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FINANCIAL INFRASTRUCTURE AND FINANCIAL STABILITY IN THE CARIBBEAN

Financial infrastructure refers to the structures, institutions and systems that underpin countries' financial systems. Some Caribbean countries have fairly well developed financial infrastructure relative to their peers in other developing countries but others remain relatively underdeveloped. Key financial infrastructural elements that countries should be able to rely on include modern payment systems, credit bureaus, securities trading and settlement infrastructure and remittance systems. These key elements are vital to facilitating greater access to finance, improving transparency and safeguarding financial stability in national, regional and global financial markets. This infrastructure, however, is often underdeveloped and sometimes nonexistent in developing countries. Underdeveloped payments systems for example can create risks for the financial system as a whole by exacerbating financial crises, while the absence of credit bureaus in conjunction with strong credit growth may lead to crisis. Poor financial infrastructure is therefore a major constraint to the development of the financial services sector in many developing countries.

By and large the overall health of the financial system in the Caribbean is good and has improved significantly over what obtained during the height of the recent global financial crisis. In terms of current performance, the levels of capital adequacy/reserves and liquidity amongst regional banking institutions are generally above their counterparts in Latin America. Asset quality and profitability are also generally on par with their peers in Latin America but there has been some slippage in these areas in a few jurisdictions (See Table 1). Also, significant macroeconomic vulnerabilities still exist, and these can potentially create challenges for the health of the financial services sector in the Caribbean. In this context, efforts to increase the resilience of the system by upgrading the

Table 1: Banking Sector FSIs

	Capital Adequacy: Regulatory Capital to Risk Weighted Assets (%)		Asset Quality: Non-Performing Loans to Total Gross loans (%)		Earnings and Profitability: Return on Assets (%)	
	2014	2015	2014	2015	2014	2015
Bahamas	32.70	33.00	15.34	13.94	-1.17	1.86
Barbados	20.47	18.93	11.50	10.60	0.59	1.32
Belize	24.32	24.94	14.31	14.02	-0.01	0.85
ECCU	11.11	14.82	17.88	16.97	0.18	0.80
Guyana	21.77	23.87	8.64	11.51	2.69	2.73
Jamaica	16.55	15.39	4.91	4.07	2.07	2.01
Suriname	11.50	11.30	6.10	8.40	1.70	1.30
Trinidad and Tobago	24.61	24.09	4.41	3.70	2.01	2.94
Argentina	14.70	13.20	1.99	1.69	6.11	6.15
Brazil	16.70	16.40	2.85	3.31	1.35	1.48
Costa Rica	16.60	16.20	1.55	1.66	1.08	1.09
Honduras	14.90	14.40	3.27	3.06	2.86	2.81
Mexico	15.80	15.00	3.04	2.52	1.66	1.63
Panama	14.70	14.90	2.21	2.19	1.51	1.41

Sources: National Central Banks and Global Financial Stability Report, IMF (April 2016)

regional and national infrastructure for financial services from an important ongoing task for governments in the region.

The financial sector infrastructure within the region is very diverse with only Jamaica and Trinidad and Tobago having the full slate of deposit insurance schemes, credit bureaus, real-time gross settlement systems (RTGS), central securities depositories and stock exchanges (Table 2). Deposit insurance schemes are at present found in only four jurisdictions but there are plans to extend this form of depositor protection to other jurisdictions. Some jurisdictions are also considering extending depositor

Table 2: Financial Sector Infrastructure

	Deposit Insurance	Credit Bureau	RTGS	Central Securities Depository	Stock Exchange
Bahamas	✓	-	✓	-	✓
Barbados	✓	-	✓	✓	✓
Belize	-	-	-	-	-
ECCU	-	-	-	✓	✓
Guyana	-	✓	-	-	✓
Haiti	-	✓	-	-	-
Jamaica	✓	✓	✓	✓	✓
Suriname	-	-	✓	-	✓
Trinidad & Tobago	✓	✓	✓	✓	✓

Sources: Caribbean Regional Financial Stability Report 2015

FINANCIAL INFRASTRUCTURE AND FINANCIAL STABILITY IN THE CARIBBEAN cont'd

protection to credit unions. Credit bureaus are important for the better pricing and management of credit risks but currently exist in only four countries. However, several jurisdictions have expressed an interest in establishing these entities.

Modern payments systems improve efficiency and reduce risk in the payments process but at present only four jurisdictions utilize real-time gross settlement systems (RTGS). This is due in part to relatively low transaction volumes but this could be addressed by including government payments, which constitute a significant proportion of daily settlement volume but are presently settled outside the system. This inclusion will also lead to a decline in end-user costs. In this regard, enabling legislation needs to be enacted for government payments to be settled through the RTGS. In terms of the infrastructure for the securities market in the region, most territories now have small stock exchanges but not all have established centralized securities depositories to facilitate the payment and settlement of securities.

On the regulatory side, central banks are the main regulatory agencies with responsibility for the dominant commercial banks. In terms of the regulation of non-bank financial institutions (NBFIs), there is much more heterogeneity with central banks responsible for the regulation of these institutions as well as commercial banks in Guyana, Trinidad and Tobago and Suriname. In other jurisdictions (Barbados and Jamaica) there are specialist consolidated regulatory agencies responsible for the supervision of NBFIs. In the case of credit unions, regulation is increasingly transitioning to central banks with the central banks in The Bahamas, Belize, Haiti and Suriname having responsibility for these institutions. Also, active consideration is being given to including credit unions under the regulatory umbrella of the central banks in Guyana, Jamaica and Trinidad and Tobago.

The widening of the regulatory umbrella of central banks and the creation of consolidated regulators for NBFIs are intended to improve the quality of the regulatory and supervisory framework for the NBFIs sub-sector and ensure that there is consistency in the regulatory and supervisory framework for the financial system as a

whole. Moreover, as the financial services sector expands in terms of scale and complexity, more entities are being brought under the umbrella of the regulatory and supervisory agencies to avoid regulatory arbitrage. In the case of the securities industry, this sub-sector is regulated by a securities and exchange commission in most countries. There are also initiatives in the region to improve the regulatory system for the securities industry such as modernising the framework for the regulation of collective investment schemes by instituting a more comprehensive legislative framework based on International Organisation of Securities Commission (IOSCO) standards.

Very importantly, the region has devoted a significant amount of resources to implementing the international standards for Anti-money Laundering and Combating the Financing of Terrorism (AML/CFT) and Financial Action Task Force (FATF) recommendations to protect the regional and international financial system from money laundering and financing of terrorism risks. Caribbean countries are fully committed to the official international regulatory oversight processes of the Basel Committee, the FATF/CFATF anti-money laundering peer reviews and the Global Forum on Transparency and the Exchange of Tax Information. All CARICOM countries and British dependencies are also committed to the international certification process of the Financial Sector Assessment Program (FSAP) and the region has made commitments under the Foreign Account Tax Compliance Act (FATCA). The region has also sought to codify these standards into domestic legislation to give force to the provisions.

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SUMMARY OF BARBADOS GOVERNMENT'S FINANCIAL STATEMENT AND BUDGETARY PROPOSALS FOR THE YEAR 2016/2017

The Minister of Finance and Economic Affairs, the Honourable Christopher Sinckler delivered the Barbados Government's Financial Statement and Budgetary Proposals for the year 2016/2017 on Tuesday, August 16, 2016.

The summary of the budget proposal 2016/2017 are:

1. Amend the Special Development Areas Act to extend its geographic coverage to include: Northern Barbados: from Speightstown, St. Peter to Harrison Point, St. Lucy; South-eastern Barbados: from St. Lawrence Gap, Christ Church to Ragged Point, St. Philip; and The City of Bridgetown as defined by the Chief Town Planner in the Physical Development Plan of Barbados.
2. Put the administrative and legal arrangements in place for the creation of duty -free shopping zones in Barbados opened to Barbadians and visitors alike making purchases in foreign currency only.
3. Amend the Tourism Development Act to permit eligible property owners in the sector to access concessions for multi-year refurbishment and renovation projects.
4. Remove the duty requirement for yachts staying in Barbados waters longer than six months and replace with an annual license fee of BDS \$2,000.00 per boat.
5. A reimbursable grant of up to \$50,000 to help local companies improve product and service quality to international standards.
6. Government to introduce and put in place a new Fiscal Incentives Act to conform to WTO requirements.
7. Creation of a special fund, capitalized to the tune of \$50 million with resources from the Industrial Credit Fund for a blend of grants and soft loans to fund existing small and medium sized businesses and business start-ups.
8. Effective September 1, 2016, a National Social

Responsibility Levy will be introduced at a rate of two percent on all imports into Barbados to assist in offsetting the costs associated with financing public health care service provision in Barbados.

9. Five million dollars to go towards the initiation of a national clean-up and de-bushing programme to be implemented over the next five months to clean the country up.
10. An additional \$2 million will be allocated to the Welfare Department to supplement their 2016 - 2017 Estimates allocation.
11. Increase in the Bank Asset Tax from the current rate of 0.2 per cent to 0.35 per cent.
12. Tax amnesty for taxpayers across the tax categories of VAT, Income tax and Land tax from September 15, 2016 through to February 15, 2017.
13. 50 million dollar cut in approved expenditure across all Ministries in 2016 - 2017 financial year.
14. The Income Tax Act Cap. 73 and Income Tax Regulations, 1969 will be amended to make provision for individuals to withdraw from their Registered Retirement Plan: Annuity Contract an amount not exceeding 15 per cent of the total value of the savings.
15. Effective October 1, 2016, old age non-contributory pensions will be increased by \$10 dollars a week or \$40 per month.
16. NIS to be invited to invest in a special Treasury Bill Issue of \$5,000,000 to provide an immediate injection to the Student Revolving Loan Fund.
17. Government to appoint all eligible temporary officers in the public service to permanent positions in the central public services.

Source: <http://www.barbadosparliament.com>

TRACKING THE DE-RISKING ISSUE IN THE CARIBBEAN

The De-risking issue is a constant and real threat to Caribbean economies and the Central Bank of Barbados has highlighted and tracked this issue from its inception to date.

On its website they have a dedicated space to Tracking the Issue of De-risking,

<http://www.centralbank.org.bb/de-risking>

The screenshot shows the 'DE-RISKING' page on the Central Bank of Barbados website. The page layout includes a navigation menu on the left with links to Home, About Us, Banking Supervision, Incidents, Financing Schemes, Foreign Exchange, Banknotes, Media, and Research & Publications. The main content area is titled 'DE-RISKING' and features a video player with a thumbnail of Governor Dr. Delisle Worrell. Below the video player, there is a section for 'Central Bank of Barbados Articles' with a list of articles including dates and titles such as 'FSB progress report on correspondent banking published 2016-2016', 'FSB has achieved CSDG progress 2016-2016', 'Christine Lagarde: Webcast on Correspondent Banking 2016-2016', 'On Monday, July 18th, the IMF's Managing Director...', 'Tracking the Issue: De-risking 2016-2016', 'IMDB explains that, generally, it does not have to know the identity of individuals who benefit from or control the legal entities of the 2016-2016', and 'Dr. Delisle Worrell Presents on De-risking at China FSB 2016-2016'. To the right of the articles is an 'External Links' section with links to 'Resilience in Banking Making it Work For Everyone', 'The Commonwealth 2016', 'BSA Newsletter March 2016', 'Identifying Money and Gift Cards: The Financial Action Task Force of International Experts Conclude in VC Review April 14 2016', 'Central Banking, January 17 2016: "Cross Border Banking Connection Breakers: IS Standards"', 'Central Banking, January 17 2016: "New Bank Business Models Could Undermine Stability: Financial Watch"', 'Financial Conduct Authority, February 2016: "The Risk of De-risking: A Study of Reputational Risk and Data in the UK"', and 'Financial Conduct Authority, February 2016: "The Risk of De-risking: A Study of Reputational Risk and Data in the UK"'. The page also features a search bar and social media icons at the top right.

REGIONAL ECONOMIC NEWS

Aruba

- The fourth quarter of 2015 Business Perception Survey indicates that the overall perception on economic conditions remained relatively pessimistic, as the Business Perception Index contracted slightly to 98.4, down from 98.6 in the previous quarter. (Central Bank of Aruba, 4 August, 2016)
- Aruba's International Queen Beatrix Airport in Oranjestad has proudly made the list for being best at marketing in the category of airports serving less than four million passengers a year. "This nomination on itself is a remarkable accomplishment for which the Aruba Airport Authority N.V. is extremely proud of " says Jo -anne Arends, Air Service Development Manager of the Aruba Airport Authority N.V. (Prime Minister of Aruba, 8 August, 2016)
- JetBlue is launching service between Fort Lauderdale-Hollywood International Airport and Aruba's Queen Beatrix International Airport. Daily flights between South Florida and the popular Caribbean destination take off January 4, 2017. (CNNow, 31 August, 2016)

The Bahamas

- Deltec International Group has announced that its private banking subsidiary has signed an agreement with Societe Generale Private Banking to acquire its private banking activity in The Bahamas. (TheBahamasInvestor, 15 August, 2016)
- Preliminary indicators showed that domestic economic activity remained relatively mild during the review month, amid modest impulses from the tourism sector. Also foreign investment projects continued to support output in the construction sector. Reflecting seasonal impetus from cultural events, the jobless rate narrowed during the first half of the year, although staying incrementally firmer when compared to the same period of 2015. (TheBahamasInvestor, 15 August, 2016)
- The Central Bank of The Bahamas has issued an update regarding FATCA registration. The IRS has upgraded the FATCA Online Registration System, enabling sponsoring entities to provide additional required details. Added features include being able to add sponsored entities and, if applicable, sponsored subsidiary branches. (TheBahamasInvestor, 16 August, 2016)
- Mediatrix Capital Inc. and Alternative Asset Management Ltd. recently announced the formation of a strategic partnership to create an expanded platform offering investors the opportunity to profit from a global currency trading system utilizing artificial intelligence-based algorithms. Under terms of the new agreement, Mediatrix Capital's trading system will provide an operative baseline for Alternative Asset Management's multi-award winning account strategies. (TheBahamasInvestor, 16 August, 2016)
- The international credit rating agency, Moody's Investor Services, has downgraded The Bahamas' country rating by a single notch, from Baa2 to Baa3, with a stable outlook. Moody's also lowered most of the risk ceilings for The Bahamas' long-term and short-term financial obligations. In its rationale for the downgrade to Baa3, the rating agency cited The Bahamas' low medium-term growth prospects and limited fiscal space, relative to similarly-rated peers, as the two key drivers. (TheBahamasInvestor, 23 August, 2016)
- Bahamas Prime Minister Perry Christie announced recently that

the Government and the Export-Import Bank of China have signed an agreement that has been approved by the Supreme Court; this will see the derailed multibillion dollar Baha Mar project completed, sold and opened before the "end of the 2016/2017 winter season". (CNNow, 24 August, 2016)

- Bahamas Minister of Tourism Obie Wilchcombe said the increasing number of warnings on the zika virus coming from the Caribbean region could create a negative perception of Caribbean countries if the number of people infected with the virus continues to rise. (CNNow, 30 August, 2016)

Barbados

- The alternative energy sector of Barbados will be boosted, thanks to the development of Deltro Solar, a 20 megawatt solar farm to be constructed on 70 acres of land at the corner of the ABC Highway and Waterford Plantation. (NationNews, 2 August, 2016).
- BREXIT has not yet affected Barbados' tourism sector and Minister of Tourism Richard Sealy is set to head a Barbadian tourism task force that will travel to Britain to ensure it remains that way. (Nation News, 5 August, 2016).
- Travel between Barbados, Suriname and Guyana should now be easier, thanks to the new Fly AllWays service out of the Johan Adolf Pengel International Airport in Paramaribo, Suriname. The Fly AllWays inaugural flight touched down at the Grantley Adams International Airport recently and is expected to provide a weekly service from Suriname to Barbados on Tuesdays, Thursdays and Sundays. (CNNow, 17 August, 2016)
- The 2016 Financial Statement and Budgetary Proposals of the Barbados Government was delivered by Minister of Finance Chris Sinckler in the House of Assembly on August 16, 2016. (NationNews, 17 August, 2016).
- The Barbados economy grew by 1.3 per cent over the first six months of this year, compared to virtually no growth a year ago, Finance Minister Chris Sinckler has announced. Delivering the Financial Statement and Budgetary Proposals for 2016 to Parliament, he said the economy registered positive but weak growth in 2015, marking two consecutive years of improved growth. (Jamaica Observer, 19 August, 2016)
- The National Assistance Board has received a \$35 000 grant from the Embassy of the People's Republic of China to assist with much-needed structural repairs to Lancaster House. (NationNews, 23 August, 2016).
- On August 22, 2016, the executive board of the International Monetary Fund (IMF) concluded the 2016 Article IV consultation with Barbados. The economy appears to have turned the corner with activity picking up. Real GDP grew by 0.8 per cent in 2015, underpinned by an increase in private investment and a surge in tourism arrivals, which increased by 14 per cent, among the highest in the Caribbean. This boosted employment by two per cent, while the unemployment rate fell to 11.3 per cent. Inflation eased owing to lower import prices, with end-period prices falling by 2.5 per cent, compared with an increase of 2.3 per cent in 2014. (CNNow, 26 August, 2016)
- Nine Barbadian manufacturing and services companies will be leaving Barbados for Panama shortly to participate in a series of pre-arranged business-to-business meetings set as part of a five-day political/commercial mission. Led by Barbados' Minister of

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Industry, International Business, Commerce and Small Business, Donville Inniss, the mission is intended to enhance policy dialogue and the exchange of business information, while strengthening the network of business support organisations, promoting trade, and exploring investment opportunities which could yield economic gains for both territories. (NationNews , 26 August, 2016)

Belize

- An offshore bank owned by Britain's Lord Ashcroft has closed a large number of customer accounts and faced a wave of withdrawal requests after becoming increasingly caught up in a US tax-evasion crackdown and the withdrawal of foreign correspondent banking services. The value of deposits at Belize Bank International shrank by almost three-quarters in the space of just six months. (CNNNow, 4 August, 2016)
- In response to Hurricane Earl which struck Belize on 4 August 2016 causing significant damage across the country, the European Commission is providing 50,000 EUR in humanitarian funding to assist the most affected populations. The humanitarian aid will directly benefit 2,200 persons (440 families) whose homes were damaged and are currently without water or electricity, in areas currently affected by flash floods. (CNNNow, 10 August, 2016)
- The Inter-American Development Bank will support the Government of Belize's efforts to provide humanitarian assistance to communities affected by Hurricane Earl with a US\$200,000 grant. (CNNNow, 13 August, 2016)
- On August 18, CCRIF SPC (formerly the Caribbean Catastrophe Risk Insurance Facility) made a pay-out of US\$261,073 to the Government of Belize under its excess rainfall insurance policy, as a result of heavy rains that affected the country on August 4 and 5 during Hurricane Earl. CCRIF's prompt payment to the government demonstrated its commitment to provide policy payouts within two weeks after a qualifying hazard event. (CNNNow, 26 August, 2016)

Curacao and Sint Maarten

- Curacao 4th in Caribbean nations with the most U.S. direct investments - The U.S. State Department recently released the annual Investment Climate Statements for 2016, which also shows the U.S. direct foreign investments in nations globally, including the Caribbean region. (Curacao Chronicle, 1 August, 2016)
- The Model 1 Intergovernmental Agreement signed between Curacao and the United States implementing the US Foreign Account Tax Compliance Act is now in force, according to sources in Washington. It is now mandatory that Curacao's FFIs report their information to the Curacao Tax Department, which will automatically exchange the information with the US Internal Revenue Service with, furthermore, provision for reciprocity for Curacao. (CNNNow, 6 August, 2016)
- Call for write-in votes to be allowed in Curacao 2016 elections. After six years of political maturity as an autonomous country, in charge of its own internal affairs, Curacao faces a decision that has some political analysts commenting: "An election write-in option may be the answer for stronger candidatures, as a possible solution to lately what many in the population feel is

unjust..." (CNNNow, 16 August, 2016)

- On July 27, 2016, the executive board of the International Monetary Fund concluded the 2016 Article IV Consultation discussions with Curacao and St Maarten, two autonomous countries within the Kingdom of the Netherlands, and considered and endorsed the staff appraisal without a meeting. The currency union of Curacao and St Maarten has important strengths, including a high level of development, good infrastructure, and relatively low public debt; however, preserving these going forward will require surmounting some critical challenges. (CNNNow, 24 August, 2016)

Eastern Caribbean Currency Union

- The Caribbean Development Bank has approved a grant to the Grenada Development Bank, for the creation of an environmental management system to better help the organisation manage environmental and social risks. The grant of US\$55,000 also supports the Government of Grenada's intent to increase its efforts to mobilise concessionary financing to implement its climate resilience work programme. In order to access these financing resources, governments must be able to demonstrate that they have the requisite governance framework and the capacity to manage environment and social risks. (CNNNow, 1 August, 2016)
- The board of directors of the Caribbean Development Bank (CDB) has approved funding for a project that will replace approximately 14,400 high pressure sodium and mercury vapour street lamps with high-efficiency light-emitting diode lamps. The initiative is being supported by CDB financing of US\$5.9 million and a contribution of US\$905,000 from the Government of Antigua and Barbuda and the Antigua Public Utilities Authority. (CNNNow, 2 August, 2016)
- A recent training workshop facilitated by the Economic Commission for Latin America and the Caribbean sub-regional headquarters for the Caribbean has "opened the eyes" of the Ministry of Finance of St Kitts and Nevis on how budgeting can be done "better", according to Calvin Edwards, deputy financial secretary in the Ministry of Finance. Nineteen senior representatives from St Kitts and Nevis' ministries of Finance, Agriculture, Education, Health, Social Development, Sustainable Development, and Public Infrastructure actively participated in the training workshop that was held from 25-29 July 2016. The objective of the workshop was to build the capacity of public officials to conduct public expenditure reviews with applications to their respective sectors. (CNNNow, 10 August, 2016)
- The executive board of the International Monetary Fund concluded the consideration of the 2016 discussion on the common policies of member countries of the Eastern Caribbean Currency Union on July 13, 2016. The executive board assessment states that the regional recovery is gaining ground, supported by continued low oil prices, strong tourism arrivals, and robust citizenship-by-investment receipts. Three failed banks have been resolved with no spillovers to the rest of the region and fiscal management has improved. (CNNNow, 13 August, 2016)
- A three-member delegation from the Florida Caribbean Cruise Association met with members of the St Kitts and Nevis Cabinet

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on August 10 to discuss further improvements to and impacts on the cruise tourism sector. (CNNow, 15 August, 2016)

- Vincentians are benefitting from a modernized juvenile justice system and are better equipped to adapt to climate change as a result of two major projects supported by the US Government through the United States Agency for International Development (USAID) in collaboration with the Organisation of Eastern Caribbean States. USAID Mission Director for the Eastern and Southern Caribbean, Christopher Cushing, highlighted these developments during a close-out ceremony for the St Vincent and the Grenadines phase of the Caribbean regional US\$5.8 million "Juvenile Justice Reform Project" and the US\$9.5 million "Rallying the Region to Action on Climate Change" project. (CNNow, 17 August, 2016)
- The St Kitts and Nevis Government has been working to lift the US Financial Crimes Enforcement Network advisory issued in 2014 on the grounds that the country's citizenship by investment programme was not properly regulated. (CNNow, 19 August, 2016)
- Range Developments, the developer of luxury projects in the Caribbean, has announced the creation of 50 scholarships of \$1,000 each for students from the island of Dominica to help them pay for their studies. (CNNow, 23 August, 2016)
- The BAICO (Plan of Arrangement) Bill, 2016, passed into law at the sitting of the St Kitts and Nevis National Assembly, will "provide the legal framework to implement a plan of arrangement to resolve the long outstanding matter of payments to the policyholders of the failed British American Insurance Company (BAICO)", according to Prime Minister and Minister of Finance, Dr Timothy Harris. The Plan of Arrangement is a statute-based court-approved legal process under which BAICO may enter into an arrangement or compromise with their creditors. (CNNow, 25 August, 2016)
- The Organisation of Eastern Caribbean States (OECS) principles of good manufacturing practices workshops are intended to build the capacity for OECS micro, small and medium manufacturing and agribusiness enterprises in the effective use of quality management tools and processes to improve the hygiene, packaging, safety and quality of the processed food products they produce. The 22 August marked the fourth in a series of national two-day workshops on the principles of good manufacturing practices for OECS micro small and medium enterprises organized by the Competitive Business Unit of the OECS Commission. (CNNow, 26 August, 2016)
- The Federation of St Kitts and Nevis has signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. As a result, the Convention will enter into force in Andorra, Senegal, and St Kitts and Nevis on Thursday, December 1, 2016. According to the OECD website, "The convention is a freestanding, multilateral agreement designed to promote international co-operation for a better operation of national tax laws, while respecting the fundamental rights of taxpayers. The convention provides for all possible forms of administrative co-operation between the parties in the assessment and collection of taxes, in particular with a view to combating tax avoidance and evasion." (CNNow, 27 August, 2016)

Guyana

- Canada-based Guyanese company, Green Heart Tree Energy, has returned to Guyana with several Chinese companies with the aim of investing in manufacturing electric meters, helping Guyana Power and Light with its power grid and introducing the 'smart meter' to Guyanese customers. This follows calls from Government for the Diaspora to play an increased role in investing. Greenheart Tree Energy has signed Memoranda of Understanding with three Chinese companies. These are Shanghai Jinling Intelligent Electric Co. Limited, Henley Engineering Management (Shanghai) Co. Ltd. and TCI Ecology and New Energy Tech Company. (Kaieteur News, 1 August, 2016)
- Guyana's economy grew by two per cent in the first half of 2016, with astronomical performances from the gold industry accounting for the increase. While there is overall good news for the economy, the agriculture sector has shrunk over the same period. This is according to Minister of Finance, Winston Jordan, who reported on the contents of the 2016 Half Year Report on Guyana's economy during a press conference. (Kaieteur News, 9 August, 2016)
- As part of efforts to show support for Government's thrust for a 'Green Economy,' the Private Sector Commission (PSC) has signed a Memorandum of Understanding (MOU) with The Energy and Resources Institute, (TERI) towards embracing and understanding green growth and sustainable development in Guyana. TERI is a not-for-profit policy research organization based in India - working in the fields of energy, environment and sustainable development. The signing took place at the Marriott Hotel in Kingston, Georgetown, on Monday 8th August. (Kaieteur News, 10 August, 2016)
- Minister of State, Joseph Harmon, during a recent Post-Cabinet Press Briefing, stated that Cabinet has approved the request made by the Minister of Finance, Winston Jordan, for the Government of Guyana to sign Reciprocal Model Level 'A' One, Inter-Governmental Agreement (IGA) with the USA Internal Revenue Service. He explained that the signing of this IGA will allow for the service agreement with the software provider for the installation of reporting software relating to the FATCA which will strengthen Guyana's Anti-money Laundering and Countering the Financing of Terrorism Act (AML/CFT) thrust. (Kaieteur News, 12 August, 2016)
- The Guyana Parliament has approved tax breaks to Esso Exploration and Production Limited, a subsidiary of Exxon Mobil Corporation currently operating the Stabroek block and the deep water Liza field located around 200km offshore Guyana. (Jamaica Observer, 13 August, 2016)
- Guyana has recorded a significant decline in its balance of trade deficit for the first six months of this year as compared to the same period last year, according to figures released by the Ministry of Finance. According to the figures, the deficit had been reduced by 92 per cent and stood at US\$19.1 million as against US\$250.6 million. (Jamaica Observer, 17 August, 2016)
- Guyana and Trinidad and Tobago are ramping up efforts to collaborate on this country's development of the oil and gas sector. Minister of Natural Resources, Raphael Trotman, and Minister of Energy and Energy Industries of Trinidad and Tobago, Nicole Olivier, met on Wednesday 24th August on

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the matter. (Kaieteur News, 26 August, 2016)

- As Guyana's gold mining industry assumes an increasingly prominent role in the growth and development of the country's economy, government continues to seek ways of accessing knowledge and technology available through participation in international fora. A decision was therefore taken to send a delegation to China's Third Annual Gold Mining Technology Forum being held in the country's Shandong Province from August 27-30, Minister in the Ministry of Natural Resources Simona Broomes has told the Stabroek Business News. (Stabroek News, 26 August, 2016)
- A team led by Public Telecommunications Minister, Cathy Hughes, is on the way to China for talks with the principals of Huawei Technologies Co. Ltd., for the expansion of the country's E-governance programme to the hinterland. (Kaieteur News, 27 August, 2016)
- ExxonMobil to drill third well in September-This was reported to the media by ExxonMobil's Country Manager, Jeff Simons, during a media luncheon on the 30th August, 2016, organised by the oil company, at Cara Lodge. (Kaieteur News, 31 August, 2016)

Haiti

- The Permanent Council of the Organization of American States on 11 August, 2016 called on all Haitian political and social actors to fully "assume their responsibilities and take all necessary measures to conclude the electoral process by holding free, fair and transparent elections in October 9". (CNNow, 12 August, 2016)
- The Obama Administration has reportedly warned that it will end all money transfers from the US to Haiti in November, 2016, unless certain unspecified "corrective measures" are taken. (CNNow, 29 August, 2016)

Jamaica

- Jamaica's government announced on 29th July, 2016 that it will pay off its PetroCaribe oil debts to Venezuela with food, medication, and fertilizers, instead of cash, at a time when Venezuela is suffering from acute shortages of basic products amid a major economic and political crisis, with few signs that things will get any better in the near or medium term. It is reported that the transfers will take place in the last quarter of this year and amount to \$4 million. (CNNow, 3 August, 2016)
- The Government of Jamaica announced a tender offer for its 2017 and 2019 Eurobonds, meaning that it would purchase its already existing outstanding bonds for cash. Specifically, the first offer is for the 2017 Eurobond maturing on June 20th, with outstanding principal of US \$400,071,000, at a price of 108 per cent, or an 8.0 per cent premium on the principal value. The second offer, for the amortising notes due 2019, is for a total principal of US\$744,212,000, at a purchase price of 110.5 per cent – a 10.5 per cent premium above the principal value. (Jamaica Observer, 10 August, 2016)
- Jamaica has received its first shipment of natural gas aboard the Golar Arctic through a partnership agreement between the Jamaica Public Service and New Fortress Energy. The shipment arrived at the port of Kingston 5 August, 2016. The introduction of gas represents a historic milestone for Jamaica, as the nation

pursues energy diversification and the expansion of its energy sector. (Jamaica Observer, 10 August, 2016)

- Tourism minister, Edmund Bartlett, says Jamaica's cruise shipping industry is being repositioned to better enable it to generate significantly higher earnings. This, he says, is aimed at ensuring that the tourism industry is able to record the US\$5 billion in annual earnings being targeted to materialize by 2021. (CNNow, 15 August, 2016)
- Minister of Science, Energy and Technology, Dr Andrew Wheatley, has welcomed the move by British billionaire and head of the Virgin Group, Sir Richard Branson, to acquire Blue Mountain Renewables (BMR) Jamaica Wind Limited. The US\$89 million BMR wind farm has a generating capacity of 36.3 megawatts and is the largest privately-funded renewable energy project in the country. It is expected to reduce the country's reliance on fossil fuels by about five million barrels, or US\$500,000 over the 20-year life of the plant. (CNNow, 15 August, 2016)
- Minister of Science, Energy and Technology, Dr Andrew Wheatley, says the Government of Jamaica is to finalise an agreement with Eight Rivers Energy Company to build and operate a 33.1 megawatt solar facility at Paradise Park, in Westmoreland. The plant will contribute to the grid at US8.54 cents per kWh, and represents an investment of US\$50 million. Construction, Wheatley noted, is slated to start in 2016/2017 with supply to the grid commencing in 2018. (CNNow, 16 August, 2016)
- Paramount Trading Limited has invested US\$400,000 in the build-out of an oil-testing laboratory at its East Bell Road, Kingston, production facility. The interim laboratory forms part of a partnership agreement with Pittsburgh-based Allegheny Petroleum for the construction of an oil-blending plant – inclusive of an oil-testing lab at Paramount's Waltham Park office – valued at US\$500 million, as the company seeks to get a toehold in the export market. (Jamaica Observer, 17 August, 2016)
- President of Haiti-based Sunrise Airways, Philippe Bayard, reckons that the Haitian carrier will be operating flights to and from Jamaica by fall next year. It is an initiative that the airline has been working on for the past two years, and recently the carrier announced that it had entered into the final phase of its application process with the Jamaica Civil Aviation Authority towards initiating its first-ever Jamaica flights. (Jamaica Observer, 19 August, 2016)
- An International Monetary Fund (IMF) mission led by Uma Ramakrishnan visited Jamaica during August 9-19, 2016, to conduct discussions on the 13th review of Jamaica's IMF-supported programme under the extended fund facility (EFF). At the end of the visit, Ramakrishnan issued the following statement in Kingston: "The IMF team reached a preliminary agreement with the authorities on a set of policies that aims at completing the thirteenth Review under the EFF. Consideration by the IMF's Executive Board is tentatively scheduled for September 2016. Upon approval, SDR 28.32 million (about US\$40 million) would be made available to Jamaica. (CNNow, 20 August, 2016)
- Prime Minister Andrew Holness says the Government of Jamaica is strengthening initiatives to tackle the threat of international banks ending their correspondent banking

REGIONAL ECONOMIC NEWS cont'd

relationships with local financial institutions. In order to reduce reputational risks and to be in compliance with international regulations, particularly relating to criminal activity such as money laundering, fraud and terrorist financing, international banks have threatened to cut ties with banks in the region in a de-risking move. (CNNow, 20 August, 2016)

- Bank of Jamaica (BOJ) officials have confirmed that they are still awaiting the return of revised and new regulations which will provide the basis on which the central bank will initiate oversight of the 34-member credit union sector. Credit unions do not currently fall under the BOJ, which supervises other deposit-taking institutions including commercial banks, merchant banks and building societies. The community savings sector at year end 2015 accounted for 6.9 per cent (2014: 7.1 per cent) of the \$1.28 trillion in assets held by the combined deposit-taking sector. (Jamaica Observer, 24 August, 2016)
- Wealth Magazine-owned Business Access Television has entered an agreement with Digicel Play to air its business and lifestyle-focused content in Trinidad and Barbados. (Jamaica Observer, 26 August, 2016)
- Prime Minister Andrew Holness says there are at least seven new Business Process Outsourcing projects in the pipeline, which should significantly expand the sector and create many new jobs. Holness pointed out that he is integrally involved in the seven projects, which should come on stream this year into early next year. (Jamaica Observer, 27 August, 2016)
- Minister of Culture, Gender, Entertainment and Sport, Olivia "Babsy" Grange, says she is confident that, this time around, the benefits from the summer Olympics will significantly impact GDP growth. (Jamaica Observer, 28 August, 2016)
- Jamaica's Minister of Tourism, Edmund Bartlett, is scheduled to hold talks with industry stakeholders in Canada this week, to discuss strategies to boost visitor arrivals from that country to Jamaica. Bartlett, who is leading a Jamaican delegation to Canada, says the meetings will involve representatives of several of Jamaica's longstanding partners, including airlines, tour operators and travel agents. (TTEExpress, 28 August, 2016)
- The Jamaica Manufacturers' Association (JMA) has expressed concern at the devaluation of the local currency warning it could lead to reduced competitiveness and increased prices for consumers. "It remains disconcerting that to date, the Jamaican dollar has seen a decline of 5.6 per cent since the start of the year, trading at an average rate of J\$127.25 to US\$1, 00," the JMA said in a statement. The Jamaica dollar closed at J\$127.44 to one US dollar, up by eight cents, according to the Bank of Jamaica's daily foreign exchange trading summary. (TTEExpress, 30 August, 2016)
- The Bank of Jamaica has issued a new offer of US-dollar (USD) certificates of deposit ranging in tenor from three years to seven years. (Jamaica Observer, 31 August, 2016)

Suriname

- Suriname has identified enhancement of ecotourism, the establishment of rural women cooperatives and agricultural diversification as priority areas for the future socio-economic development of the Dutch-speaking Caribbean Community country. (TTEExpress, 17 August, 2016)
- An International Monetary Fund (IMF) staff mission, led by Daniel Leigh, visited Paramaribo from August 8 to 18, to initiate

discussions on the first review under Suriname's stand-by arrangement (SBA) with the IMF. At the conclusion of the visit, Leigh issued the following statement: "The IMF mission had constructive discussions with the authorities on policies needed to meet the objectives of Suriname's economic programme supported by the SBA. We agreed with the authorities to continue discussions with a follow-up visit once further progress has been made in implementing the programme. (CNNow, 20 August, 2016)

Trinidad and Tobago

- A major international credit rating agency has assigned a Baa3 rating to the Trinidad and Tobago government's one billion US dollar bond maturing on August 4, 2026. Moody's Investors Service said that the government's issuer rating has "a negative outlook," and that the Baa3 ratings reflect, on the one hand, low gross domestic product (GDP) growth rates, high exposure to oil and gas-related shocks, data limitations and weak fiscal policy execution capacity. (TTEExpress, 1 August, 2016)
- Less than a month after Canadian oil and gas company, Niko Resources Ltd, signalled it is considering bailing out of Trinidad and Tobago, one of Britain's, Centrica plc, this week reminded the market it is trying to do the same. Centrica, the parent company of British Gas, which supplies gas, electricity and energy-related services to households in the United Kingdom and North America, is still trying to sell off its Trinidad and Tobago assets, Centrica Group Chief Executive Officer Iain Conn said on July 28 as he delivered half-year 2016 results to investors. (TTEExpress, 1 August, 2016)
- The Central Bank of Trinidad and Tobago says output in the energy sector declined in the first six months of this year while the non-energy sector also recorded a slowdown in production. (TTEExpress, 2 August, 2016)
- Trinidad and Tobago's sovereign wealth fund (SWF), the Heritage and Stabilisation Fund, is not following best practices as outlined in the Santiago Principles and exemplified by the Norway's SWF, Mariano Browne, a former minister of state in the Ministry of Finance said last month. (TTEExpress, 3 August, 2016)
- Conglomerate Massy Holdings has received regulatory approval to delist its shares from the Barbados Stock Exchange. The group made the announcement to Barbados-registered shareholders in a July 27 circular letter. (TTEExpress, 4 August, 2016)
- Global commodities and energy company BHP Billiton has confirmed a new gas discovery off the east coast of Trinidad. The company said in a statement that it confirmed "positive drilling results for the LeClerc well in Trinidad and Tobago through the company's targeted petroleum exploration programme. (TTEExpress, 10 August, 2016)
- THE 100 per cent owner of Flavorite Foods Ltd—Stone Street Capital Ltd has successfully delisted the company from the Trinidad and Tobago Stock Exchange, according to a news release. (TTEExpress, 12 August, 2016)
- The Trinidad and Tobago Government says it has renegotiated a multi-million dollar agreement for the construction of the Caribbean Gas Chemicals Limited plant in the south of the island. (TTEExpress, 12 August, 2016)

REGIONAL ECONOMIC NEWS cont'd

- Tobago's 2015-2016 cruise ship season, which closed in May, was one of the best in the island's history, bringing ashore roughly 106,000 people. (TTEExpress, 15 August, 2016)
 - Oil and gas giant, BP plc, will make a final investment decision over the next 18 months on whether to invest in the shallow water Angelin field, 40 kilometres off the coast of Manzanilla, BP group chief executive officer Bob Dudley said on a conference call with investors last month. (TTEExpress, 17 August, 2016)
 - The Trinidad and Tobago Government says it is establishing a quality policy as it seeks to develop quality standards for the country's non-energy manufacturing base and to increase its global competitiveness. (TTEExpress, 17 August, 2016)
 - Finance Minister Colm Imbert and United States Ambassador John Estrada signed a Model IA Intergovernmental Agreement (IGA) to improve international tax compliance through mutual assistance in tax matters. It is based on an effective infrastructure for the automatic exchange of information. The IGA will also facilitate the implementation of the Foreign Account Tax Compliance Act enacted in the United States of America in 2010, the Ministry of Finance said in a statement. (TTEExpress, 19 August, 2016)
 - A \$5.2 million value added tax rebate will help onshore oil and gas company LGO Energy plc to target five more wells in the Goudron area, near Guayaguayare, a company statement said. (TTEExpress, 22 August, 2016)
 - The Association of Trinidad and Tobago Insurance Companies (ATTIC), has applauded the government on the signing of the Inter-Governmental Agreement on the Foreign Account Tax Compliance Act (FATCA), saying that it has removed some uncertainty in the financial services industry. "The IGA (Inter-Governmental Agreement) means that local reporting financial institutions will supply information to the local tax authority, who will then report to the US tax authority," the association said. (TTEExpress, 24 August, 2016)
- ### Caribbean Regional Developments
- The Caribbean Regional Fisheries Mechanism (CRFM) is working with member states from around the region as they prepare to take the first steps in converting fish waste to fish wealth -- a change that could multiply earnings from the sector. Chief fisheries officers, senior fisheries officers and private sector representatives from 17 CRFM member states learned about the application of the value chain approach to the fisheries and aquaculture sector when they attended a weeklong workshop held in Suriname, 25th -29th July, 2016. (CNNow, 1 August, 2016)
 - The United Nations' Economic Commission for Latin America and the Caribbean (ECLAC) has forecast economic contraction for the region this year. ECLAC said that economic activity in the region will contract -0.8 per cent this year, marking a steeper decline than in 2015 when the decline was -0.5 per cent. (TTEExpress, 2 August, 2016)
 - Caribbean countries are expected to benefit from a new initiative announced by the World Bank that expands protections for people and the environment in Bank-financed investment projects. The World Bank said its Board of Executive Directors approved the new Environmental and Social Framework that concludes nearly four years of analysis and engagement around the world with governments, development experts, and civil society groups, reaching nearly 8,000 stakeholders in 63 countries. (TTEExpress, 4 August, 2016)
 - The board of directors of the Caribbean Development Bank (CDB) has approved a grant to support the digitalisation of Caribbean music. This intervention responds to the global shift to digital music distribution, which has placed the Caribbean music industry at a significant disadvantage on the international scene. CDB's funding for this project totals US\$150,000. The Association of Caribbean Copyright Societies (ACCS) will contribute US\$20,000 and the Barbados Investment Development Corporation, US\$16,000. (CNNow, 5 August, 2016)
 - While Chinese investment in the Caribbean has surged to levels unprecedented in the region's history, so too have Chinese exports to the region while Caribbean exports to China have been reduced, Inter-American Development Bank analysts Mark Wenner and Dillon Clarke say in their report entitled "Chinese rise in the Caribbean" released a week ago. (TTEExpress, 9 August, 2016)
 - The Caribbean Export Development Agency (Caribbean Export) is partnering with the World Bank Group to bring greater access to finance for Caribbean entrepreneurs and develop the region's angel investment ecosystem. The new programme, LINK-CARIBBEAN, aims to stimulate private investment into early-stage enterprises by providing funding products that help entrepreneurs raise capital. The programme will also develop a regional angel investor network (RAIN Caribbean), which will support the development of an early-stage investment community in the Caribbean. (CNNow, 12 August, 2016)
 - Officials from the Caribbean Development Bank and the Agence Française de Développement) have signed an agreement to provide US\$33 million towards financing sustainable infrastructure projects in the Caribbean region. At least 50 per cent of the funds will be used to fund climate change adaptation and mitigation projects. (CNNow, 25 August, 2016)
 - The Caribbean Development Bank has launched a public-private partnership (PPP) helpdesk, which will provide technical assistance to regional governments seeking to develop PPP projects in their countries. The helpdesk will assist governments to better manage PPP programmes and projects, especially in the early stages of development. It will provide support to governments through the provision of specialist consultants to undertake pre-feasibility studies and PPP screening. (CNNow, 26 August, 2016)
 - The Caribbean Association of Banks Inc. said it strongly supports the recent remarks and proposed approach of IMF managing director Christine Lagarde regarding the de-risking/correspondent banking issue. As she stated, "It is a collective action problem that calls for a collective solution." (CNNow, 27 August, 2016)

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



The Central Bank of the Bahamas, in collaboration with the Caribbean Centre for Money and Finance (CCMF), is honored 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:

- ⇒ All researchers are asked to submit an abstract of their proposed paper for review by CCMF, along with the name(s) of the presenters to the email address: ccmf@sta.uwi.edu, no later than Friday, September 30
- ⇒ Registration forms should be sent via the following link: [Click here](#) by Friday October 14
- ⇒ Completed papers should be sent to the email address: ccmfhost@centralbankbahamas.com by Friday, October 21

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