

# CariCRIS

Caribbean Information &  
Credit Rating Services Limited



CariCRIS is the Caribbean's regional credit rating agency. It is a unique market-driven initiative aimed at fostering and supporting the development of regional debt markets in the Caribbean.

## Daily Newswire



For Comments and Queries call: 1 (868) 627 8879  
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## Caribbean Information & Credit Rating Services Limited

CariCRIS is the Caribbean's first credit rating agency. Established in 2004 by the major financial institutions, central banks and multilateral development institutions in the region, CariCRIS provides to bond issuers, investors and financial market regulators, national as well as regional scale credit ratings which measure the relative creditworthiness of entities in individual countries as well as in the region as a whole.

### CariCRIS' products and services include:

- Regional Scale and National Scale credit ratings of sovereigns, banks and other financial institutions, insurance companies and manufacturing/service companies
- Private credit assessments for these entities as well as for credit unions
- SME Ratings
- Mutual Fund Gradings
- Independent pricing of regional fixed income securities
- Independent risk assessment of investment and loan portfolios
- Training in Credit Risk Analysis – general workshops and workshops customised for individual institutions
- Industry research

### CariCRIS' credit ratings facilitate:

- Easy and direct comparison of credit quality within Caribbean countries and across the region based on independent and objective rating methodologies
- A more scientific pricing of credit risk
- Determination of capital requirements for insurance companies, banks and financial institutions
- Lowering of debt cost when borrowing directly from the capital market or negotiating loans from banks
- Significant improvement of overall market efficiency through increased information and transparency



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# Regional

## Jamaica

### **AJ begs for help**

#### **Asks diplomats to support revision of Ja's status as middle-income country**

FOREIGN Affairs and Foreign Trade Minister AJ Nicholson wants Jamaica's status as a middle-income country to be revised on the ground that the World Bank classification has resulted in a cutting of critical concessionary financing to the island.

### **Tourism industry honours Stewart with Lifetime Achievement Award**

A Jamaican businessman won the top accolade at the world tourism industry's annual gala attended by 1,000 of the sector's leading figures in London last week. Gordon 'Butch' Stewart, the founder and chairman of Sandals Resorts International, was honoured with a Lifetime Achievement Award at the 2012 Travel Weekly Globe Travel Awards ceremony in the Grosvenor Hotel on Buckingham Palace Road.

### **\$2-B CASH CHASM as tax revenues fall**

A \$2-billion chasm has opened in the Government's accounts as tax revenues have fallen below target over the last nine months, raising the spectre of additional spending cuts, higher taxes and more austerity for ordinary Jamaicans.

### **2011 saw drastic loan cuts at CDB**

The Caribbean Development Bank (CDB) drastically cut the approval and disbursement of loans to borrowing member countries (BMCs) in 2011 as many countries of the Caribbean continue to experience contractions of their economies.

### **Do you want to cut your energy bills?**

IT'S rare when a business, especially a start-up, has something good to say about JPS, but the nation's sole electricity distributor isn't always at fault, said Jason Robinson, CEO of Solar Buzz Jamaica.

### **Supermarket brews up first profit**

Jamaica Teas has recovered its initial investment in its Kingston-based supermarket in less than 18 months, according to its latest annual report. "We are pleased that the amount invested in the Kingston supermarket in 2010 has been fully recovered during the fiscal year," said the report on the performance in its financial year ended September 30, 2011.

### **Elections were grey spell for paint maker**

BERGER Paints blamed elections and political change for dampened sales in November and December, which ultimately led to a 37 per cent drop in net profit. The paint manufacturer posted \$41.3 million in net profit for the three months ending December 31, compared to \$65.9 million in the corresponding period in 2010.

### **Barita net profit rises 59%**

Barita Investments Limited posted 59 per cent higher net profit for the three months to December 31, 2011, when compared to the corresponding period in 2010. The company saw its bottom line grow from \$32 million to \$51 million as total revenues grew by 53 per cent to \$197 million, outpacing the 28 per cent rise in expenses to \$109 million for the quarter.

### **JEEP is about creative employment, says PM**

Prime Minister Portia Simpson Miller says her Government's Jamaica Emergency Employment Programme (JEEP) is about creative, productive employment, which is what Jamaica needs at this time.

### **Telecoms find one more reason to quarrel**

Mobile market leader Digicel Jamaica has rebuffed suggestions of rival LIME Jamaica that by offering Claro customers an opportunity to switch to its network while retaining their existing numbers it was introducing local number portability (LNP) through the backdoor.

### **Goddard takes J\$420m hit on Intertrade investment**

Goddard Enterprises Limited has written off a BDS\$9.7 million (J\$420m) investment in Jamaica which it linked to deposits in suspended cambio and trader Intertrade Finance. Goddard conducted an internal audit which resulted in management changes at GCG Jamaica - formerly Versair Inflite - its Jamaica-based subsidiary, as disclosed in its earnings report for the period ending September 2011.

## **Trinidad and Tobago**

### **I will give account**

Nine representatives from the Ministry of Trade (MTI) and its agencies accompanied Prime Minister Kamla Persad-Bissessar on the recent mission to India, Trade Minister Stephen Cadiz said yesterday.

### **Neal and Massy records increase in revenue**

CHAIRMAN of Neal and Massy Holdings Limited, Arthur Lok Jack, has said that Group Third Party Revenue for the company expanded to \$8.5 billion at the end of the financial year to September 2011.

### **TDC Successful at Caribbean Marketplace Tourism Conference**

The Tourism Development Company of Trinidad and Tobago Limited (TDC) successfully participated in the 30th Caribbean Hotel Tourism Association (CHTA) Marketplace last week, January 22 – 24, at Atlantis Paradise Island, Nassau, Bahamas.

### **A 'mammoth project' with India?**

It may not be generally recognised but the upgrader project that Energy and Energy Affairs Minister Kevin Christian Ramnarine pursued with Reliance Industries during the Trinidad and Tobago delegation's visit to India last month, led by Prime Minister Kamla Persad-Bissessar, has enormous game-changing (sorry to use a now popular cliché) implications for this country's energy sector.

### **Grim 2012 for T&T**

The grim global economic picture painted by 11 multilateral and regional institutions, led by the IMF, the World Bank and the WTO, must be cause for concern here in Trinidad and Tobago.

### **AmCham concerned about economy**

Vice President of the American Chamber of Commerce of Trinidad and Tobago (AmCham) Hugh Howard, yesterday expressed concern about the latest statistics for T&T's economy.

### **FIU working to stop T&T money laundering**

Trinidad and Tobago's Financial Intelligence Unit (FIU) has submitted 16 cases to law enforcement agencies for investigation.

## **Barbados**

### **S&P concerned with low growth prospects**

THERE is a 33 per cent chance that Barbados could face another downgrade by an international credit rating agency. Despite the country's ongoing efforts to stabilise its fiscal position, it is faced with many uncertainties – including its vulnerability to external economic forces, which have increased its risks. Fiscal consolidation, without much growth prospects, cannot therefore be the sole focus of Barbados' road to recovery.

### **Bdos among Top 10 dependent on tourism**

BARBADOS HAS BEEN LISTED among the ten countries in the world most dependent on tourism for its economic survival. This comes in the face of a report from Colin Jordan, president of the Barbados Hotel & Tourism Association, that while January and February were proving strong for most hotels, March and summer months were “not looking so good”.

### **Gale: Private sector must lead**

BARBADOS IS NO LONGER in recession, but our future economic growth must be private-sector led, according to Lisa Gale, executive director of the Barbados Chamber of Commerce & Industry.

### **Report: Banking system still robust**

THE CENTRAL BANK OF BARBADOS launched its first Financial Stability Report (FSR) last Friday, bringing it in line with scores of countries across the globe that publish such reports annually.

## **No full bailout**

A CLICO solution that pleases all the interested parties looks unlikely.

## **Montserrat**

### **Montserrat premier cautions British overseas territories about eurozone crisis**

Montserrat Premier Reuben Meade has warned British Overseas Countries & Territories (OCT) to prepare “for the worse case scenario” in light of the ongoing eurozone crisis. He told leaders gathered here for the three-day 10th OCT-EU Forum that they “have to devise strategies relating to how we will sustain our economies”. “We also need to assess our own vulnerabilities having regard for the current environment,” he advised.

## **Bahamas**

### **Families earning under \$5k yearly increase by 83%**

THE NUMBER of Bahamian households surviving on less than \$5,000 per year has increased by an "alarming" 83 per cent in the past four years, Department of Statistics data shows, indicating the recession has most impacted those who "could least afford to be affected".

## **Anguilla**

### **Cap Juluca is Named “The Most Romantic Hideaway”**

Condé Nast Johansens, the international luxury travel guides from the most trusted name in travel publishing, Condé Nast Publications Ltd., recently announced the winners of the 2012 Awards for Excellence. Cap Juluca was named “The Most Romantic Hideaway”.

## **Guyana**

### **Offshore drilling rig arrives in Guyana**

The way has been cleared for the Canadian oil exploration company, CGX to commence drilling one of two wells in the Guyana offshore concession with the arrival on Sunday of the Ocean Saratoga, a semi-submersible drilling rig.

### **Crippling sugar price cuts...EU transferred \$3.4B to Guyana last year**

Guyana received \$3.4B last year as part of the European Union (EU)’s continued support for the sugar sector.

This year, another amount to the tune of 24.9M Euros, is scheduled to be disbursed once the Financing Agreement is signed between the EU and the Government of Guyana, which is expected in the near future.

## **Dominican Republic**

### **Central America wins bout against local import tariffs, Bloomberg reports**

The World Trade Organization has ruled against the country's import tariffs on polypropylene bags and tubular fabric, on a complaint by Costa Rica, Panama, Guatemala, Honduras and El Salvador, Bloomberg.com reports.

### **Long weekend a boon for hotels nationwide**

The long holiday weekend boosted Puerto Plata's hotel occupancy to around 80%, whereas in Punta Cana and Las Terrenas, in Samaná remained at 100%, mostly the result of the high season.

## **Antigua and Barbuda**

### **Stanford tried to influence Antigua regulator, says witness**

An Antigua and Barbuda official told jurors on Monday in US Federal Court in Houston that Allen Stanford used his influence to manipulate the country's banking regulators. "This would be a classic case of the rat being put in charge of the cheese," said Althea Crick, who is chairman of Antigua and Barbuda's Financial Services Regulatory Commission.

## **Cuba**

### **Brazil to support economic development in Cuba**

Brazilian President Dilma Rousseff reiterated on Tuesday her country's intention of supporting Cuba through assistance programs for the economic development of the Caribbean nation.

## **Belize**

### **Belize oil exploration program to be expanded**

Treaty Energy Corporation, in a follow up to its first successful oil well strike in Belize, on Tuesday announced plans to add two new oil fields to its Belize drilling program.

## **Saint Lucia**

### **St Lucia: No Agreement on LIAT Stake**

St Lucia's government has not agreed to a proposal or deal involving the purchase of shares in regional air carrier LIAT, it announced yesterday. The airline does play an important role in the region and needs greater support, according to Prime Minister Dr Kenny Anthony.

## Other - Regional

### **Slow growth to continue in the region**

Economies in the region will grow at an anaemic rate except for Guyana. That was the outlook for 2012, based on the Caribbean Development's Bank (CDB) assessment.

### **CariCRIS developing rating model for credit unions**

Regional credit rating agency CariCRIS is working on a model to start rating credit unions across the Caribbean to supplement the work of regulators of the multibillion-dollar sector.

## International

### Europe

#### **IMF presses Greece on wages, says debt deal soon**

An IMF debt inspector says negotiations for landmark debt deals with Greece will be concluded in a "matter of days" but pressed the recession-hit country to lower employment costs and even slash the minimum wage.

#### **Eurozone inflation steady at 2.7 percent**

Inflation in the 17 countries that use the euro was unchanged in the year to January at 2.7 percent, official figures showed Wednesday, reinforcing market expectations that the European Central Bank will decide to keep interest rates unchanged at its next policy meeting.

### China

#### **China manufacturing data mixed in January**

China's manufacturing sector was boosted by strong holiday season demand for food, beverages and other consumer products in January, though export demand and other indicators remained weak, according to surveys released Wednesday.

### Other – International

#### **Oil hovers below \$99 after US crude supply jump**

Oil prices hovered below \$99 a barrel Wednesday in Asia as investors eyed a jump in U.S. crude inventories and signs of sluggish economic growth. Benchmark crude for March delivery was up 15 cents at \$98.63 a barrel at late afternoon Singapore time in electronic trading on the New York Mercantile Exchange.



**\* FULL ARTICLES \***



## [IMF presses Greece on wages, says debt deal soon](#)

Wednesday, 1st February, 2012 - AP

An IMF debt inspector says negotiations for landmark debt deals with Greece will be concluded in a "matter of days" but pressed the recession-hit country to lower employment costs and even slash the minimum wage.

The head of the International Monetary Fund's mission in Greece, Poul Thomsen, said in an interview published Wednesday that talks for a new euro130 billion (\$171 billion) bailout package would be over "very soon."

That deal is linked to an agreement with private creditors to accept losses on Greek bonds, which will cut euro100 billion off the country's national debt.

"Yes, it's a matter of days," Thomsen was quoted as saying by the Athens daily Kathimerini. "The discussions for the (new) program will be concluded very soon."

Thomsen insisted wages in Greece remain too high, and that was hurting the country's competitiveness. He urged the government to consider cutting the minimum wage of euro750 (\$988) gross pay per month.

Greek unions and employers are to resume negotiations on Thursday in an effort to cut labor costs, but both sides are already in agreement that the minimum wage and basic private sector pay should not be affected, warning such a move would only deepen the country's recession.

Greece and its creditors are anxious to close the new rescue deals ahead of a March 20 Greek bond repayment worth euro14.5 billion (\$19.1 billion) that threatens the country with bankruptcy and the eurozone with a major crisis.

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Oil prices hovered below \$99 a barrel Wednesday in Asia as investors eyed a jump in U.S. crude inventories and signs of sluggish economic growth.

Benchmark crude for March delivery was up 15 cents at \$98.63 a barrel at late afternoon Singapore time in electronic trading on the New York Mercantile Exchange. The contract fell 30 cents to settle at \$98.48 on Tuesday.

Brent crude was up 19 cents at \$111.17 a barrel on the ICE Futures Exchange in London.

The American Petroleum Institute said late Tuesday that crude inventories rose 2.1 million barrels last week while analysts surveyed by Platts, the energy information arm of McGraw-Hill Cos., had predicted an increase of 3.0 million barrels.

Inventories of gasoline fell 222,000 barrels last week while distillates added 970,000 million barrels, the API said.

The Energy Department's Energy Information Administration reports its weekly supply data later Wednesday.

Investors will be closely watching the latest U.S. employment data from January on Friday. The Conference Board said Tuesday that consumer confidence fell in January from December as Americans were more worried about their incomes, gas prices and business conditions.

The housing market also continues to struggle. Home prices fell in November for a third straight month in 19 of the 20 U.S. cities tracked by the S&P/Case-Shiller index.

"U.S. economic releases tilted toward the bearish side, and that these figures followed last Friday's negative GDP guidance conjured up images of some disappointing employment data," energy consultant Ritterbusch and Associates said in a report. "A difficult, choppy trading environment could be sustained well into February."

In other energy trading, heating oil rose 0.5 cent to \$3.06 per gallon and gasoline futures were up 1.3 cents to \$2.90 per gallon. Natural gas fell 4.9 cents to \$2.45 per 1,000 cubic feet.

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## [China manufacturing data mixed in January](#)

Wednesday, 1st February, 2012 - AP

China's manufacturing sector was boosted by strong holiday season demand for food, beverages and other consumer products in January, though export demand and other indicators remained weak, according to surveys released Wednesday.

The state-affiliated China Federation of Logistics and Purchasing said its purchasing managers index, or PMI, rose 0.2 points to 50.5 from December's figure of 50.3 in a second straight month of improvement.

November's figure had fallen well below the 50-level that signifies expansion, in the first contraction in manufacturing activity since early 2009. But a relatively early Lunar New Year holiday, in mid-January, had buoyed production in December, economists say.

The positive trend "suggests that the manufacturing sector has stabilized somewhat due to supportive fiscal and monetary policies," said ANZ Group analysts Li-gang Liu and Hao Zhou commented.

However, a competing survey, the HSBC China Manufacturing PMI — a seasonally adjusted index designed to measure the performance of the manufacturing economy — remained little changed, at 48.8 compared to 48.7 in December, suggesting a "moderate deterioration in Chinese manufacturing sector conditions," HSBC said.

A government-engineered cooling of the property sector, coupled with the slump in global demand, has helped cool growth, battering export-driven southern coastal regions where thousands of small companies have gone out of business, laying off tens of thousands of workers.

HSBC said factories continued to reduce payrolls while reducing output due to weak orders, relying when possible on stock depletion.

"This calls for more aggressive easing measures to support growth," said HSBC economist Hongbin Qu. He forecast a "tough" first quarter for 2012, with growth slowing to about 8 percent. China's expansion slowed to a 2 1/2-year low of 8.9 percent in the three months ending in December from the previous quarter's 9.1 percent.

The Logistics Federation said the most positive signs were seen in consumer goods industries such as tobacco, beverages and food processing — areas usually active around the holiday season. Areas seeing contraction included furniture, metal fabrication and smelting and other manufacturing related to construction and industrial production, the federation said.

Exports remain sluggish, with the index for new export orders down 1.7 percentage points to 46.9. Imports likewise were feeble at the same level.

The past two months of improvement indicate a "gradual stabilization of the Chinese economy," said federation analyst Zhang Liquan. But he added that "the decline in new export orders reflects the weak level of external demand. Such external factors require close attention."

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## [Eurozone inflation steady at 2.7 percent](#)

Wednesday, 1st February, 2012 - AP

Inflation in the 17 countries that use the euro was unchanged in the year to January at 2.7 percent, official figures showed Wednesday, reinforcing market expectations that the European Central Bank will decide to keep interest rates unchanged at its next policy meeting.

The first estimate for the month from Eurostat, the EU's statistics office, was in line with forecasts and the euro was little changed around the \$1.3125 mark.

Inflation has been running above the European Central Bank's target of "just below 2 percent" since December 2010.

Even so, the eurozone's central bank cut its main benchmark rate in November and December to a record low of 1 percent as it tries to shore up the foundering eurozone economy.

Further interest rate reductions from the bank, which is led by Mario Draghi, are widely anticipated, especially if inflation falls back further as last year's energy and food price rises drop out of the annual comparison.

The bank announces its latest interest rate decision on Feb. 9 and the markets are pricing in a second straight month of no change.

One reason inflation is expected to moderate further toward target is the state of the eurozone economy. Many economists think the 17-nation bloc will slide back into recession this year despite some relatively optimistic signals in a raft of manufacturing surveys Wednesday. And with unemployment over 10 percent, the pressure coming from wage demands is likely to remain modest.

"The region is still in a precarious position and is unlikely to avoid falling back into another recession this year," said Ben May, European economist at Capital Economics.

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## [Montserrat premier cautions British overseas territories about eurozone crisis](#)

Wednesday, 25th January, 2012 - Caribbean360

Montserrat Premier Reuben Meade has warned British Overseas Countries & Territories (OCT) to prepare “for the worse case scenario” in light of the ongoing eurozone crisis.

He told leaders gathered here for the three-day 10th OCT-EU Forum that they “have to devise strategies relating to how we will sustain our economies”. “We also need to assess our own vulnerabilities having regard for the current environment,” he advised.

The International Monetary Fund this week warned that the eurozone crisis could cause the global economy to fall into an economic spiral reminiscent of the 1930s unless action was taken.

The Montserratian premier said British dependencies need to get a better understanding of the changing dynamics in the euro zone in light of the extreme fiscal distress of countries like Greece, Spain, Italy and Portugal.

“For those of us who rely on Europe we must begin to appreciate that, if that support was to dwindle significantly we will need to find mechanisms to cope,” he pointed out.

“This will not be easy because we have become accustomed to a certain lifestyle. The problems are real and we have to be realistic in our expectations of what Europe can do for us given the current economic and fiscal environment.”

Meade said dependent states will continue to promote partnerships with countries that support “our development on principles of respect for sovereignty, equality and a genuine desire to effect social and economic development of all.”

“This must also be seen in the context of the preservation of our fundamental right to self determination,” he noted.

According to the premier, the relationship between British Overseas Countries & Territories and Britain would be redefined by a new Overseas Association Decision (OAD) that should be in place by 2013.

“We have to be cognizant that the new OAD has been designed within this current global environment, but we have to be in a position to seize the opportunities as they present themselves,” he said further.

On Monday, Premier Meade chaired the OCTA Ministerial Conference attended by representatives of the OCTs of the United Kingdom, France, The Netherlands and Denmark.

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## Families earning under \$5k yearly increase by 83%

Wednesday 1<sup>st</sup> February 2012 – Bahamas Tribune

THE NUMBER of Bahamian households surviving on less than \$5,000 per year has increased by an "alarming" 83 per cent in the past four years, Department of Statistics data shows, indicating the recession has most impacted those who "could least afford to be affected".

Figures taken from the Department's 2007 and 2011 Labour Force surveys, and supplied to Tribune Business yesterday by a private sector contact, show that at all income brackets - from \$100,000-plus to between \$0-\$5,000 - there had been a steady fall of Bahamian families into a lower earning category, further evidence of the recession's toll on pay and earnings.

By far the most striking comparison between the years 2007 and 2011, the former representing the recession's start, is the 3,620 jump in the number of Bahamian families surviving on less than \$5,000 per year. This jump - from 4,355 in 2007 to 7,975 in 2011 - represents a startling increase.

"By any reasonable measure, that is poverty," Tribune Business's source said of those earning less than \$5,000 per annum. Winston Rolle, the Bahamas Chamber of Commerce and Employers Confederation's (BCCEC) chairman, also described this as "very alarming" when contacted by this newspaper.

Agreeing that the data comparisons showed the impact of the recession, and the rise in unemployment and reduced incomes, on Bahamian society and the family unit, Mr Rolle added: "A lot of those households are driven by a single income for the most part, so any loss of income for that bread winner has a drastic effect on the income of the household, which is a big issue.

"It also goes to show the persons most affected by the recession were those who could most ill-afford to be affected.... The persons at the bottom end are feeling it the most, because there's nowhere else to go to."

When it came to the number of Bahamian households earning \$20,000 or less, comparisons between 2007 and 2011 showed they had increased from 24,780 to 33,015 - a increase of one-third or 33 per cent.

Suggesting this was further evidence of the squeeze being imposed on the Bahamian middle class, the Tribune Business contact who provided the data said: "This is hardly a level of income which can support a middle class standard of living. This would appear to be evidence of a significant reversal in the upward movement of households towards the middle class, and away from abject poverty."

The income bracket that has been the most stable during the recession was the largest, the \$20,000-\$40,000 per annum income category. Populated by 30,305 families in the 2007 Labour Force survey, their numbers had only dropped to 29,110 by 2011.

This suggests, based on the data seen and corroborated by Tribune Business, that while many Bahamian families may have dropped out of the middle class, their ranks have been replenished by falling higher income earners.

The number of families earning incomes higher than \$40,000 fell from 48,370 to 38,305 between 2007 and 2011, a decrease of some 21 per cent, the Department of Statistics data shows.

Mr Rolle told Tribune Business that the household income declines showed the vicious circle that held the Bahamian business community squarely in its grip. Consumers, because they had less disposable income, were spending less with Bahamian firms. In turn, those firms were earning less, forcing them to cut working hours and lay-off more employees.

"This has a direct impact on consumers' ability to spend and support businesses that are locally based," the BCCEC chairman told Tribune Business. "The very few monies or reduced income they have has to be spent on basic needs. It obviously impacts the overall business community as a whole.

"It also goes to show the widespread impact of the whole recession. It's evident that persons from all walks of life appear to have been affected by it."

Mr Rolle said there was little sign of "a significant reversal" in the economic climate taking place currently. But he added that all other countries, not just the Bahamas, were being impacted by the global economic climate.

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## Cap Juluca is Named “The Most Romantic Hideaway”

Wednesday 1<sup>st</sup> February 2012 – Anguilla News.com

Condé Nast Johansens, the international luxury travel guides from the most trusted name in travel publishing, Condé Nast Publications Ltd., recently announced the winners of the 2012 Awards for Excellence. Cap Juluca was named “The Most Romantic Hideaway”.

The winners of these prestigious awards were chosen as the top properties throughout the Americas, Atlantic, Caribbean and Pacific Islands. Condé Nast Johansens’ 2012 Awards for Excellence recognize “the best of the best”. They pride themselves on understanding the vacation expectations of their discerning 10 million readers and recommend a rich, geographically diverse variety of luxury hotels, inns, resorts, spas, co-lodges and private villas, all inspected by their team of experts.

Cap Juluca will be featured as the winner of “The Most Romantic Hideaway” in the March issue of Condé Nast Traveler as a part of a two page spread with all of the winners in the different categories all over the world. Congratulations to the wonderful team of Julucans that made this possible!

### About Condé Nast Johansens

Condé Nast Johansens has an unequalled collection of luxury, boutique and country house hotels, inns, resorts, luxury spas, and venues for meetings and events. These span over 65 countries, from castles in Scotland, chateaux in France to exotic spas in the Indian Ocean.

Condé Nast Johansens' careful choice of accommodation offers: Quality, Excellent Service and Value for Money. Each property is specially selected for its dedication to the highest standards of comfort, unique personality, warmth and service, impressive facilities and surroundings. Every featured property is approved for recommendation following an annual inspection by one of their team of local experts. If a property does not reach their exacting standards it is rejected. That's why independent travelers have trusted the integrity and quality of the Condé Nast Johansens mark of distinction for over 27 years.

Cap Juluca has received the following awards and acclamations:

- 2012 Conde Nast Johansens, Most Romantic Hideaway
- 2011 Virtuoso Life, #3 Beach Resort in the World
- 2011 Travel & Leisure “Reader’s Choice Awards”, #13 Top Resort in the Caribbean
- 2011 Conde Nast Traveler “Gold List”, Highest Rating for the America’s
- 2011 Travel & Leisure “World’s Best Awards”
- 2011 Andrew Harper's “Readers’ Choice”, #2 Caribbean Beach Resort and #5 Worldwide

- 2011 Fodor's Choice on Anguilla
- 2011 Wine Spectator "Award of Excellence"
- The Travel Channel "World's Top 20 Sexiest Beaches"

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## [I will give account](#)

Wednesday 1st February, 2012 - Trinidad Express

Nine representatives from the Ministry of Trade (MTI) and its agencies accompanied Prime Minister Kamla Persad-Bissessar on the recent mission to India, Trade Minister Stephen Cadiz said yesterday.

He said the ministry will release an account of its expenses during the India trip.

Speaking at a luncheon meeting hosted by State agency e TecK and its subsidiary InvesTT about the interaction amongst local businesses and their Indian counterparts during the Indian trade mission at the National Academy for the Performing Arts (NAPA), Port of Spain yesterday, Cadiz said since the media kept asking for cost clarification, for his ministry at least, he will "put it to rest" and release what was accounted for. He did not say when.

"I can speak for the MTI, where we had e TecK and InvesTT, the Business Development Co and the Freezone Co as the three State agencies (under the ministry's umbrella) that went to India...There were three officials from the ministry; four representatives from e TecK/InvestTT; one from the BDC; and one from the Freezone Co," said Cadiz.

Recently installed e TecK chairman Brian Frontin said 45 private sector businesspeople also went on the India trip at their own expense.

He added that since Prime Minister Kamla Persad-Bissessar's trip was a State visit and the ministers who accompanied her were part of the official delegation, the government of India paid for their expenses as well—within reason.

He said those that went from InvesTT, iGovTT, TSTT and other State enterprises, as well as private businesspeople, funded their own costs.

"No commitment or payment was made (by the Government) to private people," he said.

He said that he did not know where the figure of \$10 million circulated in the media as the cost to taxpayers came from but whatever the cost, it represented an investment in Trinidad and Tobago.

Cadiz said that Trinidad and Tobago has not made any promises to the government of India. Responding to questions relating to what India wants from Trinidad and Tobago, he said India was looking for new markets and places to invest, because the country recognised it had to go outside in order to grow.

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## Neal and Massy records increase in revenue

Wednesday 1st February, 2012 - Trinidad Express

CHAIRMAN of Neal and Massy Holdings Limited, Arthur Lok Jack, has said that Group Third Party Revenue for the company expanded to \$8.5 billion at the end of the financial year to September 2011.

Neal and Massy is a Trinidadian conglomerate with sizeable business investments in Barbados. However, it is looking to dispose of its hotel investments both in Barbados and in St. Lucia.

It is also listed on the Barbados Stock Exchange.

Lok Jack said the revenue increase came about as Group Companies responded rapidly to a constantly changing economic environment, through market share growth and improved cost efficiencies.

He said that in recognition of the fact that the drag on earnings emanated from the now discontinued operations together with their confidence in the strength of the Group, the Board of Directors declared a final dividend of 86 cents a share. This when “added to the 43 cents interim dividend, will make up a total dividend for the current year (2011) of \$1.29, reflecting a 127 per cent payment of Earnings Per Share, versus 40 per cent in 2010,” Lok Jack said.

He revealed that in 2011, the shadow of the global economic downturn continued to hang heavy over the Caribbean, emphasising once again the correlation between the regional and global economies.

“The hope that 2011 would be the year to global economy shook off after the economic crisis of 2008 faded as Greece collapsed under the weight of sovereign debt, along with instability in Portugal, Spain and Italy and threatened to drag the entire Eurozone into crisis,” said Lok Jack.

The Neal and Massy Chairman added that the core companies of the Group performed well, demonstrating overall growth.

However, he noted that a few underperformed companies produced losses which together with a net charge for Discontinued Operations of \$301 million, resulted in a decline in Profit Attributable to Shareholders from \$301 million to \$98 million.

“Consequently, the Earnings Per Share reduced from \$3.13 in 2010 to \$1.02 in 2011,” said the Chairman.

According to him, “Given the uncertainty of the world economy and the significant investments necessary to upgrade the hotels in Barbados and St. Lucia, the Group took

the decision to substantially dispose of its investments in Almond Resorts Incorporated and its associate hotels.”

The divestment transactions are expected to take place in the current 2012 financial year.

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## [TDC Successful at Caribbean Marketplace Tourism Conference](#)

Wednesday 1st February, 2012 - Trinidad Express

The Tourism Development Company of Trinidad and Tobago Limited (TDC) successfully participated in the 30th Caribbean Hotel Tourism Association (CHTA) Marketplace last week, January 22 – 24, at Atlantis Paradise Island, Nassau, Bahamas. A delegation that included Sandra Perkins, TDC CEO; Cornell Buckradee, acting TDC marketing manager; a TDC marketing specialist; Avion Hercules, THA marketing manager and oversea representatives from the United States and the United Kingdom represented the destination during tour operators and industry buyers meetings, media interviews and sponsored press conference.

"CHTA Marketplace is one of the most influential region specific tourism events of the year for destinations, hotels and tour operators. With our 50th anniversary and new marketing initiatives, the TDC felt it necessary to make our presence known with influential tourism brand meetings and a sponsored press luncheon for media. We look forward to building brand Trinidad and Tobago from our successes at this conference and moving the tourism needle in the right direction," said Sandra Perkins, TDC CEO.

The TDC delegation met with online travel companies including Orbitz, Expedia and Travelocity; tour operators British Airways Holidays, Classic Vacations and Air Canada Vacations; and journalists from Islands Magazine, Black Meetings & Tourism, TravelAge West and Selling Long Haul (UK). The TDC also hosted a press conference/luncheon with over 40 media from the US, UK, Europe, Caribbean and Latin America in attendance. The event gave the media a chance to learn about marketing initiatives and projected tourism goals for 2012.

Also during Marketplace Le Grand Courlan Spa Resort won Expedia/Hotels.com 2011 Best Year on Year Growth, Small Hotel Award.

Celebrating its 30th year, Caribbean Marketplace, the largest Caribbean business to business conference, offers wholesalers and tour operators the opportunity to meet with hoteliers, attractions and destination officials to plan and prepare packages to accommodate potential vacationers.

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## [A 'mammoth project' with India?](#)

Wednesday 1st February, 2012 - Trinidad Express

It may not be generally recognised but the upgrader project that Energy and Energy Affairs Minister Kevin Christian Ramnarine pursued with Reliance Industries during the Trinidad and Tobago delegation's visit to India last month, led by Prime Minister Kamla Persad-Bissessar, has enormous game-changing (sorry to use a now popular cliché) implications for this country's energy sector.

Why? Because if it eventually goes ahead, it will make a decisive contribution to arresting what seems to be the inexorable decline in the country's crude oil production, Ramnarine's most pressing objective.

There seem to be different versions of what the project actually involves but the crux of the initiative is converting forms of both refined and not-yet-refined oil into products that can make a significant contribution to increasing the country's oil output.

According to Andrew McIntosh, who has only 29 days to go as president of the State-owned National Gas Company (NGC), "52,000 b/d of the Petrotrin refinery's output is still fuel oil and that is losing money. The process we are going after will take the fuel oil from Petrotrin and hydrogenate it. You build a hydrogen plant, to which NGC will supply the gas and you heat it up and come up with higher valued products."

Mr McIntosh, who spoke to me exclusively, claims paternity for the upgrader initiative.

"I came up with this when I was at Petrotrin many years ago," he recalls. "During the first upgrade at Pointe-a-Pierre refinery, we decreased the bottom of the barrel (fuel oil) to 37 per cent but we always wanted to crack it further. But in those days, de-coking was the way and Petrotrin didn't have the money. Many years later, I came across a very good technology developed by Kellog, Brown and Root (KBR) that could upgrade fuel oil on a 95 per cent conversion basis. Through KBR, we got in touch with Reliance and we have been discussing the project in terms of Reliance bringing pulverised bitumen from Colombia, mixing it with the fuel oil bottoms from Petrotrin and upgrading that to Arab Light medium, which is around 27 degrees API."

Of course, the "bottom of the barrel" at the Petrotrin refinery also includes bitumen itself of which 249,861 barrels were produced in 2010, so that will, presumably, also be thrown into the mix.

McIntosh also mentioned that heavy oil in Trinidad and Tobago (API gravity of 18 degrees or less) would probably be brought into play as well and it is interesting to note that Minister Ramnarine on his return from the India tours, in which the NGC president also participated, did not mention fuel oil at all, confining his remarks about the upgrader only to heavy oil, which he described as a "tremendous resource that has been largely under-utilised over the last 100 years".

Petrotrin is now due to provide data to Reliance – which, by the way, is India's largest private sector firm and has extensive interests in energy – about its heavy oil resources in the Gulf of Paria and on land.

But that is not all there could be to this investment, since McIntosh has also mentioned Trinidad's tar sands, which are another neglected resource that has been with us since time immemorial. The bitumen in the tar sands, also known as oil sands, located in the southern basin of Trinidad, can be squeezed out and put through various stages to make it acceptable to a refinery.

So what we have here, if all the elements I have described above are included, is what the NGC president rightly describes as a "mammoth project".

It could achieve the following:

1. Produce lighter products out of fuel oil, thus considerably improving the returns to Trinidad and Tobago from refinery sales (not for the Petrotrin refinery per se but for the country, since new plants would be required for the job).
2. Monetise the heavy oil, which has hitherto figured only to a very minimal extent in crude production, thus increasing the country's oil output.
3. Monetise the tar sands, which will also add to crude production.

If Minister Ramnarine is really hoping to salvage the crude production situation during his tenure, this is certainly one of the more revolutionary ways of doing so.

There are other ways too, such as the discovery of brand new oilfields or the determined application of enhanced oil recovery (EOR) methods to the oil currently stranded in years-old reservoirs.

But what's exciting about the heavy oil and tar sands components of the Reliance project is that they go after new sources of crude entirely and ones which have virtually unlimited potential to boot.

The tar sands one, if it is eventually taken into the mix, is of particular interest to me, since I have been writing about that subject in various fora for some time.

I strongly suggest that Minister Ramnarine get in touch with Herbert Sukhu, the most passionate advocate of tar sands development in Trinidad and Tobago.

Mr Sukhu, a mining geologist and petroleum engineer by training, runs a consulting company, Geominex Resources Ltd, and practises his craft between Trinidad and Tobago and Canada, where tar sands extraction is now very big business.

He has just established an Institute of Energy and Mining, specifically to ready the industry for tar sands development when it comes.

He is convinced that Trinidad tar sands can eventually yield as much as 30,000 b/d of extra crude production and, though it is more expensive to recover than the country's traditional medium to light oil, is eminently commercial at the current oil price of around US\$100 a barrel.

Sukhu tells me that his Institute will "cater for the specific needs of what, in effect, will be an entirely new part of the local oil industry".

The main need is the most fundamental – knowledge about tar sands on the part of geologists and petroleum engineers.

"How many of the geologists coming out of UWI's geoscience programme have been trained in tar sands?" he asks and answers his own question: "None."

Sukhu is convinced that if Reliance's "massive project" is to be of overall benefit to Trinidad and Tobago, that situation must change as soon as possible.

David Renwick was awarded the Hummingbird Medal (Gold) in 2008 for the development of energy journalism in Trinidad and Tobago.

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## Grim 2012 for T&T

Wednesday 1st February, 2012 - Trinidad Express

The grim global economic picture painted by 11 multilateral and regional institutions, led by the IMF, the World Bank and the WTO, must be cause for concern here in Trinidad and Tobago.

A World Bank report titled Global Economic Prospects, which is endorsed by the other institutions, projects negative growth in the eurozone in 2012, and lowers growth forecast in developed countries from 2.7 per cent to 1.4 per cent.

The report warns that things could get much worse.

If the looming credit squeeze sends Spain and Italy into a tailspin, then the eurozone economy could contract by as much six per cent.

In such a scenario, the world would face yet another recession, this one potentially more severe than the last.

During the crisis of 2007-2008, emerging economies like Brazil, Russia, India and China (BRIC) remained largely untouched, experiencing robust growth rates averaging eight per cent per annum, which slowed down only in 2011.

These, and other relatively strong economies, kept the global economy afloat by increased consumption of critical commodities like oil, natural gas, ores, metals and food.

Today, all these countries are experiencing slower growth rates.

If the eurozone shows further decline and the US economy remains stagnated, markets for goods from the BRIC countries would dry up, compounding their challenges, and adversely affecting the entire world.

All of the above suggest that Trinidad and Tobago should brace for an economic storm unprecedented in recent history.

Already we have experienced negative growth for three successive years.

We have also resorted to deficit budgeting over the same period. Government has little choice but to borrow money to finance its developmental projects.

As we have noted before in this space, there is nothing wrong with deficit budgets or with borrowing money.

However, World Bank chief economist Justin Lin warns countries like Trinidad and Tobago, "There will be less fiscal and monetary space for remedial measures. As a result,

their ability to respond may be constrained if international finance dries up and global conditions deteriorate sharply."

Hans Timmer, director of Development Prospects at the World Bank, added, "Developing countries should pre-finance budget deficits, prioritise spending on social safety nets and infrastructure, and stress-test domestic banks."

Speaking recently at an investment forum, Finance Minister Winston Dookeran said (of the current economic challenges), "...We must find new ways to attain sustainability, which, in my view, is the capacity to adjust, the ability to cope and the existence of buffers."

Regarding buffers, he cited the Heritage and Stabilisation Fund, which is estimated to be US\$4 billion.

Dookeran might have added that our foreign reserves are also healthy, standing at close to US\$10 billion, or 12 months import cover.

But Government would hardly want to tap into these two buffers unless desperation sets in.

As the country faces a grim 2012, we can take little comfort in the fact that many other countries, some of them developed economies, are likely to be worse off than T&T.

We note that based on World Bank projections, many commodities' prices are likely to be favourable over the next five years.

Crude oil and gas futures look good; these form about 80 per cent of our export earnings.

Prices of our main imports-grains, edible oils, meats, dairy products-look stable, even declining in instances.

On the negative side, most Caricom countries, which are critical to our exports, will fare worse than us in a global recession.

Jamaica, our biggest regional export market (35 per cent), will soon seek IMF support.

And three of our four main international markets (as of 2011), the USA, Spain and the UK, face serious economic challenges.

Also, just as we are about to shift focus to South-South trade, the BRIC countries and other non-traditional markets have seen their economies decline, which could mean they cut back on imports.

The portents are not good.

However, we have been through global recessions before, and we have rebounded.

Hopefully, we learned lessons from those experiences that would help us weather the coming storm, and emerge from it wiser if not stronger.

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## [AmCham concerned about economy](#)

Wednesday 1st February, 2012 - Trinidad Express

Vice President of the American Chamber of Commerce of Trinidad and Tobago (AmCham) Hugh Howard, yesterday expressed concern about the latest statistics for T&T's economy. "The budget for 2011 to 2012 represented our largest budget expenditure to date, of which \$7.6 billion was deficit financing. The Government has subsequently gone back to Parliament to ask for an additional \$2.2 billion. "We at AmCham are very concerned these indicators are not positive and we believe that the Government's injection of funds into the economy must be carefully managed and must be part of a sustainable plan towards development." He was speaking yesterday at the opening of AmCham's monthly seminar on the economy at the Hilton Hotel, St Ann's.

Howard stated that the economy needs to be diversified. "We note that the economy remains dependent on oil and gas and we see very little progress towards diversification. AmCham repeats its call for the Government to do more towards diversification. "This year has been described by the Minister of Finance as the year of investment and we ask the Government to attract foreign direct investment into the economy and in all the productive sectors of the economy and not only the energy sector." He urged the local private sector to look to other markets. "Amcham recognises the importance of south-south trade, particularly amongst emerging market economies in Latin America. It is imperative that the Government embark on a more aggressive trade initiative.

"Closer collaboration and engagement among business, Government and labour are crucial as Government's role as facilitator must be deepened while the issues of productivity and value for money need to be embraced by all parties." He added that T&T needs to move up in the international competitiveness rankings. "Urgent action is needed to ensure that the country's rating on the competitiveness scale and as a place for doing business are greatly enhanced."

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## [FIU working to stop T&T money laundering](#)

Wednesday 1st February, 2012 - Trinidad Express

Trinidad and Tobago's Financial Intelligence Unit (FIU) has submitted 16 cases to law enforcement agencies for investigation. Two of the cases were closed by the Financial Investigations Bureau (FIB) of the Trinidad and Tobago Police Service as "no further action could be taken." This information was disclosed in the FIU's 2011 annual report. In 2011, the number of suspicious activity reports (SAR) increased to 303 from 111 in 2010. Seventy-one of those cases were closed in 2011 while 219 are cited as "ongoing analysis."

The report explained that not all SARs were forwarded to law enforcement agencies because the FIU oftentimes acts as a catalyst. "A STR/SAR is only a report of suspicion. If the FIU's subsequent analytical study tends to substantiate the suspicion of money laundering, or a predicate offence leading to money laundering or organised crime, the analytical report and supporting documentation are forwarded to law enforcement agencies for investigations," the report said. The monetary value of the SARs in 2011 was \$304.1 million—more than three times 2010's value of \$85.7 million. Of the 303 SARs-151 originated from the banking sector, 90 from money/value transfer, 28 from investment companies, nine from the insurance sector, 14 from mortgage companies, five from co-operative societies, two from attorneys, one from motor vehicle sales and three from real estate.

Acting FIU director Susan Francois attributes the increase to growing awareness of the FIU in T&T. The FIU has 1,465 businesses registered. Among them are: 565 attorneys-at-law, 109 accountants, 172 Co-operative societies, 100 motor vehicle sales, 89 Jewellers, 341 real estate agencies, 35 Private Members' clubs, four money or value transfer services, eight pool betting, four gaming houses, and one national lotteries on-line betting games. However, many registered businesses failed to submit compliance reports by the end of May 2011.

Speaking at a Compliance Conference on Anti Money Laundering at Hyatt yesterday, Francois said while the law has a penalty for non-compliance, the FIU has not imposed any penalty to date. The FIU, she said, favours a "co-operative, no surprises approach to ensuring compliance. "It is believed that most supervised entities are making a sincere effort to comply with their obligations under Trinidad and Tobago's AML/CFT laws. The FIUTT is committed to working constructively with supervised entities to assist them to understand and comply with their obligations," the report said.

"If these efforts are unsuccessful or if the supervised entity continues to be in non-compliance, the FIUTT will take the necessary steps to impose legal sanctions," it said. While the annual report outlined the role and activities undertaken throughout the financial year, there was no accounting for monies spent from its annual budgetary allocation. The report observed that while much work was accomplished, much more needs to be done. "To this end, support must be given to legal, law enforcement,

regulatory and intelligence agencies (including the FIUTT) to fulfil their AML responsibilities,” it said.

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## Slow growth to continue in the region

Wednesday 1st February, 2012: The Barbados Advocate

Economies in the region will grow at an anaemic rate except for Guyana. That was the outlook for 2012, based on the Caribbean Development's Bank (CDB) assessment.

Dr. William Warren Smith, President of the CDB, in his address yesterday at the bank reported, "Growth prospects for the region closely mirror the global outlook. Consequently, with the notable exceptions of Guyana and Haiti, which are again expected to grow by over five per cent, most borrowing member countries (BMCs) are expected to grow modestly by 1 to 2.5 per cent in 2012."

Tourism in most of the region is considered the key to recovery. However, he stated, "The recovery in regional tourism is expected to remain soft as demand to strengthen significantly, given expectations of, at a minimum, continued high unemployment and further fiscal tightening in key source markets and increasingly, the risk of a return to recession in Europe."

The industry faces other unfavourable developments in 2012. British Airways announced reductions in flight frequency to several regional destinations toward the end of 2011, citing the Air Passenger Duty (APD) imposed by the UK government as an additional factor in slowing demand.

The hosting of the 2012 Olympics in London is also likely to weigh on demand for travel in the UK and other European markets whereas the Presidential elections in November could potentially have a similar effect on US demand.

With the high level of uncertainty still surrounding the global outlook and the potential for further spill-over from the Eurozone debt crisis to global financial markets, no material pick-up in foreign direct investment is anticipated.

This reduces the likelihood of a boost in construction and other real sector activity, as well as balance of payments from the quarter.

"Unemployment is expected to remain high," the President pointed out.

He explained, "... as growth continues to lag, the recovery in output, feeding into expectations of persistent weakness in individual and firm incomes. As a result, activity in the financial sector is likely to remain sluggish, with a similar impact anticipated in relation to asset quality and profitability."

Weak incomes could also undermine the effectiveness of regional Governments' various revenue generating measures, further hampering the achievement of targets under the fiscal reform and consolidation programmes.

Dr. Smith also highlighted, “In Barbados and the ECCU, the contingent liabilities associated with public sector-led resolution of CLICO/BAICO represent the potential for additional spending and debt creation. Nevertheless, the threat of credit downgraded facing some BMCs should infuse them with the discipline to stay the course of reforms.

“At the core is, however, that BMC’s fiscal space is still extremely limited and growth in the region, which lagged that of other regions on trend even before the recession is likely to remain modest relative to other economies.”

He projected, “BMCs will continue to face binding constraints including under diversified economic structures, under-developed infrastructure and a lack of private sector competitiveness, as well as weakness in the area of financial and supervision, and macroeconomic management. They also remain highly vulnerable to the occurrence of exogenous economic shocks and natural disasters, compounded by the ongoing impact of climate change.”

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### S&P concerned with low growth prospects

Wednesday 1st February, 2012: The Barbados Advocate

THERE is a 33 per cent chance that Barbados could face another downgrade by an international credit rating agency.

Despite the country's ongoing efforts to stabilise its fiscal position, it is faced with many uncertainties – including its vulnerability to external economic forces, which have increased its risks. Fiscal consolidation, without much growth prospects, cannot therefore be the sole focus of Barbados' road to recovery.

This was the principle message coming from Standard and Poor's Country Analyst for Barbados Ms. Olga Kalinina as she addressed several members of the business community yesterday morning for the RBC/RBTT Economic Outlook 2012, held at the Hilton Barbados.

Accompanied by other panellists, Dr. Arnold McIntyre, programme Co-ordinator Caribbean Regional Technical Assistance Centre (CARTAC) and Mr. John Williams, President of the Private Sector Association of Barbados, Kalinina reminded those present that the country continued to be challenged with a slow pace of fiscal consolidation, leading to rising debt levels. She also noted that Barbados, which would have received five credit actions, including two downgrades since 2009, was also at risk of further structural weakening of the economy, due primarily to the eurozone crisis and its effects on our traditional trading partners.

A major concern for the agency, Kalinina explained, was “the growth prospects, and particularly the qualitative aspects behind [those] prospects.” This, she noted, led to the increasing risk of structural weakness in the economy such as low investments, a continuous declining revenue as a percentage of GDP, despite already low growth figures and rising inflation.

In full agreement with the Government's adjustment plan, Kalinina said that a strength of Barbados in the eyes of rating agency was the political stability of the country and the broad sectoral support given to the Government's fiscal consolidation framework. She added that the high GDP per capita and the fact that benefits of a wealthy economy were present, were in her opinion, “a reflection of the good policy, a good track record of good macroeconomics policies that [have] benefited economic growth and income levels”.

Kalinina cautioned against a “black and white” approach to our fiscal adjustment plan – “black” being fiscal consolidation which results in over 20 per cent of unemployment, and that would be politically impossible and socially extremely difficult; “white” being a medium-term framework where the fiscal targets have been slipping every year.

She stated that although the country was operating in a more sustainable area of “grey” in terms of its five- to seven-year framework, Barbados, and particularly now, had many uncertainties that would result yearly target deviations. Therefore, aside from our fiscal measures, she suggested that there should be other contingency measures which are to be proactively implemented every quarter and every year.

Dr. Arnold McIntyre remarked that debt continued to be too high throughout the region. With revenues being consumed, there is nothing left for capital formation and growth and social development.

“Having a framework is a very positive start, ...but the international community needs to be able to see that your borrowing is going down... [For that to happen, your] primary balance has to be higher than interest rates,” he added.

McIntyre also explained that given the dependency of stabilising strategy on what was taking place in the economies of our traditional partners, and the fact that the outlook was not very good for them, it means that Barbados will need to intensify its fiscal consolidation.

“That does not mean that overnight you try to reduce your debt-to-GDP by some unsustainable amount,” he warned.

“What it does mean, though, is that your policy framework needs to be tightened.”

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## Bdos among Top 10 dependent on tourism

Wednesday 1st February, 2012: Nation News

BARBADOS HAS BEEN LISTED among the ten countries in the world most dependent on tourism for its economic survival.

This comes in the face of a report from Colin Jordan, president of the Barbados Hotel & Tourism Association, that while January and February were proving strong for most hotels, March and summer months were “not looking so good”.

This means that any significant decrease in tourist arrivals will have a devastating effect on the island’s economy.

Josef Forstmayr, president of the Caribbean Hotel & Tourism Association (CHTA), told BARBADOS BUSINESS AUTHORITY that seven other Caribbean islands make up the list, including Anguilla, Antigua, The Bahamas, British Virgin Islands and Cayman Islands. The Seychelles and Mauritius were also listed among the ten.

Both Forstmayr and Alec Sanguinetti, director general and chief executive officer of the CHTA, said it was therefore crucial that tourism’s worth be recognized by regional governments.

They disclosed during a Press briefing at the Caribbean Travel Marketplace, which concluded last week at the Atlantis Hotel on Paradise Island, Bahamas, that advocacy with government and citizens was key to the growth and sustainability of the tourism sector.

Forstmayr said it was important that more recognition be given to the linkages of agriculture and services within the tourism sector. He stressed that 50 per cent of food products used within the tourism industry across the region “are purchased locally”.

The CHTA president also listed regional integration as one of the four tourism pillars of the regional Tourism Is Key campaign, and said intraregional travel was still a big issue.

“We are frustrated with regional integration. While the region is small in population, we are large in area size.

“Yet we have so many issues to deal with when it comes to travel.

“It is important that we as a region recognize the need to invest in our systems and look at amending and removing barriers of integration such as frequent security (travel) checks, which prohibit us in terms of doing business.

“Technology exists to help in this area and we as a region must demand this,” Forstmayr said.

He also said that the Caribbean Tourism Development Company (CTDC), which is the marketing company set up by the CHTA and the Caribbean Tourism Organization (CTO) to aid with regional tourism marketing, was also important to introducing the Caribbean as a brand.

The CTDC, which is 50 per cent funded by the private sector and 50 per cent by the public sector (regional governments who are member countries of the CTO), will soon be appointing an individual to run operations.

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### Gale: Private sector must lead

Wednesday 1st February, 2012: Nation News

BARBADOS IS NO LONGER in recession, but our future economic growth must be private-sector led, according to Lisa Gale, executive director of the Barbados Chamber of Commerce & Industry.

“A recession is when a country has three consecutive quarters of negative growth and Barbados is no longer in that position,” Gale said.

“We are reeling from the effects of the recession, therefore it is now ‘how do we grow’, ‘how do we expand’, ‘how do we increase our inflows’ – those are the types of conversations we need to be having. How do we improve our competitiveness, what legislation do we need to help us improve.”

Gale’s statements mirror the concerns that the International Monetary Fund has concerning the country’s ability to sustain itself especially with Europe bracing for another slowdown and the United States still buckling due to high unemployment.

Last week in his report on the Barbados economy for 2011, Central Bank Governor Dr DeLisle Worrell said we could expect growth of one per cent or less this year.

As the IMF also indicated that the country’s high level of public debt would limit the DLP administration’s spending on capital projects that would boost growth prospects, Gale is adamant that the private sector must lead the charge.

Gale, who had recently finished a meeting trying to sell Barbados to international investors, told BARBADOS BUSINESS AUTHORITY that the private sector needed to be emboldened in the area of boosting exports.

“I would love to see businesses becoming more export-driven and increase their competitiveness – whether it is through a reduction in cost, whether it is moving the barriers and hinges that stop the success of business, that is where I see my role,” she said.

“I would love to see us more international-trade focused and not just looking inward. Barbados is too small by itself to really become competitive so we really need some international partners, we need strong joint ventures and that venture-capitalist approach and we don’t have that here in Barbados.

## Private capital inflows

“We need to do those things if we want to become the entrepreneurial hub that we say we want to be.”

Recent economic reports reveal that private capital inflows which resulted in over \$1.5 billion in 2007 are now less than half that amount. Those reports also indicated that the total local investment in Barbados is \$500 million less than in 2007.

Many economic and financial experts like Gale have stated that the private sector must be the spark for the future development of Barbados.

Gale also said she wants the chamber to institute more programmes geared to the growth of small and medium-sized businesses and to help existing large businesses expand.

“What I would love my legacy to be for the private sector is that they move towards a more competitive business environment and one where growth is private-sector led and not Government-induced,” Gale said.

“If I can leave that legacy behind, that would be an accomplishment.”

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## [Report: Banking system still robust](#)

Wednesday 1st February, 2012: Nation News

THE CENTRAL BANK OF BARBADOS launched its first Financial Stability Report (FSR) last Friday, bringing it in line with scores of countries across the globe that publish such reports annually.

The report found that Barbados' banking system remained robust despite a worsening credit quality due to a weak global and domestic macroeconomic environment.

The FSR will be published exclusively online in December each year with an update each June.

At right, Central Bank of Barbados Deputy Governor Harold Codrington (left) and the bank's first Governor Sir Courtney Blackman at the launch of the report in the Grand Salle of the Tom Adams Financial Centre. (NB)

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## [No full bailout](#)

Wednesday 1st February, 2012: Nation News

A CLICO solution that pleases all the interested parties looks unlikely.

That was the prognosis of Caribbean Development Bank (CDB) president Dr Warren Smith, who said Barbados could not afford to dig deep to bail out its own operations far less those in the Eastern Caribbean where the Barbados subsidiary of CL Financial sold millions of dollars in policies and investment instruments.

Addressing regional media in his first Press conference at the helm of the CDB, Smith said: "We have not seen any solutions that seem to us to be practical or affordable.

"I don't think that the Government of Barbados is in any position to be able to dig deep to come up with resources to bail out either their own or the Eastern Caribbean countries, and the Eastern Caribbean countries can't afford to do that."

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## [Stanford tried to influence Antigua regulator, says witness](#)

Wednesday 1st February, 2012: Caribbean News Now

An Antigua and Barbuda official told jurors on Monday in US Federal Court in Houston that Allen Stanford used his influence to manipulate the country's banking regulators. "This would be a classic case of the rat being put in charge of the cheese," said Althea Crick, who is chairman of Antigua and Barbuda's Financial Services Regulatory Commission.

Crick said she complained to Antiguan officials shortly after Stanford relocated his bank to the island until the financier was removed as a director of the agency that predated the Financial Services Regulatory Commission.

"It's a conflict of interest, inappropriate," Crick explained, to have the owner of a regulated entity participating in the agency that oversees the business.

The 61-year-old Stanford is charged with using his Houston-based financial empire to swindle investors out of more than \$7 billion.

Stanford has pleaded not guilty to a 14-count indictment.

At the heart of Stanford's alleged fraud are certificates of deposit sold by his Antigua-based Stanford International Bank Ltd to about 28,000 investors.

Crick described a series of run-ins with Stanford and his financial empire.

She testified that Antigua's prime minister told her Stanford wanted her fired after she had a series of public and private disagreements with the financier in the 1990s.

"I'm not a yes person. I don't rubber stamp," she said she told Stanford.

In 2002, Crick anticipated she would be fired and resigned from the regulatory commission, being replaced by Leroy King, whom Stanford is accused of bribing. When King was accused of complicity in hiding Stanford's alleged fraud in 2009, the agency removed him and put Crick back in charge.

King, one of four people charged in a separate indictment, is accused of taking bribes to divert regulatory attention from Stanford's operations, and is fighting extradition from Antigua.

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## [Brazil to support economic development in Cuba](#)

Wednesday 1st February, 2012: Caribbean News Now

Brazilian President Dilma Rousseff reiterated on Tuesday her country's intention of supporting Cuba through assistance programs for the economic development of the Caribbean nation.

Speaking to reporters in Havana, Rousseff said that the creation of bilateral associations is transcendental for both countries and that it represents a significant contribution to the improvement of the quality of life of the Cuban and Brazilian peoples.

The leader highlighted the commitment of Brazil to Latin America and the Caribbean and its duty to maintain a policy of economic cooperation with this region in tune with common interests.

Rousseff reiterated her desire for a strategic and lasting relationship with Cuba and she added that some of the most important projects include the granting of credits to Havana to buy food products and financing for the purchase of agricultural machinery and equipment.

She also highlighted Brazil's participation in the construction of the port of Mariel -- to the West of Havana -- a project that she regarded as a necessary logistic system for the export of Cuban goods that will significantly contribute to the development of the national economy.

Rousseff arrived in Havana on Monday for an official visit at the invitation of the Cuban government.

On Tuesday morning, she paid tribute to Cuba's National Hero Jose Marti at Havana's Revolution Square, where she visited the Jose Marti Memorial.

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## [Belize oil exploration program to be expanded](#)

Wednesday 1st February, 2012: Caribbean News Now

Treaty Energy Corporation, in a follow up to its first successful oil well strike in Belize, on Tuesday announced plans to add two new oil fields to its Belize drilling program.

Treaty Energy chairman and co-CEO, Andrew Reid, stated, "In our release of January 30, in which we announced our first oil strike in Belize we made reference to some 80 'anomalies' on the 200,000 'onshore' acres of land controlled by the Princess Concession. Treaty Energy has so far identified three of these anomalies as areas of interest and will explore, analyze and drill following permission being granted by Belizean officials."

Reid added, "The first of these anomalies we refer to as the "Stann Creek Field", and of course we have already established this oil field as having recoverable oil reserves of approximately 5 to 6 million barrels in a prior release. Areas two and three, yet to be named, are located within 20 miles of our current drilling location. Both of these new areas are substantially larger in size and likely to prove superior to our current drilling site, the Stann Creek Field, which is approximately 350 acres."

"Treaty Energy's plan is to now initiate phase two of its drilling plan for Belize," added Reid.

He went on to say, "This plan calls for two drilling rigs to be operative at all times. One rig will implement drilling at designated locations on the site of San Juan #2 where we have just discovered oil. The second and third areas (oil fields) will have exploratory wells drilled after permit requests have been approved by government officials. Areas two and three are removed from any environmentally sensitive areas."

In closing, Reid stated, "I am extremely excited with how current events have unfolded at Treaty. I firmly believe we are at the beginning of something more substantial than any of us could have ever imagined."

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## [Central America wins bout against local import tariffs, Bloomberg reports](#)

Wednesday 1st February, 2012: Caribbean News Now

The World Trade Organization has ruled against the country's import tariffs on polypropylene bags and tubular fabric, on a complaint by Costa Rica, Panama, Guatemala, Honduras and El Salvador, Bloomberg.com reports.

It said the WTO agreed that the tariffs break global rules, as stated in the complaint filed in October 2010 after Dominican Republic imposed duties as high as 38 percent on imports of the sacks, used to pack foods and agro-industrial and industrial products, as a temporary step to protect its producers.

The entity said such "safeguard measures" are permitted when imports of a product damage or threaten to harm a specific domestic industry.

Bloomberg reports that the WTO judges in Geneva today agreed with the complaining countries that the safeguard wasn't justified because the Dominican Republic failed to prove its domestic industry had been damaged.

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## [Long weekend a boon for hotels nationwide](#)

Wednesday 1st February, 2012: Caribbean News Now

The long holiday weekend boosted Puerto Plata's hotel occupancy to around 80%, whereas in Punta Cana and Las Terrenas, in Samaná remained at 100%, mostly the result of the high season.

Figures compiled by newspaper Hoy show hotel occupancy in Puerto Plata jumped to 71.3 % in the last 14 days, from 34% in December, the start of the high season.

Puerto Plata Tourism Press Association secretary Edgar Lantigua yesterday revealed that occupancy in most of the Playa Dorada and Cabarete hotels climbed to 80% this weekend, while the others, including Sosua, sustain acceptable averages, mostly during weekends, comparison with November and December.

Eastern Hotels Association president Ernesto Veloz also announced occupancy rising to 100% to herald the high season and that the small hotels and apartments were also totally occupied this weekend. He revealed that Punta Cana International Airport handles around 350 flights weekly.

For National Hotels and Tourism Association (Asonahores) executive director Arturo Villanueva, even finding a place to eat in Las Terrenas, Samaná was an ordeal, as foreign and Dominican tourists filled restaurants and other businesses. "I went to six restaurants Saturday night and you couldn't find where to pass through, they were in favor of foreign and Dominican visitors."

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## [St Lucia: No Agreement on LIAT Stake](#)

Wednesday 1st February, 2012: Caribbean Journal

St Lucia's government has not agreed to a proposal or deal involving the purchase of shares in regional air carrier LIAT, it announced yesterday.

The airline does play an important role in the region and needs greater support, according to Prime Minister Dr Kenny Anthony.

“There are burning issues of reform within the management structure of LIAT that need to be attended to and we believe that there are issues that currently face LIAT that need resolution,” Anthony said. “That being said, however, the authority for considering a relationship with LIAT is the Cabinet of Ministers of the government of St Lucia and we have not reached the point where there is any proposal or discussion with LIAT on the issue.”

At present, St Lucia's government and people own 1.11 percent of LIAT.

“What I will say is, we have an environment that is more sympathetic to the continued survival of LIAT and we believe that not only is LIAT facing unfair competition within the region but we have to take a fresh look towards extending support to LIAT,” he said.

Today, LIAT's three main shareholder governments, Antigua, Barbados and St Vincent and the Grenadines, will consider options for the airline, which reportedly lost \$14.8 million last year.

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## Offshore drilling rig arrives in Guyana

Wednesday 1st February, 2012: Caribbean News Now

The way has been cleared for the Canadian oil exploration company, CGX to commence drilling one of two wells in the Guyana offshore concession with the arrival on Sunday of the Ocean Saratoga, a semi-submersible drilling rig.

President and chief executive officer of the petroleum exploration company, Stephen Hermestone, made the disclosure after meeting Guyana's President Donald Ramotar.

The Ocean Saratoga rig departed the Gulf of Mexico on January 1, en route to Guyana's territorial waters, and on its way stopped off in neighbouring Trinidad and Tobago for refuelling.

Hermestone said that anchor lines were secured immediately after arrival and that drilling would be the next major operation.

The President and CEO of the company said he is hopeful of a good and safe operation and spoke with confidence about the operators conducting the drilling

"We'll see what the well results show us... we hope to find the oil ... you always plan for success," Hermestone said.

Drilling of the Eagle Well will last for a 60-day period and 180 days for the Jaguar well. The latter is being pursued through a joint venture operation among CGX, Repsol a Spanish company, Tullow Oil of London and YPF.

CGX recently announced that acclaimed Institute of Applied Science and Technology (IAST) professor, Guyanese born Dr Suresh Narine, has been appointed on the board of directors of CGX Energy Incorporated.

He had expressed gratitude for the appointment and spoke of some of the benefits of Guyana as an oil producing economy against that of a fuel importer.

Recently CGX announced that the 1,160 square kilometre 3D marine seismic contract that was publicised in December was completed.

Hermeston had reported that "The seismic data is expected to provide better imaging of the up-dip limits of the Eagle Deep stratigraphic play at the Turonian and Campanian and has provided us with the first 3D seismic coverage on our two early Cretaceous, Albian prospects (Crabwood and Kabukalli) which are underlying the Company's 100% owned Corentyne offshore Petroleum Prospecting License (PPL). Fast track processing and interpretation of the data will commence on the Albian prospects and will be followed by processing, interpretation and compilation of the Eagle deep Turonian and Campanian prospects."

Guyana is the second most attractive under-explored basin in the world with a potential of 15.2 billion barrels of oil. If oil is to be found, production targets would be estimated at 50 million barrels per year.

Ramotar has been keeping abreast with activities in the oil and gas sector and in the past week has met some of the main companies involved in offshore drilling, including Repsol, and Exxon Mobile.

Anadarko, America's largest independent oil and gas company has signalled to the Guyana government, its interest in an offshore concession as it sees the South American country as one with a great deal of promise in the oil and gas industry.

Last September vice president, business development of Anadarko, Ian Cooling, had met former President Bharrat Jagdeo with the proposal and on January 17 this year international business developer of the company, Richard Lapin, met Guyana's new president with the same proposal.

A US-based petroleum company Prime Energy LLC Caribbean proposed last year to construct a modular mini refinery on the local shores with a capacity to refine 20,000 barrels daily. are engaged."

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## Crippling sugar price cuts...EU transferred \$3.4B to Guyana last year

Wednesday 1st February, 2012: Kaieteur Online News

Guyana received \$3.4B last year as part of the European Union (EU)'s continued support for the sugar sector.

This year, another amount to the tune of 24.9M Euros, is scheduled to be disbursed once the Financing Agreement is signed between the EU and the Government of Guyana, which is expected in the near future.

This will be part of the second Multi-annual Sugar Programme for the period 2011-2013. The assistance program has come on stream following a cut in sugar prices by the EU which crippled the industry in a number of Caribbean countries. The EU remains Guyana's biggest market for sugar.

In a statement yesterday, the EU said that the 12.5 million Euros (\$3.4B) was transferred in December 2011 to support the sugar sector in Guyana. This disbursement was part of the EU-funded Multi-annual Sugar Programme 2007-2010, which supports the Government of Guyana in its efforts to improve the competitiveness and viability of the sugar industry in Guyana.

From 2006, when the programme started, the European Union has already made available 72.5 million Euros to the sugar sector in Guyana, equivalent to GYD \$19.3 billion at today's exchange rate.

“The EU support continues to assist Government's policy to reform the sugar sector by upgrading GuySuCo (Guyana Sugar Corporation)'s sugar factories, establishing a sugar packaging plant at Enmore, increasing sugar production and mechanizing GuySuCo's field operations in particular, thereby improving the cost effectiveness of the sugar industry,” the statement said.

This EU assistance is provided through a direct budget support mechanism and the disbursements are made based upon the achievement of performance indicators that monitor the implementation of the sector policy on sugar. Funds are also channeled towards studies, evaluations and audits to ensure effective implementation.

In November 2005, EU agriculture ministers reached agreement on controversial reforms of the sugar regime. The ministers agreed that EU prices, kept high by a 40 year-old price guarantee agreement, should be cut by 36% over the next 4 years from the 39% originally proposed.

The African, Caribbean and Pacific (ACP) sugar-producing countries had expressed outrage at the agreement, which is only a 3% smaller cut than the 39% originally proposed. The ACP countries have been significant beneficiaries of the EU system. They had been pressing for a cut in prices of only 19%, failing which they claimed they stood to lose 300 million Euros a year in direct export earnings and the destruction of their sugar industry. The EU, however, has promised financial assistance to ACP countries to help cope with the changes.

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## [AJ begs for help](#)

### [Asks diplomats to support revision of Ja's status as middle-income country](#)

Wednesday 1st February, 2012- Jamaica Observer

FOREIGN Affairs and Foreign Trade Minister AJ Nicholson wants Jamaica's status as a middle-income country to be revised on the ground that the World Bank classification has resulted in a cutting of critical concessionary financing to the island.

Nicholson made the call yesterday during an address to world diplomats gathered at Jamaica House as part of Diplomatic Week activities.

In his address, Nicholson said that the middle-income classification has already cost the island the critical yearly pledge of several million US dollars from the Global Fund, which goes towards the fight against HIV/AIDS.

The discontinuance of the funds is a blow to Jamaica which had a national budget of \$200 million for HIV/AIDS two years ago. The Global Fund in 2010 pledged \$26 million to Jamaica's fight against HIV/AIDS.

Following yesterday's function, Nicholson told reporters that the middle-income classification will make it hard for the country to access funds critical to sustained development.

"What we are hoping is that there will be a reclassification. The truth is that it is going to be difficult, perhaps impossible, for us to access the funds that can help us in our development. And especially the development that is sustained if we are classified in the way that we are in this point in time," said Nicholson. "We are an indebted country. We have many of the challenges that some of the countries who are not so classified have."

According to Nicholson, the UK acknowledged during the recent Caribbean Forum meeting in Grenada that "there is some degree of unfairness in this classification and that there could be a rethink". He said there should be rethinking as to how that classification is made, and noted that Jamaica's environmental funds may also be affected.

Nicholson's call for a "rethink" of how countries are classified echoes a similar appeal made last September by then Foreign Minister Dr Ken Baugh.

In making the middle-income classification several years back, one of the factors looked at by the World Bank was Jamaica's gross national income of \$2,820 per capita, which is based on the bank's operational lending categories (civil works preferences, Individual Development Account eligibility, etc).

During the function, Nicholson asked the diplomats for their support in having the issue addressed, noting that several other developing countries are in a similar position.

"It is our view that there is a case to be made for rethinking the treatment of these countries, given the challenges and constraints such as poverty, high indebtedness and other socio-economic problems that they continue to face," said Nicholson.

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## Tourism industry honours Stewart with Lifetime Achievement Award

Wednesday 1st February, 2012- Jamaica Observer

A Jamaican businessman won the top accolade at the world tourism industry's annual gala attended by 1,000 of the sector's leading figures in London last week.

Gordon 'Butch' Stewart, the founder and chairman of Sandals Resorts International, was honoured with a Lifetime Achievement Award at the 2012 Travel Weekly Globe Travel Awards ceremony in the Grosvenor Hotel on Buckingham Palace Road.

Typically, Stewart dedicated the honour to his employees. "I am delighted to accept this award on behalf of the 10,000 people who work within the Sandals family," he said.

He was publicly congratulated by Amanda Wills, managing director of Virgin Holidays, Sue Biggs, formerly of Kuoni and Thomas Cook and now director general of the Royal Horticultural Society, and Guy Zitter, managing director of the Mail Newspapers, who described Stewart as "blazing a trail", having been "impressive in spades" and "changing the face of tourism".

The award, which was voted on by travel agents, recognised Stewart not only as a pioneer of the Caribbean tourism sector over the past three decades but also for the contribution he has made to the communities where he does business.

Since his earliest days in the hospitality industry, Stewart has quietly supported community-based philanthropic initiatives. The Sandals Foundation, created in 2009 to carry on this work, has raised US\$1.9 million to date to help improve the education and environment of the local people.

The company, which has 21 properties across the region under the Sandals, Beaches and Grand Pineapple brands, is the largest private-sector employer and generator of foreign currency earnings in Jamaica and on most of the other islands where it operates.

It has been repeatedly praised -- through awards, celebrity endorsements and journalistic reviews -- for its luxurious suites, gourmet dining, and peerless service on some of the world's best beaches.

The Jamaican Government made Stewart a Commander of the Order of Distinction in 1988 and a few years later he received the Dr Martin Luther King Jr Humanitarian Award from the Jamaica-America Society. The Order of Jamaica (OJ) was bestowed on him in 1995, bringing with it the title "the Honourable".

"I always tell people that I've never worked a day in my life, and I strongly believe it," said Stewart, who is also chairman of the Jamaica Observer. "I've been extremely fortunate to be recognised by so many organisations over the years for doing something I love."

His first business, founded almost 45 years ago, was Appliance Traders Limited, which specialised in selling air conditioners. He ventured into the hospitality industry in 1980 to generate the hard currency he needed to buy A/C units from abroad.

His first hotel, the Bay Roc, a once grand but by then dilapidated property on Montego Bay's finest beach, required extensive work before it could reopen in 1981.

Despite having no experience in the field, Stewart put into motion a plan that would define his and his family's future, and with it, tourism in the Caribbean.

However, his career extends far beyond building the Caribbean's most successful private-sector company.

During a currency crisis in 1992, when speculators drove the price of the US dollar up from \$21 to \$32, Stewart led the campaign, later called 'the Butch Stewart Initiative', to stabilise the exchange rate by personally depositing US\$1 million a week into Jamaican banks at a rate of \$25 to one US dollar.

It cost him US\$30 million but by the time it was over, Stewart and thousands of ordinary Jamaicans had beaten the international speculators, pushing the price of a US dollar back down to \$22.

Just two years later, Stewart acquired the national airline, Air Jamaica, when it was on the verge of collapse. He helped to reinvent the organisation from the ground up, stamping his legendary flair on the airline's operations and marketing, before returning it to the Government and walking away.

Sandals Resorts also won the Best All Inclusive Resort Operator at last week's ceremony. Karl Thompson, the company's UK & European managing director, accepted the award, saying: "This accolade is very important to us because it is voted for by the industry. We always strive for excellence and continue to invest enormous amounts of money to elevate and modernise the product."

The latest awards build on previous successes for Sandals. For 16 consecutive years it has been named the Best All-Inclusive Resort at the prestigious World Travel Awards and was voted Best Caribbean Hotel Group for ten. For this year's awards, Sandals was also nominated for Best Trade Sales Team and Best Trade Friendly Brand.

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## [\\$2-B CASH CHASM as tax revenues fall](#)

Wednesday 1st February, 2012- Jamaica Observer

A \$2-billion chasm has opened in the Government's accounts as tax revenues have fallen below target over the last nine months, raising the spectre of additional spending cuts, higher taxes and more austerity for ordinary Jamaicans.

The new finance minister, Peter Phillips, has already promised cuts to the budget to improve the Government's fiscal position. But the latest figures suggest he may have to cut even more or put additional tax measures in place for the upcoming fiscal year, which begins on April 1.

Tax revenue for the nine months to December 31 was \$15.4 billion, or 6.2 per cent lower than budgeted. Revenue in the last month of 2011 was even less than for the same month in 2010.

The decline was largely a result of companies paying less corporate tax on their profits so far this fiscal year when compared to a year earlier. Taxes on imports, another big earner for the Government, yielded only two per cent more revenue than they did a year earlier.

Government revenue from corporate income tax during the nine months to December 31 declined by four per cent to \$16 billion, when compared to the same period in 2010.

On the other hand, PAYE earners forked out 20 per cent more cash, or \$44.3 billion during the nine months to December 31, 2011, compared to \$37 billion in the corresponding period a year earlier.

Proposed tax reform measures tabled in Parliament last year by then finance minister, Audley Shaw, are still far from implementation. They included plans to change the General Consumption Tax (GCT), implement a new tax at the ports, lower common external tariffs (CET) on hundreds of items, lower personal and corporate income taxes, and implement a new minimum business tax.

The Government is presently awaiting final recommendations from a private sector working group on tax reform, which could challenge the previous government's proposals.

One such recommendation is the application of a single customs administration fee (CAF) to all items (including the tourism sector, but excluding imports by bauxite firms, the government and diplomats) and an advanced GCT on all imports, which, it was estimated, could increase Government revenue by as much as \$42.7 billion.

But with import levels down and the fact that GCT brings in nearly a third of its revenue, the Government may not be willing to make changes to the rate.

It was proposed that the rate be lowered from 17.5 per cent to 12.5 per cent, which would cut revenue by \$16.2 billion, while at the same time lowering the number of GCT exempt items from the 41.7 per cent to 30 per cent of all goods and services, which would yield an additional \$5.57 billion at the proposed new GCT rate.

The Government may also be unwilling to cut corporate income tax this year for political reasons, given that wage earners are carrying more of the tax burden.

The proportion of tax collected from corporations declined from 8.5 per cent last fiscal year to 7.8 per cent of total revenue this fiscal year, while PAYE earners contributed to 21.5 per cent this year compared to 18.8 per cent in the previous fiscal year.

The original proposals called for corporate tax to be lowered this year while no changes would be made to personal income tax before January 1, 2013.

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## 2011 saw drastic loan cuts at CDB

Wednesday 1st February, 2012- Jamaica Observer

The Caribbean Development Bank (CDB) drastically cut the approval and disbursement of loans to borrowing member countries (BMCs) in 2011 as many countries of the Caribbean continue to experience contractions of their economies.

Speaking yesterday at a press briefing held at the CDB's headquarters in St Michael, Barbados, the President of the CDB, Dr Warren Smith said that in the Caribbean, economic growth has been lacklustre and borrowing programmes have been trimmed as many governments struggle to contain widening fiscal deficits and burgeoning debt.

"Approvals in 2011, therefore totaled a modest US\$165 million, including grants amounting to US\$21 million. In comparison, total approvals reached almost US\$300 million in 2010, including grants of US\$30 million. Disbursements followed a similar pattern, declining by an estimated 48 per cent to US\$167 million in 2011.

"Both approvals and disbursements showed elevated levels in 2010 as a result of significant activity taking place under the Bank's Policy-Based Loan (PBL) Programme. In contrast, no PBLs were approved in 2011 and PBL-related disbursements were relatively low when compared with the previous year," said Dr Smith. Twelve countries were direct beneficiaries of funding approved during the year. In addition, other BMCs benefited from CDB's resources through a number of technical assistance approvals for regional initiatives.

The CDB boss pointed out that loan approvals were predominantly in support of national natural disaster management programmes being implemented by several BMCs following a series of hurricanes, torrential rains, flood and extreme weather events. The British Virgin Islands, Dominica, Grenada, Jamaica, St Kitts and Nevis, St Lucia and St Vincent and the Grenadines were the main recipients of funding for rehabilitation and reconstruction.

The two largest loans were made to Barbados and St Kitts and Nevis. The CDB is providing a US\$35 million loan to the Government of Barbados for an Education Enhancement Sector Enhancement project. The Board of Directors approved a package of exceptional financial assistance for the Government of St Kitts and Nevis, including a guarantee of around US\$12 million on a portion of the government's restructured debt.

Dr Smith was of the view that the global recovery may have been underway since late 2009, but with the lingering weakness in the region's main trading partners - advanced economies, the recovery in CDB borrowing member countries lagged behind, finally gaining momentum in 2011. "Preliminary estimates indicate that 12 of the 18 BMCs registered expansions in real output during the year. Among the 12, growth was modest in Barbados, the British Virgin Islands, the Cayman Islands and St Lucia, but stronger in the Bahamas, Belize, Dominica, Grenada, Jamaica and Montserrat, while Guyana and Haiti both achieved growth rates above 5 per cent.

"Of the five BMCs recording contractions ( Anguilla, Antigua and Barbuda, St Kitts and Nevis, St Vincent and the Grenadines and Trinidad& Tobago), the downturn in Trinidad& Tobago deepened, but the declines in the other four were moderate relative to previous years,"declared Dr Smith.

There were some encouraging signs the President of the CDB added, noting that the fledgling recovery was mainly underpinned by moderate increases in tourism or in the case of less tourism-dependent, more commodity-based BMCs - improvements in agriculture and mining as well as related manufacturing activities.

Dr Smith continued: " The general recovery in economic output and implementation of policy reforms mostly resulted in improved fiscal performances. This notwithstanding many BMCs confronted stubbornly high debt ratios that, together with still high unemployment rates and weak indicators of financial sector activity and stability, showed the lingering impact of the recession. They were also a reflection of pre-existing structural vulnerabilities, including susceptibility to natural disasters and concentration on a narrow range of goods and services such as tourism and commodity exports, as well as BMCs failure to implement critical policy reforms in the past.

In conclusion the President of the CDB maintains that international developments will continue to shape regional outturns in 2012, with prospects for the region closely mirroring the global outlook.

"The recovery in regional tourism is therefore expected to remain soft, in line with expectations for global demand, while no material pick-up in foreign direct investment is anticipated, reducing the likelihood of a boost to the balance of payments and, indirectly to construction and other real sector activity. Consequently, most BMCs are projected to grow modestly by 1-2.5 per cent in 2012, " said Dr Smith.

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## [Do you want to cut your energy bills?](#)

Wednesday 1st February, 2012- Jamaica Observer

IT'S rare when a business, especially a start-up, has something good to say about JPS, but the nation's sole electricity distributor isn't always at fault, said Jason Robinson, CEO of Solar Buzz Jamaica.

Bad wiring, inefficient equipment and poor practices, issues his seven-month-old energy management company addresses, are often the reasons for high monthly electricity bills, said Robinson, "We teach people how to conserve through energy audits and assessment, energy-efficient products, and solar solutions."

Among the products supplied by Solar Buzz is an energy monitor that shows electricity use in both kilowatt-hours and in dollars.

OWL, a white device the size of a bedside clock, is wirelessly connected to a building's breaker system and accounts for energy used. It's very accurate when compared to the JPS reading, said Robinson. During a demonstration, the monitor showed use falling instantly when a bulb was turned off and then being cut by more than half when an air-conditioning unit shuts down.

"We're using psychology. When you have a monitor spinning with how much you're spending, you will turn it off pretty quickly," he said. It also makes people aware of abnormal use that may suggest something was left on. OWL is also used for commercial energy assessments.

Getting started proved more difficult than Robinson had expected. Coming from California — where people are big on conservation — he thought Jamaicans would have "jumped on that path". They didn't. But he has still managed to significantly grow his business through strong online marketing activities of the money-saving aspects.

Solar Buzz is focusing more on the commercial market rather than residential for its solar power units, he said. Companies don't need expensive batteries to store the energy they generate for night-time use as they close before then. And if they are open later, they can rely on JPS.

The company also distributes pool pumps, which Robinson said are 90 per cent more energy-efficient than most of those in use locally.

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## [Supermarket brews up first profit](#)

Wednesday 1st February, 2012- Jamaica Observer

Jamaica Teas has recovered its initial investment in its Kingston-based supermarket in less than 18 months, according to its latest annual report.

"We are pleased that the amount invested in the Kingston supermarket in 2010 has been fully recovered during the fiscal year," said the report on the performance in its financial year ended September 30, 2011.

In early 2010, Jamaican Teas spent approximately \$9 million refurbishing the store located on Chancery Street in Kingston, before opening and rebranding it JRG Shoppers Delite Supermarket in March of that year.

The store started to make a monthly profit in July 2010, but incurred a small operating loss for the six months to September 2010, over which period it recorded \$85.3 million in sales.

During the last financial year, its sales showed consistent growth and came in at \$239.9 million, even though Jamaica Teas did not disclose the profit margin.

In December, the tea manufacturer and retail operator entered into an agreement to purchase the real estate and supermarket equipment at the location for \$58 million, of which \$42 million is being financed by a vendor's mortgage "at a competitive interest rate".

Last year, Jamaica Teas also bought a 49 per cent stake in Bay City Foods Ltd, operator of a supermarket in Montego Bay, for \$33 million.

"We recorded a loss of \$11.6 million after tax, as our share of the investment during the year," said the annual report. "We expect to see a significant turnaround in results in 2012, as sales continue to improve in line with expectations."

In the last financial year, the two supermarkets contributed 37 per cent of the Jamaica Teas' external revenue of \$645.7 million.

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## [Elections were grey spell for paint maker](#)

Wednesday 1st February, 2012- Jamaica Observer

BERGER Paints blamed elections and political change for dampened sales in November and December, which ultimately led to a 37 per cent drop in net profit.

The paint manufacturer posted \$41.3 million in net profit for the three months ending December 31, compared to \$65.9 million in the corresponding period in 2010.

The company reported \$560.5 million in sales, which was 1.4 per cent higher than the comparative period in 2010, but overall volumes for the quarter showed marginal decline compared with the previous year.

"Sales in the months of November and December were influenced by the uncertainties surrounding firstly the change in leadership of the (then) governing Jamaica Labour Party (JLP) and the general elections, and subsequent change in Government," said Berger's managing director, Warren McDonald, in the financial statements. "These changes were accompanied by a 'wait-and-see attitude being adopted in the period leading up to the elections by the business community."

According to McDonald, sales were growing at a rate of seven per cent year-on-year during the first seven months of its financial year (April to October 2011).

"It is expected that once the political climate settles, sales will again regain the growth trend shown in the first seven months of the financial year," he said.

Operating expenses increased by 9.9 per cent, from \$453.3 million during the three months to December 31, 2010, to \$498.5 million during the review period.

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## [Barita net profit rises 59%](#)

Wednesday 1st February, 2012- Jamaica Observer

Barita Investments Limited posted 59 per cent higher net profit for the three months to December 31, 2011, when compared to the corresponding period in 2010.

The company saw its bottom line grow from \$32 million to \$51 million as total revenues grew by 53 per cent to \$197 million, outpacing the 28 per cent rise in expenses to \$109 million for the quarter.

Barita said that stabilisation in interest rates led to relatively flat interest income but "optimisation of our balance sheet have seen our net interest income increase by \$39million or 36 per cent (to \$147 million) over prior year".

The firm also saw its non-interest income grow by \$21 million or 95 per cent to \$43 million.

"Continued improvements in our asset and equity trading activities have seen our revenues to Dec 31 amounting to \$22million and \$25million respectively; approximately double the performance prior year," said Rita Humphries-Lewin in her chairman's statement accompany the company's financials.

Continued issues in Europe, which has led to the Euro currency decreasing in value, significantly contributed to a \$7 million translation loss accounted for in the quarter under review.

The rise in operational costs to December 31, 2011, when compared to the same period in 2010, reflected increases in Barita's advertising and public relations activities aimed at improving the financial institutions visibility, while increased staff costs was associated with "initiatives in human resource development and capacity building".

"We continue to aggressively manage our costs as we seek to improve the efficiency of our organisation," added Humphries-Lewin.

Barita's asset base increased by \$1.2 billion or nine per cent over the prior year, from \$12.9 billion to \$14 billion, while its liabilities grew by \$810 million or seven per cent to \$12.4 billion, resulting in increased shareholder's equity by approximately \$400 million to \$1.8 billion.

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## [JEEP is about creative employment, says PM](#)

Wednesday 1st February, 2012- Jamaica Gleaner

Prime Minister Portia Simpson Miller says her Government's Jamaica Emergency Employment Programme (JEEP) is about creative, productive employment, which is what Jamaica needs at this time.

In a message delivered on behalf of the prime minister yesterday by Derrick Kellier, minister of labour and social security, Simpson Miller urged business leaders to think outside the box and look at creative means of creating much-needed employment.

The prime minister had been scheduled to speak at the launch of the Jamaica Employers' Federation's (JEF) 30th annual Business and Workplace Convention and Expo at the Terra Nova All Suite Hotel in St Andrew, but was unable to attend.

"My challenge to you is to become bolder and more creative. For example, (look at) the abundance of possibilities for job creation in the global \$9-billion sports, athletics, music, entertainment, dance, fashion, culinary arts, visual arts, literary arts, and the craft and cultural industries," Kellier read.

Simpson Miller also expounded on her 'Jamaica Employ' challenge to the business sector.

"When I threw out the Jamaica Employ challenge recently, for businesses to employ one qualified Jamaican, some were quick to say it would not work. The fact is, we have 400,000 small businesses in Jamaica. If only 10 per cent of them were able to add a single job, we could easily create 40,000 jobs. That is the kind of boldness and urgency which the situation demands."

In her message, the prime minister noted that even more jobs could be created if medium-size and large businesses did likewise. However, she said the Government is aware that not every business could take on the challenge, but added that many could, hence they should.

### Businesses lauded

Simpson Miller commended the JEF on the call for a job summit, as well as employers who made it a policy to seek to create additional employment.

"I want to congratulate the many employers who have made it a policy to seek to create additional employment. I want to thank them for their sense of social responsibility and for giving back to individuals and communities by extension, and the country as a whole," Kellier read.

JEF President Wayne Chen noted that there was no ideological war in Jamaica, and stated that leaders in both the public and private sectors had something to offer.

The convention is scheduled to take place from May 3-6 at the Sunset Jamaica Grande Resort and Conference Centre in Ocho Rios, St Ann, under the theme 'Execute, Grow, Sustain'.

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## Telecoms find one more reason to quarrel

Wednesday 1st February, 2012- Jamaica Gleaner

Mobile market leader Digicel Jamaica has rebuffed suggestions of rival LIME Jamaica that by offering Claro customers an opportunity to switch to its network while retaining their existing numbers it was introducing local number portability (LNP) through the backdoor.

LIME has suggested that if Claro customers were allowed to switch to the competition while keeping their numbers, it "would be a clandestine and privileged introduction of local number portability, which appears to have been specially granted only to Digicel."

But Digicel, in an emailed response to queries by Wednesday Business, said "this is not the case", explaining that "Due to our acquisition of Claro in Jamaica, Digicel inherited the Claro customers as well as the numbers."

A different view

The Ministry of Mining, Energy & ICT said there is no provision in law to prevent local carriers from establishing a platform to port phone numbers from one network to another.

But LIME takes a different view.

"LNP cannot be unilaterally introduced into the market. LIME is ready and willing to introduce LNP. However, all the service providers would need to be in agreement and to facilitate its introduction. There are many technical and non-technical issues that would have to be discussed and agreed on before LNP becomes a reality," said Rochelle Cameron, legal & regulatory head at LIME.

Digicel, having acquired the Claro business in Jamaica, announced that it will be shutting down that network on March 1. The company has since been providing sweeteners valued at up to J\$2,000 for each customer who switch to the Digicel network. Digicel has also advised Claro customers that they will be able to retain their numbers when they switch.

LIME is offering inducements valued at J\$1,000 to each Claro customer who surrender their SIM cards and switch to its network, but is not offering to port their telephone numbers. It was Digicel's encouragement to Claro customers to switch and retain their numbers that placed the issue of number portability on the front burner again and, apparently, led to a Facebook campaign under the slogan 'Jamaicans for Cell # Portability'.

LIME, which holds second place to market leader Digicel in terms of mobile customer base, has consistently pushed for the introduction of number portability. But Digicel has largely remained silent on the issue, apparently because it has more to lose than gain under such a system.

Digicel's subscriber base amounts to more than two million. LIME's is said to be around 700,000, and Claro Jamaica had 517,000.

The Office of Utilities Regulation (OUR) has refused to weigh in, saying when asked to comment on LIME's claim that number portability was being secretly introduced, that it would "make no comment on the issue at this time".

The OUR's role in the introduction of number portability, it said in emailed responses to questions, "is to do the cost benefit analysis to be able to determine the feasibility of the introduction of such a service".

The cost benefit analysis is also optional, and the government's role is largely limited to moral suasion, said the Ministry of Mining, Energy & ICT, but the OUR said "The results of that study will inform any decision that is made."

The OUR could not say to what extent there will be an overhaul of the regulatory framework for the telecoms industry, given that the Claro network will be shut down. The acquisition is being challenged in court by LIME and the Fair Trading Commission.

In response to queries, LIME said the OUR has started the consultation process for the introduction of LNP by engaging a consultant to conduct the cost benefit analysis and to get relevant data from the industry.

The next phase should be for the OUR to issue the public consultation document.

According to LIME, "it is noteworthy" that the OUR's 2011-2014 corporate plan laid out a timetable to make a determination by March 22, 2011 and implement LNP by September 19, 2012.

The more current corporate plan for 2012-2015 now says the timeline for LNP is for a determination by May 4, 2012 and implementation by July 5, 2013.

#### Lobbying for lnp introduction

Asked if it has sought to persuade other players to introduce LNP, LIME said it has tried to convince the OUR to progress the consultation process that will pave the way for its establishment.

"We have also made presentations to various industry forums ... and we will continue to lobby for its introduction and other critical remedies needed to address the current irregularities in the telecommunications industry," said Cameron.

Among those issues is the need for LNP as a key element to achieving a level playing field in the market. In parallel with consulting on matters directly related to LNP of both a technical and non-technical nature, the OUR also needs to ensure that other regulations that are critical to its successful implementation are in place, she said.

These include low termination rates, prohibitions on price discrimination, regulation of on-net and off-net pricing of the dominant carrier.

"We must also make the point that with regard to the Digicel/Claro merger, the Government's removal of the condition for Digicel to operate two separate networks has essentially allowed the introduction of number portability but only for Digicel's benefit," said Cameron.

"This will make it more difficult for LIME to compete for Claro customers. In addition, it begs the question of whether (former Prime Minister Andrew Holness) should have granted approval for the transfer of Claro's licence to Digicel in the absence of regulation of the mobile rates and of equitable LNP in the market."

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## Goddard takes J\$420m hit on Intertrade investment

Wednesday 1st February, 2012- Jamaica Gleaner

Goddard Enterprises Limited has written off a BDS\$9.7 million (J\$420m) investment in Jamaica which it linked to deposits in suspended cambio and trader Intertrade Finance.

Goddard conducted an internal audit which resulted in management changes at GCG Jamaica - formerly Versair Inflight - its Jamaica-based subsidiary, as disclosed in its earnings report for the period ending September 2011.

The Barbados-based conglomerate said that GCG invested excess funds in short-term deposit instruments with the then licensed financial institution, Intertrade Finance Corporation, during April to October 2010.

"This operation incurred a write-off of a short-term investment in Jamaica in the amount of B\$9.7 million," said Goddard in its directors report signed by Chairman Joseph Goddard and Managing Director Martin Pritchard.

GCG did not return calls for comment.

Pritchard told Wednesday Business on Tuesday that the group would make no further disclosures.

"I can't comment on the matter at this time until the annual general meeting," he said. "There is no one else at this point who can comment."

The conglomerate is currently suing to recover the funds but has already written off the amount in its 2011 financials.

Trading was suspended at Intertrade last May by the Financial Services Commission, which has accused the company of misrepresenting to clients the nature of the securities in which their funds were invested.

Goddard advised its shareholders that a "regulatory investigation is under way, which could result in the loss of funds to all investors".

"This matter is now before the law courts of Jamaica as the authorities seek to prosecute those responsible," the conglomerate said.

Calls to Intertrade went unanswered up to press time. The company is already being sued by COK Sodality to recover an undisclosed sum.

"As a consequence of which, changes were made to the management of the company. In addition, the group's investment policy was revisited and measures were implemented to ensure adherence to the policy and prevention of recurrence of such an event," said the financials.

The write-off contributed to Goddard's net loss of BDS\$5.3 million at September 2011, compared with a profit of BDS\$39.4 million the year earlier.

The write-off occurred at a time when other Jamaican subsidiaries performed well.

"Jamaica Dispatch Services Limited produced a satisfactory result in the first five months of operation. Management was working to improve the operational capacity of the company to position it for future growth," stated Goddard.

And: "Fidelity Motors Limited in Jamaica had a very satisfactory year with revenue and profit exceeding last year. Sales increased over last year by 8.0 per cent."

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## CariCRIS developing rating model for credit unions

Wednesday 1st February, 2012- Jamaica Gleaner

Regional credit rating agency CariCRIS is working on a model to start rating credit unions across the Caribbean to supplement the work of regulators of the multibillion-dollar sector.

The sector made of small community lenders manage saving pools that are large enough to pose systemic risk, according to Wayne Dass, chief executive officer of CariCRIS.

He cited the market in Trinidad and Tobago where credit unions manage funds amounting to TT\$6 billion, or about US\$1 billion.

Credit union savings in Jamaica exceeded J\$50 billion (US\$587 million) at last reported statistics for June 2011 across an estimated 43 entities - equivalent to 13 per cent of the commercial banking sector where the seven banking groups hold deposits of J\$384 billion (US\$4.5 billion).

"The credit union sector currently potentially poses a huge systemic risk to the region, based on the large amounts of funds under management and the current lack of proper regulation in the main of this sector," Dass said on the closing day of the seventh annual investment and capital markets conferences hosted by the Jamaica Stock Exchange in New Kingston.

### Threat of failure

Credit unions were set up as friendly cooperatives across the region and are largely self-regulated. Jamaica is finalising a different monitoring system for the credit unions, which as deposit-taking institutions will be regulated by the Bank of Jamaica.

Dass, whose agency operates from Port-of-Spain, pointed to the failure of Hindu Credit Union in Trinidad as a case to heed.

Still, there have been no widespread reports of failures. Inside Jamaica, however, several of them have merged operations in order to comply with the BOJ's more stringent requirements for capitalisation ahead of the regulatory regime change.

Dass, who gave a resounding yes on the need for rating agency watchdog while speaking on the topic: 'Is there a need for a rating agency watchdog', said credit unions need the same level of supervision and continuous monitoring as banks, to ensure depositors' fund are safeguarded against excessive risk-taking and imprudent financial management.

A credit rating agency watchdog, he said, would force the cooperatives to improve transparency of their operations and reduce conflicts of interest.

The rating of credit unions would add another line of business for CariCRIS, which now provides rating for sovereign debt and companies spanning sectors such as commercial banks, construction, manufacturing, petrochemical, utilities, brokerage houses, insurance, telecommunications, and engineering sales and service.

The agency also rates small and medium enterprises in the woodworking, metal works, gasoline retail services, interior design, shipping services, retail, distribution, and personal care sectors.

At its financial year ending March 2011, CariCRIS had completed 56 ratings, a 124 per cent increase over the 25 ratings completed in the previous year.

Its operating income shot up 27 per cent to US\$824,450, from US\$648,025 in the prior year.

This growth, CariCRIS said in the chairman's report, was driven by a 20 per cent increase in ratings and surveillance income to US\$679,750, up from US\$565,000 for year ending March 2010, as well as a 200 per cent increase in training income.

Working in collaboration with the umbrella group for credit unions in Trinidad, Dass said CariCRIS is already far along in developing a rating model similar to that for banks, to reflect the institutions' creditworthiness and likelihood of defaulting on debt or deposits at any point in time.

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