil and gas sector in Guyana is likely to be signed before the end of this year, Natural Resources Minister Raphael Trotman said. (Stabroek News, 23 September 2016)
- An increase in debt is what Government will be harvesting from the Guyana Sugar Corporation (GuySuCo) although it ploughed a whopping \$21 billion into the sector since assuming office. According to members of the GuySuCo Board, the entity is projected to make a loss of over \$10B this year. In fact, the company is once again in dire need of millions in bailout before the end of the year. It is expected to approach the Government for some \$3.5B to stay afloat. Board members expressed deep worry yesterday, stating that the Government at this time seems unwilling to do so. (Kaieteur News, 30 September, 2016)
- With the need to attract high value external markets (HVMs) for Guyana's agricultural produce having long been high on the list of priorities of the country's export sector, the Canadian-funded initiative titled Promotion of Regional Opportunities through Enterprises and Linkages (PROPEL) project has already made an important footprint in the journey towards that goal. PROPEL regards itself as a sustainable economic growth project, its particular objective being to increase the value of regional food produce to meet the demanding standards of HVMs particularly in North America and Europe by Cdn\$100 million over six years. (Stabroek News, 30 September 2016)

Haiti

- The Haitian government has agreed to lift the restrictions on overland imports of several products from the neighbouring Dominican Republic in the next few days. According to Haiti's Foreign Minister Pierrot Delienne, the restrictions will be lifted as long as the corresponding customs fees are paid. Delienne also said the government will provide over 100,000 Haitians with the official documents needed to in order to

qualify for the Dominican Republic's foreigner regularization plan. (TTEExpress, 6 September, 2016)

- As part of its quick impact projects, the United Nations mission in Haiti has inaugurated a new water supply system that is expected to provide for more than 13,800 people – more than half of whom are women – in parts of the country's Central Department (Département du Centre). "We are aware that this is not enough and that there is still much to do," the Chief of Civil Affairs of the UN Stabilization Mission in Haiti (MINUSTAH), Pierre Ubalijoro, said in a recent news release. "The task is great but the UN system will continue to support the Haitian government and the Central Department to strengthen the system of supply of drinking water," he added. Built at a cost of \$95,000 – 95 per cent of which was funded by MINUSTAH – this latest project is centred on Nan Pwa, Madame-Cyr and nearby localities. (CNNow, 10 September, 2016)

Jamaica

- Jamaicans can now send money through Western Union directly to accounts at participating banks in the United States, the United Kingdom, India, Japan and China. GraceKennedy Money Services, the operating company for the Western Union franchise in Jamaica and the Caribbean, calls it a 'cash-to-account' service. (The Gleaner, 2 September, 2016)
- Private sector credit has been growing at levels not seen since 2013. It grew at an annual 14.4 per cent in June, compared to 4.5 per cent during the same period last year, according to Brian Wynter, governor of the Bank of Jamaica. The June out-turn accelerated from 10.7 per cent in March this year. In real terms, Wynter said, stripping out the distorting effect of inflation, there was a double-digit growth in private-sector credit of 11.4 per cent in the 12-month to June 2016 compared to virtually no growth the year before. (The Gleaner, 2 September, 2016)
- Jamaica welcomed a record 2.08 million visitors by air and sea for the first six months of 2016, or 7.7 per cent higher year on year, according to the latest data from Jamaica Tourist Board. This puts arrivals on a path to surpass the four-million visitor mark for the full year. It would smash the previous annual record of 3.66-million visitor arrivals in 2015. (The Gleaner, 7 September, 2016)
- Foam manufacturer Free Form Factory Limited is turning waste into cash through exports to China. The first-ever shipment of scraps of expanded polystyrene styrofoam - EPS - left Jamaica recently, amounting to 10 months of accumulated waste. (The Gleaner, 7 September, 2016)
- Prime Minister Andrew Holness was on hand to see Red Stripe sending off its first shipment of locally brewed beer to the United States from Jamaica in four years. At a ceremony at Red Stripe's Spanish Town Road location, Holness hailed the move by the iconic Jamaican brand to re-establish Jamaica as its global production hub. He said

REGIONAL ECONOMIC NEWS cont'd

this is a reflection of the company's commitment to protect the authenticity of the brand by having it produced locally as well as of the confidence in the country's improving macroeconomic environment. (CNNow, 9 September, 2016)

- Jamaica's gradual transition to a 'logistics centred' economy has prompted the need for integration of various sectors, public-private partnerships and ongoing research and discussions by key stakeholders. The prospect of Jamaica becoming a globally competitive logistics hub stems from its strategic geographic location along the major shipping lanes combined with its connectivity to global markets and proximity to North America. The Logistics Hub Initiative includes plans to further develop national infrastructure assets, such as ports, airports, roads, utilities, and special economic zones, and attract private-sector investment in logistics, transportation, and other value-added sectors. (CNNow, 9 September, 2016)
- The coffee sector avoided hurricanes this season, but beans for export got soaked in rains that flooded three warehouses on Marcus Garvey Drive in Kingston. The resulting US\$8 million (\$1 billion) of estimated preliminary damage is equivalent to more than a third of the value of exports from the 2015 crop year, the most recent data available for foreign sales. The damage limits volume supplies of coffee beans to overseas markets this year, just as the sector was on the brink of recovery from disease. (The Gleaner, 14 September, 2016)
- Jamaica's economic growth could be lower than projected this year because of increased uncertainty before and after the British voted on June 23 to leave the European Union, referred to as Brexit. The Bank of Jamaica (BOJ) said in light of the developments during the June quarter and their global implications, its outlook over the next four quarters "is less optimistic than the previous forecast, with the risks to domestic inflation and GDP skewed to the downside". Against that background, the BOJ has cut its growth projection to 1.5 per cent from 1.9 per cent. (The Gleaner, 18 September, 2016)
- A new player is trying to set up a bitcoin exchange in Jamaica as the first-known operator in the virtual currency space locally, but it needs the approval of the Bank of Jamaica. The central bank is in talks with Caricoin, a business emanating from the United Kingdom, and has signalled that any approval is likely to come within the frame of the mobile-money ecosystem. (The Gleaner, 18 September, 2016)
- The executive board of the International Monetary Fund completed on September 16, 2016, the 13th review of Jamaica's economic performance under the programme supported by a four-year, SDR 615.38 million (about US\$932.3 million at the time of approval) arrangement under the extended fund facility (EFF). The completion of the review enables an immediate disbursement of an amount equivalent to SDR 28.32 million (about US\$39.6 million). The board made the decision based on lapse-of-time procedures, without a formal meeting. The EFF arrangement was approved on May 1, 2013. (CNNow, 21 September, 2016)
- With more than 45 per cent of deposits denominated in United States dollars by June 2016, Jamaica's deposit dollarisation was found to be one of the highest in the region, according to the assessment of the International Monetary Fund. (The Gleaner, 21 September, 2016)
- GraceKennedy shares valued at more than \$1.1 billion traded on Friday, which represented the biggest day in years for the stock. The transaction comes just over a month into a three-way split of the stock to improve its liquidity. Few shareholders hold enough shares to transact volumes of 27.9 million units. The largest shareholders of the food and financial services conglomerate comprise a mix of institutional investors, including pension funds, and individuals. Sources say that Sagicor Investments Jamaica Limited acted as the broker to the deal. (The Gleaner, 21 September, 2016)
- Depreciation of the British pound sterling following the vote to leave the European Union could reduce the inflows of tourists and remittances from the United Kingdom to Jamaica, but the impact is likely to be modest, according to the International Monetary Fund. The immediate economic fallout from Brexit is likely to be limited, although the indirect impact may be felt over the medium term, the Washington, DC-based organisation said in its September 2016 report on Jamaica, released 19th September. (The Gleaner, 23 September, 2016)
- The Jamaican Government may need to impose revenue measures in excess of the \$16 billion required to fund phase two of the personal income tax reform, which will see the threshold move to \$1.5 million at the start of fiscal year 2017-18, according to updated documents submitted to the International Monetary Fund. (The Gleaner, 25 September, 2016)
- The International Monetary Fund (IMF) is urging the Jamaican Government to establish a financial inclusion council as part of the efforts to achieve higher economic growth by, among other things, improving financial access. Noting that progress should be accelerated to lower the cost of doing business and support investment, the IMF said that given the high market concentration of the banking sector in Jamaica, where two banks hold more than 80 per cent of total assets, a thorough assessment should be conducted on the adequacy of competition in the banking sector. (The Gleaner, 28 September, 2016)
- The Facey Group, one of the largest distribution outfits in the Caribbean, aims to raise US\$10 million (\$1.3 billion) from a bond to be issued next month. The company said the bond, targeted at high net worth or accredited investors, will be sold in three tranches and that it may upsize the offer to US\$12 million, at its discretion. Tranche A offers US\$3 million at 7.75 per cent; tranche B offers US\$3 million at 8.6 per cent; and tranche C US\$4 million at 8.7 per cent. It's a tax-free bond based on the location of the Facey hold-

REGIONAL ECONOMIC NEWS cont'd

ing company based in Barbados, The Gleaner understands. Facey is a member of the Musson Jamaica Group, both chaired by Paul B. Scott. (The Gleaner, 28 September, 2016)

- Fearing de-banking, gaming sector demands tougher oversight. Macau Gaming Lounge and Bar has had its bank accounts closed in what is being seen as the continued fall-out from de-risking by foreign banks, and regulators of the gaming sector are already warning they don't expect an immediate resolution. Sector interests say operators other than Macau have been affected, based on anecdotal evidence. (The Gleaner, 30 September, 2016)
- French shipping company CMA CGM announced that its consortium secured financing equivalent to the funds required for phase-one upgrade of the Kingston Container Terminal. The concession holder will pay a final tranche of funds to Port Authority of Jamaica, US\$24 million, related to the handover of the port, within six months. (The Gleaner, 30 September, 2016)
- The Hyatt brand in Jamaica netted US\$8 million over six months up to June 2016, according to the Playa Hotels & Resorts' prospectus that was recently released. The prospectus offers a rare glimpse into the local operations of the hotel brand, and comes as Playa prepares to launch an initial public offering (IPO) in the United States and list on the NASDAQ stock exchange. Playa did not indicate the size of its IPO in its prospectus, but market watchers estimate the figure beyond US\$100 million. (The Gleaner, 30 September, 2016)
- Jamaica's commercial banking market will soon swell by two players, now that JMMB Group has hurdled the rigorous review of the central bank to attain its longstanding ambition of securing a licence. The approval comes at least eight years after JMMB's first attempt at joining the banking club. (The Gleaner, 30 September, 2016)

Suriname

- The secretary general of the Organisation of Islamic Cooperation (OIC), Iyad Ameen Madani, will make his first official tour of the Western Hemisphere's only two OIC member states, Guyana and Suriname, at the end of September, after the opening of the United Nations General Assembly in New York, the Ministry of Foreign Affairs of Suriname and the OIC Mission to the UN confirmed. Recently the Parliament of Suriname ratified the OIC's new charter. And the Islamic Development Bank, an organ of the OIC, has become more involved in the economic development of Suriname. The Islamic Bank and the International Monetary Fund are currently jointly supporting the economic recovery of Suriname. The bank has offered Suriname a loan of US\$1.75 billion to fund projects and support the import of essential goods and medicines. (CNNow, 9 September, 2016)
- Suriname's state-owned mining company Grassalco recently secured a multi-million dollar deal to supply crushed stone for the expansion of the Cheddi Jagan International Airport

in Guyana. Grassalco and Zhong Da International Engineering Company will deliver the material in partnership to the client, China Harbour Engineering Company in Guyana. (CNNow, 21 September, 2016)

- The Suriname government has refuted claims made in an article published by the Associated Press that the country may move to withdraw from a multi-million dollar loan agreement signed earlier this year with the International Monetary Fund (IMF). The government noted that in recent months it has begun with the implementation of economic reforms with the support of the US\$478 million stand-by arrangement (SBA) with the IMF. (CNNow, 26 September, 2016)
- With a soft loan of US\$1.8 billion from the Islamic Development bank, Suriname will invest \$1.287 billion from that sum to finance a series of more than 40 projects in energy and infrastructure as part of President Desi Bouterse's government's "Framework for the Stabilization and Restoration Program 2016-2018." (CNNow, 27 September, 2016)

Trinidad and Tobago

- BP, the world's eighth largest oil and gas company by revenue, has said it has not, and will not, sanction the new development of the Angelin gas field off the coast of Manzanilla until it gets pleasing terms and has cautioned that investments in Trinidad and Tobago could be cut. (TTEexpress, 15 September, 2016)
- The Central Bank of Trinidad and Tobago (CBTT) says the local economy continues to face challenging times with gross domestic product (GDP) contracting again in the first quarter of 2016. "Provisional estimates from the Central Bank's Index of Real Quarterly GDP indicate that domestic economic activity declined by 5.2 per cent year-on-year due to declines in both the energy (9.1 per cent) and Non-energy sectors (2.8 per cent)," the CBTT said in its latest Economic Bulletin. (TTEexpress, 17 September, 2016)
- Seven private sector organisations called on the Trinidad and Tobago government and opposition to put aside their differences and ensure the country meets the September 30 deadline for the Foreign Account Tax Compliance Act (FATCA). They also warned that failure to do so could result in "serious negative consequences" for the local economy. FACTA aims to crack down on tax dodgers who hide hundreds of millions of US dollars in offshore accounts annually in an effort to avoid paying Washington its due. (TTEexpress, 20 September, 2016)
- As CLICO and CL Financial shareholders await budget statements on the future of the company's assets, they've shelved initial scepticism and agreed in principle to Government's proposed Sandals hotel development on their Golden Grove estate in Tobago. (TTGuardian, 27 September, 2016)
- Trinidad and Tobago's competitiveness on the global scale has fallen. According to the 2016/2017 Global

REGIONAL ECONOMIC NEWS cont'd

Competitiveness Report, produced by the World Economic Forum, this country slipped five notches, from 89 out of 140 countries last year to 94 out of 138 countries this year. The report again identified poor work ethic as the number one factor impeding business in Trinidad and Tobago, followed by corruption, inefficient government bureaucracy and crime. (TTEExpress, 28 September, 2016)

- After dropping the 60-year-old route in 2008, Air Canada will resume direct flights between Port of Spain and Toronto from December 22. This according to what agent Ronald Lazzari of Lazzari & Sampson said at the re-launch of the route at the Hilton Trinidad in Port of Spain. The Canadian airline will fly on Wednesdays and Fridays on aircraft as roomy as the Boeing 787. (TTEExpress, 28 September, 2016)
- With international arrivals down to 18,000 a year in Tobago, according to data being used by Tobago Hotel and Tourism Association, most hoteliers on the island are looking to the establishment of the Sandals Resorts International brand to re-energise the industry. (TTEExpress, 30 September, 2016)
- The Bankers Association of Trinidad and Tobago has called on legislators to resume debate on the Foreign Account Tax Compliance Act even as Finance Minister Colm Imbert prepares to read the 2016-17 national budget. (TTEExpress, 30 September, 2016)
- Trinidad and Tobago has until February 2017 to be Foreign Account Tax Compliance Act (FATCA) compliant. United States Ambassador John Estrada issued a statement in which he strongly recommended "that Trinidad and Tobago pass legislation no later than February 2017, in order to carry out the commitments undertaken when the FATCA agreement was signed by our two countries, and in line with the implementation plan put forward by the Government of Trinidad and Tobago." The legislation was not passed by its September 30 deadline when it was brought to Parliament by the Government because the Opposition had requested that it be sent to a Joint Select Committee. (TTEExpress, 30 September, 2016)

Caribbean Regional Developments

- The Caribbean Association of Banks (CAB) has called on all Caribbean countries, which have not yet done so, to expedite the intergovernmental agreement (IGA) process with the government of the US, with respect to their obligations under the Foreign Account Tax Compliance Act (FATCA). The CAB recommends that all IGAs should be signed and all relevant regulations/legislation should be in force before December 31, 2016. Failure to do so could result in significant repercussions for foreign financial institutions within these jurisdictions. (CNNow, 2 September, 2016)
- A three-day regional workshop on the Trade and Services Agreement Negotiations and the Negative List Approach to Services and Investment Liberalisation is being held in Barbados. The region is being warned that they need to come to grips with the new global economic realities. (TTEExpress, 7 September, 2016)
- For many countries in the Caribbean, a successful tourism industry is critical to social and economic growth and development. However, an increasingly competitive global tourism market has meant that Caribbean countries must find ways to differentiate themselves in order to continue to attract visitors. One way to do this is to improve the level of service delivery that is provided by tourism-related micro, small and medium sized enterprises (MSMEs). The international Hospitality Assured Certification (HAC), which was developed specifically for tourism and tourism-related businesses, promotes a culture of service and business excellence. The HAC process is supported by trained business advisors, who provide technical assistance to MSMEs seeking to become certified. As such, the Caribbean Development Bank has partnered with the Caribbean Tourism Organisation to host a workshop for business advisors from the region. (CNNow, 8 September, 2016)
- The Caribbean Community (CARICOM) Secretariat is ensuring that key stakeholders are knowledgeable about the CARICOM Single Market and Economy (CSME) and how they can maximise benefits under the CSME processes. The Secretariat is convening a one-day CSME sensitization workshop for the private sector in Jamaica. Approximately 35 participants from Jamaica's corporate community are expected to attend the event. (CNNow, 12 September, 2016)
- Saint Lucia Prime Minister Allen Chastanet has proposed the implementation of two initiatives that he believes will assist the Caribbean Community (CARICOM) in finding solutions for surmounting some of the economic challenges confronting the regional body. In a recent meeting with CARICOM secretary general, Irwin LaRocque, Chastanet mooted the idea of a tourism summit, which he said should be convened by the Caribbean Community in the short to medium term. He also emphasized the need for the Council of Finance and Planning to convene an urgent round of joint discussions, noting that they must undertake a more active role in an environment where the region is confronting several critical micro- and macro-economic challenges. (CNNow, 13 September, 2016)
- Caribbean leaders from up to 15 nations, including ministers and other government officials, private sector and civil society, convened in Saint Lucia for a five-day event to advance regional marine conservation goals, sustainable finance strategies and cooperation in the Caribbean. The Fourth Caribbean Biodiversity Fund Annual Meeting and the First Meeting of the Caribbean Challenge Initiative Council was held in Castries from September 19-23, 2016 and was attended by nearly 80 Caribbean and international participants. (CNNow, 14 September, 2016)
- The Caribbean is poised to receive a record 30 million visitors for 2016, said Barbados tourism minister and outgoing chairman of the Caribbean Tourism Organization (CTO), Richard Sealy during the opening ceremony of the CTO's State of the Industry Conference 2016. Sealy stated

REGIONAL ECONOMIC NEWS cont'd

that, even in the face of competition from other regions, including the Pacific, Asia, the Middle East, North Africa and Sub-Saharan Africa, it was “very encouraging” to note that there were few sectors which have shown the type of resilience of the tourism industry. (CNNow, 17 September, 2016)

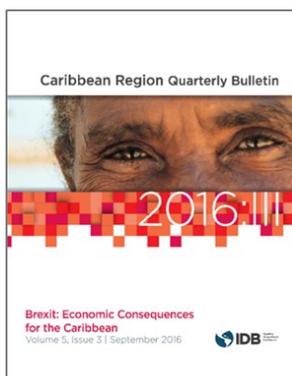
- At a recent regional workshop convened by the UN Environment-Caribbean Environment Programme, (UNEP CEP) in Jamaica from August 15-17, over 30 national and regional experts committed their support to the continued development of the region’s first State of the Marine Environment report for the Caribbean Sea. The development of the report will be financed by two regional projects funded by the Global Environment Facility (GEF) – the Caribbean and North Brazil Shelf Large Marine Ecosystems Project (UNDP/GEF CLME+) and the Integrating Water, Land and Ecosystem Management in Caribbean Small Island Developing States (GEFIWEco). The contributions from these two projects are expected to be in excess of US\$100,000. (CNNow, 20 September, 2016).
- A new World Bank report says the transition to a “blue economy” for Caribbean countries can not only generate growth, but also help countries gain greater resilience to external shocks by better preserving the ocean. “The Caribbean Sea represents a tremendous economic asset for the region not only in terms of high value natural resources such as fish stocks, oil and gas, but also as a global hotspot for marine diversity and tourism. Maintaining ocean health is synonymous with growing ocean wealth, and finding this balance is how we’ll be able to better invest in the Caribbean blue economy,” said Pawan Patil, World Bank senior economist and co-author of the report. (TTExpress, 20 September, 2016)
- The United States Federal Reserve wants to put new limits on big banks' activities in physical commodities businesses, with an eye to reducing financial risks from volatile trading and transport of sensitive materials. The Fed's governors are proposing restrictions for banks' holding, transporting and trading of commodities like oil, aluminium and coal. Banks would be required to beef up the capital they hold against potential losses in commodities and would face limits on the amount of their commodities trading. The Fed is opening the proposal to public comment for 90 days. (The Gleaner, 25 September, 2016)
- Declaring that Caribbean countries are being treated “as if they are hell on earth” due to new financial rules against tax havens, Bahamian Foreign Minister Fred Mitchell mounted the podium of the United Nations General Assembly to denounce the “immoral” withdrawal of normal banking services that inflict hardship on ordinary citizens. He noted that banks in the developed world, principally the United States, are refusing to cash the cheques of some Caribbean banks because they say the risk of policing the CARICOM banks on compliance to the new rules is too high and the business they get is too low, stripping the services from across the Caribbean. (CNNow, 27 September, 2016).
- Caribbean start-up, early-stage and growth businesses now have another means for raising capital. The World Bank Group, together with the Caribbean Export Development Agency (Caribbean Export), launched LINK-Caribbean, an investment facilitation programme aimed at enabling early-stage Caribbean entrepreneurs to raise capital from private investors, particularly business angel investors. (CNNow, 29 September, 2016)
- Tropical storm Matthew strengthened to hurricane force after leaving one dead and causing widespread flooding and landslides as it slowly made its way across the Eastern Caribbean. (CNNow, 30 September, 2016)
- A new study by the Inter-American Development Bank (IDB) has found that agricultural exports from Latin America and the Caribbean (LAC) to China could increase by nearly 10 per cent if the Asian country reduces its tariffs by more than 50 per cent. And manufacturing goods could jump by 37 per cent if Beijing's import tariffs were reduced to the levels of the Paris-based Organisation for Economic Co-operation and Development (OECD), whose average is 3.6 per cent. The study, titled Uncovering the Barriers of the China-Latin America and Caribbean Trade, finds that China's median tariff is about twice that of the OECD for agricultural goods and more than three times for manufactured goods. After expanding at an annual average rate of 31.2 per cent between 2000 and 2011, the growth of China-LAC trade decelerated sharply and turned negative in 2014, on the back of marked and intertwined slowdowns in the growth of China and LAC. (The Gleaner, 30 September, 2016)

PUBLICATIONS OF INTEREST

Caribbean Region Quarterly Bulletin: Volume 5, Issue 3: September 2016

British voters surprised the world when they voted to leave the European Union in June 2016. Markets reacted heavily to the surprise, resulting in high volatility in all major stock indices as well as bond and foreign exchange markets. Many observers predicted a dire impact on the UK, EU and world economy. Anxiety also rose in the Caribbean. Around three months into the vote,

PUBLICATIONS OF INTEREST cont'd

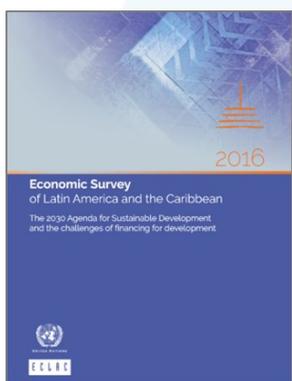


markets have calmed down. Stock and bond indices are back to levels similar or higher than before the vote, although there are signs of an economic slowdown in the UK. In exploring the economic impact of the leave vote, this IADB Report finds that Brexit and the subsequent slow-down in economic growth will have only a marginal impact on the Caribbean's economic growth, tourism, remittances and exports during 2016 and 2017. As usual, the Quarterly Bulletin also provides an overview of recent economic developments in the Caribbean.

Publication Date: September 2016

Available online at: <https://publications.iadb.org/handle/11319/7856?locale-attribute=en>

Economic Survey of Latin America and the Caribbean 2016: The 2030 Agenda for Sustainable Development and the challenges of financing for development



The sixty-eighth edition of the Economic Survey of Latin America and the Caribbean published by ECLAC consists of three parts. Part I outlines the region's economic performance in 2015 and analyses trends in the first half of 2016, as well as the outlook for the rest of the year. It examines the external and internal factors influencing the region's economic performance and highlights some of the macroeconomic policy challenges that have arisen in an external context of weak growth and high levels of uncertainty.

Part II analyses the challenges that the countries of Latin America and the Caribbean face at the domestic and international levels in mobilizing financing for development. On the domestic front, slower growth and tighter fiscal restrictions pose significant challenges for the mobilization of resources. Externally, the classification of many of the region's countries in the middle-income category limits their access to concessional external financing or international support.

Part III of this publication may be accessed on the web page of the Economic Commission for Latin America and the Caribbean (www.eclac.org). It contains the notes relating to the economic performance of the countries of Latin America and the Caribbean in 2015 and the first half of 2016, together with their respective statistical annexes. The cut-off date for updating the statistical information in this publication was 30 June 2016.

Publication Date: September 2016

Available online at: <http://www.cepal.org/en/node/37887>

Fiscal Rules for Resource Windfall Allocation: The Case of Trinidad and Tobago



Managing resource revenues is a critical policy issue for small, open resource-rich countries. This IMF Working Paper uses an open economy dynamic stochastic general equilibrium model to analyze the transmission of resource price shocks and a shock to resource production in the Trinidad and Tobago economy. It also applies alternative fiscal rules to determine the optimal allocation of resource windfalls between spending today and saving in a sovereign wealth fund. The results show that spending all the resource windfall on consumption and investment creates more volatility and amplifies Dutch disease effects, when compared to the case where all the excess revenues are saved. Also, neither a policy of full spending nor full saving of the surplus revenue inflows is optimal if the government is concerned about both household welfare and fiscal stability. In order to minimize deviations from both objectives, the optimal fiscal response suggests that a larger fraction of the resource windfalls should be saved.

Publication Date: September 16, 2016

Available online at: <http://www.imf.org/external/pubs/cat/longres.aspx?sk=44275.0>

XLVIII (48th) Annual Monetary Studies Conference (2016)
November 9—11, 2016
Nassau, The Bahamas

The Central Bank of The Bahamas, in collaboration with the Caribbean Centre for Money and Finance (CCMF), is honoured to be the host of the 48th Annual Monetary Studies Conference in Nassau, Bahamas.

Given the rapidly changing economic environment and the multidimensional problems being encountered by countries within the region, we have selected the theme: *"Issues and Challenges Facing the Caribbean in the New Global Economy"* and welcome research studies related to the following sub-themes:

- Financial Sector Strength and Stability
- De-risking and its Impact on Economic Growth
- Macro Prudential Policies for Small States in a Changing Global Environment
- Dynamics of Regional Growth and Development
- The New Face of Globalization and Regional Integration
- Fiscal and Monetary Policy Co-ordination amid Growth and Debt Challenges
- Decoding and Correcting the Structural Challenges Facing Economies

This year's Adlith Brown Memorial Lecture will be presented by **Mrs. Therese Turner-Jones**, General Manager, Country Department Caribbean Group, Inter-American Development Bank.

Dates to remember:

- ⇒ Completed papers should be sent to the email address: ccmfhost@centralbankbahamas.com by Friday, October 21
- ⇒ Please visit : <http://www.centralbankbahamas.com/events.php> for conference updates and details

New CCMF Staff Member : Ms. Megan Mackoon



MEGAN MACKOON is a graduate of the University of the West Indies (St. Augustine Campus), where she recently completed a Master of Science in Global Studies. She also attended the University of Toronto (St. George Campus, Canada), where she completed an Honours Bachelor of Arts with Distinction in International Relations and European Studies, as well as a minor in French as a Second Language.

She is currently working at the Caribbean Centre for Money and Finance as a Research Assistant where she is tasked with aiding in the collection and organization of data for the various newsletters and reports of the CCMF, along with contributing to certain publications as well. Having gained a comprehensive understanding of world affairs from her studies, she is well aware of the significance of promoting economic issues to the forefront of discussion and aims to further her knowledge through work experience. Her long-term goal is to operate in an organization that could contribute to the socio-economic growth and development of the country and the entire region as a whole.

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