

# 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



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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

## Trinidad & Tobago

### UTC laying off 26 in restructuring

The Unit Trust Corporation of Trinidad and Tobago (UTC) says that while it will be laying off employees to "restructure and reorganise" it is an ongoing exercise where people will also be hired.

### IMF: T&T economy will grow in 2012

A team from the International Monetary Fund has concluded its 2011 Article IV consultation on Trinidad and Tobago by issuing an assessment that there was "concrete evidence that the economy is turning the corner and that economic growth will resume in 2012.

### Toney: Our hands are tied

"We have a port to run and we need to get instructions as early as possible," Joseph Toney, chairman of the Port Authority of Trinidad and Tobago (PATT), declared yesterday.

## Jamaica

### Downtown gets vote of confidence

GRACEKENNEDY IS confident that the planned rebirth of downtown Kingston will take place this time around, despite the many starts and stops over the years. That confidence has tempted the company to spend more than J\$100 million to establish a full-service financial centre in the heart of the city.

### Consider city for office space - Greene

Town Clerk Errol Greene has repeated his call for businesses to look to downtown Kingston as they seek to relocate or expand. Minutes after GraceKennedy opened its new financial centre in the heart of the city, a beaming Greene told The Gleaner that his idea for the rebirth of downtown Kingston involves the opening of several other entities.

## Barbados

### Neal and Massy talks continue to progress

Negotiations for the sale of three hotels in Barbados all part of the Neal and Massy Group, are progressing. That's the word from Arthur Lok Jack, Chairman of Neal and Massy Holdings Limited.

### Bynoe: No wage hikes now

BUSINESSMAN ANDREW BYNOE has called for sacrifices from the public and private sectors, and assistance from labour unions, to reduce the cost of living.

## **Guyana**

### **Guyana joins Amazon tourism sector**

Guyana has been formally presented with the Tourism Circuit Manual of the Amazon Tourism Trail during a forum at the Guyana International Conference Centre that was organized by the Ministry of Tourism, the Guyana Tourism Authority and the Amazon Cooperation Treaty Organisation (ACTO), after which a workshop to discuss the manual's uses, applications and the next steps forward was held.

## **Bahamas**

### **Analyst urges banks to consider online merchant accounts**

The Bahamas is missing out on opportunities to cash in on millions of dollars by not maximising on the tremendous potential that the Work Wide Web has to offer the business community, according to local business analyst Wayne Johnson.

### **New fee increases at apd affecting shipping charges**

FEE increases at the new Arawak Port Development (APD) affecting shipping companies may soon affect retailers and wholesalers, with one shipping company already announcing new charges due to increased operating costs associated with the port's new tariff structure.

## **Antigua & Barbuda**

### **BCB names Bermudian Clipper CEO**

Bermuda Commercial Bank Limited announced the appointment of Jonathan C. Clipper as its Chief Executive Officer. Mr Clipper joined the Board of the Bank as a non-executive director in August 2011 and succeeds Michael Collier, who will remain as Chairman of the BCB Board.

### **Fuel costs soar**

The inflation rate dropped back below three percent in December, as food prices fell. The Consumer Price Index (CPI), released by the Department of Statistics on Friday, showed consumers paid 2.9 percent more for specified goods and services in December than they did a year earlier. This marked a slight fall from the 3.1 percent inflation rate recorded in November.

### **PWC: New US tax law to have big impact on Bermuda's financial services sector**

Bermuda's financial services sector could be hit hard by a US effort to combat tax evasion by Americans with investments in offshore accounts. Tax experts with PWC Bermuda said yesterday that most financial institutions in Bermuda will need to make major changes to their business practices over the next several years.

## **Dominican Republic**

### **Casa de Campo complex gets 47.2MW energy permit**

The National Energy Commission (CNE) issued a definitive concession to the real estate and hotelier company Costasur Dominicana to operate an isolated energy system of 47.2 megawatts within the resort complex Casa de Campo and the Central Romana Corporation, in eastern La Romana province.

### **Customs shouldn't let country become dumping ground, Consumer chief says**

Neither Dominican Republic nor any of the Caribbean countries should become the dumping ground for products that countries such as the United States, the European Union, Asia and Australia discard because of the health risks they pose, warned the director of the Consumers Protection Agency (ProConsumidor) Sunday.

## **St. Kitts & Nevis**

### **St Kitts-Nevis develops action plan for national maritime policy**

St Kitts and Nevis has already developed a draft action plan to commence consultation with relevant stake holders in support of establishing for the first time, a national maritime policy to guide the sustainable development of the maritime sector in the twin-island federation.

### **Nevis investment promotion agency 'comes of age'**

Premier of Nevis and Minister of Finance, Joseph Parry, has said that the Nevis Investment Promotion Agency (NIPA) has come of age and assumed a number of investment portfolios that he feels will now be better handled by the agency, headed by Bernadette Lawrence.

## **Suriname**

### **Suriname, IDB sign loans totaling \$20 million**

Authorities from Suriname and the Inter-American Development Bank (IDB) on Monday signed the contracts for two loans totaling \$20 million to help finance a conditional cash transfers program and the national census and household survey.

## **Other Regional**

### **UK pledges GBP75 million in development support to the region**

The United Kingdom has pledged £75 million to assist with development projects within the Caribbean region over a four-year period. The UK's commitment came out of talks at the 7th UK/Caribbean Forum held in St Georges, Grenada, from January 20 to 22.

# International

## United States

### **U.S. Volcker Rule Faces Harsh Critics as Effective Date Nears**

The world's largest banks demanded a wish list of changes to a proposed U.S. ban on proprietary trading, seeking to escalate the lobbying effort against the Volcker rule five months before it takes effect.

## United Kingdom

### **BOE's King Sees Inflation Reaching Goal in 2012**

Bank of England Governor Mervyn King said policy makers added stimulus this month because they judged that there was a "downside" risk of inflation slowing too far beyond the 2 percent goal.

## China

### **China's Stocks Decline Most in Week on Economic Outlook, European Concerns**

China's stocks fell the most in a week after Moody's Investors Service cut the debt ratings of six European nations and a former central bank official said the government is unlikely to significantly loosen credit this year.

## Europe

### **Italy, Spain Cut by Moody's; U.K. Top Rank at Risk**

Moody's Investors Service cut the debt ratings of six European countries including Italy, Spain and Portugal and said it may strip France and the U.K. of their top Aaa ratings, citing Europe's debt crisis.

### **Italy-Spain Borrowing Costs Decline at Auction Following Moody's Downgrade**

Italian and Spanish borrowing costs plunged to the lowest in at least 11 months at debt sales today as investors ignored downgrades by Moody's Investors Service.

### **Stocks Rebound With Euro on German Economy Outlook as Italian Bonds Climb**

Stocks and the euro rebounded as German investor confidence jumped to a 10-month high and borrowing costs fell at Italian and Spanish auctions, even after Moody's Investors Service downgraded the debt ratings of six European countries.

### **EU's Van Rompuy Welcomes China's Interest in Aiding Europe**

Chinese Premier Wen Jiabao said his country is willing to get "more deeply" involved in helping to resolve Europe's debt crisis.

### **Schaeuble: Europe Better Prepared for Greece Default**

German Finance Minister Wolfgang Schaeuble said Europe is better prepared for a Greek default than two years ago, jacking up pressure on Greece to hold to its pledges and find the savings needed to win a second bailout.

## **Japan**

### **BOJ Unexpectedly Adds Stimulus as It Sets 1% Target for Inflation: Economy**

Japan's central bank unexpectedly added 10 trillion yen (\$128 billion) to an asset-purchase program and set an inflation goal after an economic slide fueled criticism it has been slower to act than counterparts.

## **Australia**

### **Wheat Shipments From Australia Seen at Record as Harvest Gains on Weather**

Wheat exports from Australia, set to be the world's second-biggest shipper, may advance to a record this year as the harvest climbs to an all-time high after favorable weather, according to the government forecaster.



**\* FULL ARTICLES \***



## [Neal and Massy talks continue to progress](#)

Tuesday 14th February, 2012: The Barbados Advocate

Negotiations for the sale of three hotels in Barbados all part of the Neal and Massy Group, are progressing.

That's the word from Arthur Lok Jack, Chairman of Neal and Massy Holdings Limited.

He said that the negotiations are progressing through the Boards of Almond resort Incorporated and Almond Casuarina Beach.

“Meanwhile, the hotels continue to operate,” according to him.

Speaking on the October to December 2011 first quarter results of Neal and Massy Holdings Limited and its subsidiaries, Lok Jack said that while asset values for the two hotels were impaired in the Group's 2011 Financial Statements, the operating loss from these discontinued operations was \$11.8 million or \$0.12 a share.

During the first quarter of the new financial year Almond Morgan Bay (Lazy Lagoon Limited) was sold to the Elite Island Resorts, said the Chairman.

“We are also pleased to report that the sale of Neal and Massy's interest in Cool Petroleum Limited was completed in this quarter. The Group has eliminated its exposure from this investment and is free of all guarantees and contingent liabilities associated with CPL,” said Lok Jack.

He said that the Neal and Massy group performed well during the three months, noting some improvements when compared to the corresponding period to December 2010.

Earnings per share for the first quarter were up eight per cent to \$1.24, total revenues reached \$2.6 billion, an increase of 7.6 per cent and the operating profit from subsidiaries was ten per cent.

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## [BCB names Bermudian Clipper CEO](#)

Tuesday 14th February, 2012: The Royal Gazette Online

Bermuda Commercial Bank Limited announced the appointment of Jonathan C. Clipper as its Chief Executive Officer.

Mr Clipper joined the Board of the Bank as a non-executive director in August 2011 and succeeds Michael Collier, who will remain as Chairman of the BCB Board.

Mr Clipper, a Bermudian, is chairman and managing director of locally-incorporated Headland Management Ltd, a role he will maintain while assuming this new position.

Headland Management specialises in providing independent directors for exempt company boards and offshore funds.

“Jonathan’s track record of over 30 years of experience in the financial services industry will provide an excellent foundation for BCB to expand its wealth management and commercial banking activities,” said BCB Chairman, Mr. Michael Collier.

“I am delighted to hand over the reins to him and am confident that he will bring great value to our clients.”

From July 2010 through the end of December 2010, Mr Clipper was CEO of First Bermuda Group, during which time he oversaw the successful amalgamation of that business with Capital G Bank Ltd.

He also has significant international and local banking experience, locally with the Bank of Bermuda and internationally with Chase in London and Singapore and with Citibank, in London, Edinburgh and Hong Kong.

In his new role, Mr Clipper will be responsible for managing the businesses of the BCB Group, and also setting the strategic plans, ensuring the Group companies meet their statutory obligations and maintaining the Group’s vision and values.

He will also be responsible for the Group’s relationships with its external stakeholders, such as the Government and the Bermuda Monetary Authority, trade bodies, the media and the general public.

He will report to the Board of Directors.

“I have known Jonathan since we were at Chase together in Asia in the 1980s and warmly welcome him to this new role,” said BCB Deputy Chairman, Mr. Warren McLeland.

“I would also like to take this opportunity to thank Michael for his role as Managing Director since the Bank was acquired by Permanent Investments Ltd in April, 2010.

“During his time as Managing Director, the Bank has been reinvigorated, and has been successfully turned around with the latest profit of \$2.6 million as at the September 2011 year end.

In addition, the bank is in an enviable position of a liquid balance sheet with the majority of assets in cash and near cash, and the substantial remainder in a diversified international bond portfolio.”

Mr Clipper holds an M.Phil. in Business Administration from Oxford University, which he attended as a Bermuda Rhodes Scholar, and an Honours Degree in Biology from the University of York.

He is a Fellow of the Institute of Chartered Secretaries.

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## [Fuel costs soar](#)

Tuesday 14th February, 2012: The Royal Gazette Online

The inflation rate dropped back below three percent in December, as food prices fell.

The Consumer Price Index (CPI), released by the Department of Statistics on Friday, showed consumers paid 2.9 percent more for specified goods and services in December than they did a year earlier. This marked a slight fall from the 3.1 percent inflation rate recorded in November.

The 1.4 percent fall in food prices between November and December was a factor in the easing of the annual inflation rate.

The report highlighted decreases in the price of red grapes (down 18 percent), spare ribs (down 14.2 percent) and roasting chickens (down 9.4 percent).

However, food prices were still three percent higher, year over year.

The biggest drivers of the increase in the cost of living remained healthcare and energy costs.

Prices in the health and personal care sector were seven percent higher than a year earlier, while fuel costs soared 13.4 percent and power bills rose three percent.

The month-to-month analysis, however, showed inflationary pressures easing, with no change in fuel and power costs from November, and a 0.1 percent fall in health and personal care costs.

The transport and vehicles sector experienced a 0.5 percent monthly rise, reflecting a 6.5 percent increase in hotel accommodations, although air fares fell 2.2 percent and the cost of fuel dropped 1.8 percent.

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## [PWC: New US tax law to have big impact on Bermuda's financial services sector](#)

Tuesday 14th February, 2012: The Royal Gazette Online

Bermuda's financial services sector could be hit hard by a US effort to combat tax evasion by Americans with investments in offshore accounts.

Tax experts with PWC Bermuda said yesterday that most financial institutions in Bermuda will need to make major changes to their business practices over the next several years.

The Foreign Account Tax Compliance Act (FATCA) will next year require foreign financial institutions to report directly to the Internal Revenue Service (IRS) information about financial accounts held by US taxpayers, or by foreign entities in which US taxpayers hold a substantial ownership interest.

Some tax advisers characterise the regulations as "know your client on steroids" essentially requiring financial institutions to identify their US account holders, name names and even to withhold tax when Americans don't comply.

The US Treasury and IRS recently issued their proposed regulations regarding FATCA and PWC experts say the US appears to be trying to address industry concerns..

"The proposed regulations will clarify the far-reaching impact that FATCA will have on foreign financial institutions with US assets or clients, including those located here in Bermuda," said Rick Irvine, PWC Bermuda's Tax Leader.

"Companies in the financial services industry such as banks, hedge funds, private equity funds, broker-dealers, clearing organisations, trust companies and insurance companies, will soon be compelled to gather certain financial information and report it to the IRS."

Mr Irvine said that in issuing these proposed regulations, the US Government appeared to have listened to global stakeholder comments and made an effort to address their concerns to minimise the additional compliance costs imposed on financial services institutions.

"They have further grandfathered certain financial obligations from FATCA compliance and extended the overall exemption period until 1 January, 2013," Mr Irvine said.

"Additional changes include simplified due diligence procedures and reporting requirements for certain individuals and entities, and extended transition periods for reporting financial account information to the IRS."

Paul Eldridge, managing director, Tax Services, PWC Bermuda, added: “Despite these changes, most financial institutions in Bermuda will need to make significant changes to their business practices over the next several years, including adapting their people, process, technology and internal governance systems to handle the increase of due diligence procedures and ultimately comply with FATCA regulations.”

In a significant announcement relating to FATCA, a joint statement was also released by the governments of the United States, France, Germany, Italy, Spain and the UK, stating that they are exploring a common approach to FATCA implementation through domestic reporting and reciprocal automatic information exchange.

“At this time, Bermuda is among a number of global financial services centres that are not included as a party to the joint statement,” Mr Irvine said.

“That’s not to say that other countries won’t be added to such an agreement at a later date.”

Mr Irvine pointed out that once the FATCA withholding rules come into effect, if an institution fails to comply, they will be subject to a 30 percent withholding tax on any US source income and gross security sale proceeds made to its proprietary account.

In addition, accountholders who don’t provide the non-US financial institution (FFI) with FATCA-required documentation would be deemed “recalcitrant”.

The FFI would then be obligated to deduct a 30 percent withholding tax on any withholdable payment credited to their accounts.

“It’s important for financial institutions to realise that FATCA is more than just a tax issue,” Mr Eldridge said.

“It involves governance, compliance and process changes that will impact their entire business.

“By planning the work and starting now, businesses can minimise the disruption to their operations as the deadline approaches.”

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### [Bynoe:No wage hikes now](#)

Tuesday 14th February, 2012: Nation News

BUSINESSMAN ANDREW BYNOE has called for sacrifices from the public and private sectors, and assistance from labour unions, to reduce the cost of living.

Bynoe, whose call for a ten per cent wage cut two weeks ago drew the ire of many Barbadians, is contending that now is not the time for unions to be pressing for wage increases. Instead, they should “join in finding ways in keeping people employed and . . . bringing the cost of living down”.

He also said his proposal for a wage cut must not be seen in isolation, but as a cost of living reduction plan with the public and private sectors in full agreement.

“The private sector must bear our share,” he said. “Such [wage cut] initiative must have a guaranteed reduction in the cost of living. It could also exclude persons below a given wage. It requires a heavy-handed cost of living regime, with a sweetener at the end . . . when the country rides out this difficult economic period.”

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## Downtown gets vote of confidence

Tuesday 14th February, 2012- Jamaica Gleaner

GRACEKENNEDY IS confident that the planned rebirth of downtown Kingston will take place this time around, despite the many starts and stops over the years.

That confidence has tempted the company to spend more than J\$100 million to establish a full-service financial centre in the heart of the city.

"We are here for the long haul. We are going to be putting down deep roots," Courtney Campbell, chief executive officer of the GraceKennedy Financial Group, told The Gleaner before yesterday's opening of the new financial centre.

The remodelled building at the corner of Duke and Harbour streets houses branches of First Global Bank, First Global Financial Services and Jamaica International Insurance Company.

"Under one roof, we have integrated financial services properly delineated to accommodate our regulatory commitments," said Campbell.

"Customers in downtown Kingston and its environs, including persons who live here and who do business here, will have access to the full range of services offered by the three entities," noted Campbell.

Easy decision

He said, before yesterday, persons would have to travel from downtown Kingston to areas such as New Kingston to do business with the GraceKennedy financial entities.

But with the expected rebirth of downtown Kingston, Campbell said the decision to set up shop in the area was an easy one for the company.

"We are confident in the future of downtown and we believe that in another two or three years the level of business activity will be even higher than it is now, and we want to be part of that growth and help to facilitate that growth," said Campbell.

"We have done our market surveys, we have done our research and we believe that existing businesses here want to expand or retool, and we have been in discussion with several business operators who plan to establish new businesses downtown."

According to Campbell, there are several entities which are considering establishing their head offices in downtown Kingston.

"One of our strategies is that we want to create and deliver new products, value-added services and convenient channels. We believe, if we do that, it will enhance the experience of people doing business with us."

The Government, through the Urban Development Corporation, is offering financial and other incentives to entities opening new businesses in downtown Kingston, but Campbell said that was not a major consideration for GraceKennedy.

"Clearly it was taken into consideration, but there was a strong business case for setting up shop here.

Campbell noted that GraceKennedy has operated its head office in downtown Kingston for the last 90 years and considers itself a full part of the downtown family.

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## [Consider city for office space - Greene](#)

Tuesday 14th February, 2012- Jamaica Gleaner

Town Clerk Errol Greene has repeated his call for businesses to look to downtown Kingston as they seek to relocate or expand.

Minutes after GraceKennedy opened its new financial centre in the heart of the city, a beaming Greene told The Gleaner that his idea for the rebirth of downtown Kingston involves the opening of several other entities.

"The building was owned by the KSAC (Kingston and St Andrew Corporation) for a little while and we were looking for the ideal tenant, so when we heard that Grace was looking somewhere it was not difficult for a decision to be made when they approached us," said Greene.

He noted that the building, at the corner of Duke and Harbour streets, once housed Barclays Bank and, later, National Commercial Bank, before they moved out.

"While it had all the facilities including the vaults still intact for a bank, there is nothing short of a renaissance when you look at what GraceKennedy has done," added Greene.

He noted that while the KSAC does not own any other vacant building, there are several others in downtown just waiting on tenants.

"I think the KRC (Kingston Restoration Company) has an inventory of other available buildings in downtown Kingston and persons should just check."

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## [Casa de Campo complex gets 47.2MW energy permit](#)

Tuesday 14th February, 2012- Dominican Today

The National Energy Commission (CNE) issued a definitive concession to the real estate and hotelier company Costasur Dominicana to operate an isolated energy system of 47.2 megawatts within the resort complex Casa de Campo and the Central Romana Corporation, in eastern La Romana province.

In addition to electricity generation, the power lines and distribution for private consumption and sale to third parties, Costasur Dominicana will serve the energy for the zone's agro-industries and tourism.

The Isolated System can meet the demand for 47.2 MW, with 190.9 gigawatts of energy per year; with a 1,838 kilometer grid to supply 1,666 direct customers in La Romana and La Altagracia provinces, whose average consumption is 1,838 kilowatt hours per month per user.

The current definitive concession was issued for a term of twenty years, with an option to renew for a period of up to 10 years.

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## [Customs shouldn't let country become dumping ground, Consumer chief says](#)

Tuesday 14th February, 2012- Dominican Today

Neither Dominican Republic nor any of the Caribbean countries should become the dumping ground for products that countries such as the United States, the European Union, Asia and Australia discard because of the health risks they pose, warned the director of the Consumers Protection Agency (ProConsumidor) Sunday.

Altagracia Paulino also noted that the Customs agencies of the region's countries should be more directly involved in the vigilance and security of imported products, as a guarantee for consumers.

Speaking in a Organization of American States (OAS) dialogue on Consumption Safety, the official said the Customs Agency shouldn't reject the role of vigilance because in every country it's the key department in regulating the entry of products and merchandise, specially in the case is foods and medicines.

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## [St Kitts-Nevis develops action plan for national maritime policy](#)

Tuesday 14th February, 2012- Caribbean News Now

St Kitts and Nevis has already developed a draft action plan to commence consultation with relevant stake holders in support of establishing for the first time, a national maritime policy to guide the sustainable development of the maritime sector in the twin-island federation.

McClellan Hobson, the director of maritime affairs in the Department of Maritime Affairs within the Ministry of International Transport, said he was among local technocrats from several agencies in St Kitts and Nevis, who joined their counterparts from across the OECS in what was considered a very productive two-day workshop on ocean governance.

He said the physical planning and the environment and legal departments of both the federal government and the Nevis Island Administration attended the workshop in St Lucia over the period February 8 - 9, 2012.

The workshop, which came on the heels of the 54th meeting of the OECS Authority, was jointly sponsored by OECS Secretariat and the Commonwealth and seeks to follow up on the Heads decision for an OECS-wide approach to the development of a regional integrated ocean governance framework.

The facilitators for the workshop were drawn from Florida State University, the Commonwealth and the OECS Secretariat and guided the workshop on issues pertaining to effective ocean governance frame work, economic benefits of the OECS waters, maritime boundary delimitation, development of hydrography, sustainable development of the ocean, maritime policy frame work at the national and regional level.

“While the ocean is a source of significant benefits, my gut feeling tells me we are still taking it for granted. Instead of exploiting the resources it is being left for all to do what they want. It is about time the whole issue of ocean governance be sorted, hence, I am pleased with the decisions on this matter coming out of the 54th Meeting of the Authority,” said Hobson.

He stated that St Kitts and Nevis is wasting no time on this matter. “In fact, I will venture to say that we are ahead of the rest of the OECS where this is concerned. We have a very vibrant Maritime Boundary Delimitation Negotiating Team in place, fully trained and making preparation to enter the first round of negotiations with the Netherlands in the case of St Eustatius sometime soon,” said Hobson, who commended the efforts of Dr Denzil Douglas and the rest of the St Kitts and Nevis Cabinet “for their foresight on ocean governance and for creating the environment for the local technocrats to proceed with the work in this area, even without the efforts of the OECS Secretariat.”

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## [Nevis investment promotion agency 'comes of age'](#)

Tuesday 14th February, 2012- Caribbean News Now

Premier of Nevis and Minister of Finance, Joseph Parry, has said that the Nevis Investment Promotion Agency (NIPA) has come of age and assumed a number of investment portfolios that he feels will now be better handled by the agency, headed by Bernadette Lawrence.

The NIPA was launched on May 21, 2008, and according to the premier has responsibility for investment promotion, investment facilitation, aftercare services and advocating policy changes to enhance the investment climate in Nevis.

"I have been acting as a kind of investment agency and some of those projects will now be handed over to NIPA, like the Aman Hotel Project, the Pinneys Development Project, the Herbert's Beach Project, and projects involving Mr Greg Hardtman and Mr Deon Daniel. All those projects will be placed in the hands of NIPA," said Parry.

Speaking last Tuesday on his weekly program 'In Touch With the Premier' on local radio stations, the premier observed that some years ago Nevis was rated as the 83rd most difficult country to do business in, and his Nevis Reformation Party-led government felt that something had to be done to correct that situation.

"We established what we call the Nevis Investment Promotion Agency (NIPA) and the idea was that NIPA would market financial services and investments in Nevis, and it would provide and facilitate any effort of an investor to get his business done," said the premier.

He added that persons wishing to do business in Nevis would go to NIPA, which has representatives from the Planning and Finance Departments of the government, the private sector, and someone who is in touch with the Cabinet. In that way, the government hopes that it can speed up investments on the island.

"I had my first meeting with NIPA on Monday, February 6, and I was very pleased with the way it went, and I am sure that we will see good things coming out of NIPA," reported the premier. "Mrs Bernadette Lawrence has been employed by NIPA for some time now, and she has been able to bring a Dr Naggi here for development of the Cosmetology Centre."

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## [Suriname, IDB sign loans totaling \\$20 million](#)

Tuesday 14th February, 2012- Caribbean News Now

Authorities from Suriname and the Inter-American Development Bank (IDB) on Monday signed the contracts for two loans totaling \$20 million to help finance a conditional cash transfers program and the national census and household survey.

Suriname Finance Minister Adeliën Wijnerman and IDB President Luis Alberto Moreno signed the documents at a ceremony held here, on occasion of a regional meeting of IDB Governors from the Caribbean region.

A \$15 million loan will help finance Suriname's Social Protection Support Program, supporting the government's efforts to enhance the effectiveness of spending on social protection programs.

The program will finance grants to poor pregnant and lactating women and the mothers of poor children, reaching up to 15,000 households by 2015. The goal is to break the intergenerational transmission of poverty by investing in children's nutrition, health and education during their crucial formative years.

Families receiving cash transfers will have to attend regular health check-ups, participate in nutrition education and take nutrition supplements, and attend school regularly in order to receive monthly payments.

The program is expected to substantially increase education enrollment rates, especially in secondary schools. Expected health outcomes include improved maternal health due to regular prenatal checkups and an increase in the number of children who are immunized against preventable diseases.

A US\$5 million loan will support the National Population and Housing Census and Household Budget Survey, which will yield updated demographic, social, economic, and cultural information on Suriname.

Suriname will carry out its Eighth General Population and Housing Census in 2012 to update the national data from 2004. Based on the results, the General Bureau of Statistics (GBS) will carry out the Household Budget Survey in 2013-14 to update data on household expenditures, the labour force, and the basket of goods and services used to calculate the change in the Consumer Price Index.

The comprehensive information collected by the census and the household survey will allow the GBS to generate updated, reliable, and detailed data about the size, distribution, composition, income, and geographical movements of the population.

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## Guyana joins Amazon tourism sector

Tuesday 14<sup>th</sup> February 2012 – Caribbean News Now

Guyana has been formally presented with the Tourism Circuit Manual of the Amazon Tourism Trail during a forum at the Guyana International Conference Centre that was organized by the Ministry of Tourism, the Guyana Tourism Authority and the Amazon Cooperation Treaty Organisation (ACTO), after which a workshop to discuss the manual's uses, applications and the next steps forward was held.

The formulation of the manual resulted directly from the involvement of ACTO's move to develop integrated tourism for the Amazon region, and focuses on Guyana, Suriname and Brazil.

Minister of Tourism (ag), Irfaan Alli, said the manual offers the opportunity for Guyana's tourism sector to proactively and aggressively enter and expand markets. He explained that while Guyana is behind in pushing the local tourism package forward, the country is now strategically positioned as a part of Amazon tourism.

Ali added that it is time for the sector to lobby and move the integration process forward to link Guyana and the Caribbean with the Amazon.

Pointing out that the manual comes at a critical time in the three countries, he said steps already taken by Guyana will speed up the process of the Amazon link. He referred to the links between Brazil, Suriname and Guyana, which have already begun to open up tourism opportunities.

The minister urged that members of the private sector should invest, as they will be motivated into the right direction for potential profit and benefit, especially if the rest of the Caribbean agrees to join with the Amazon tourism link.

Ali said that this aspect of world tourism will include the offering of sustainable products to tourists. He pointed out also that the manual offers products that go beyond Guyana and which can compete effectively in international markets.

Director, GTA Indranauth Haralsingh, explained that ACTO is a regional body created by treaty to promote cooperation among eight member countries, Guyana, Brazil, Venezuela, Suriname, Colombia, Bolivia, Ecuador, and Peru, to advance sustainable development of the Amazon region.

Regional integration of tourism circuits is part of the strategic action and priorities for the tourism agenda for the Amazon region. This, Haralsingh explained, will help in promoting and boosting multi and geographic destination travel, to all of which Guyana is totally committed and will soon become a part of the Caribbean tourism circuits

ACTO consultant Karola Tippman noted that, while 2011 saw an 11 percent increase of tourists in the Amazonian regions, the Amazon/Caribbean tourism trail, which includes Guyana, Suriname and Brazil, will now present a new image of the Amazon to the world, where the Caribbean meets the Amazon and biodiversity and cultural aspects of the regions are transmitted to the international market.

She stated that the tourism circuits are an invitation to create new tourism frameworks and for political and private sector commitments.

The manual is an information guide for all countries and shows how globalization and travelling need new countries. It also expresses a change of thinking, moving from national to regional contexts.

In March, there will be an official launch in Germany, Berlin at the International Tourism Fair, where Guyana, Suriname and Brazil will be placed on the Global Tourism Market.

Donald Sinclair, coordinator of infrastructure, tourism, transport and communication for ACTO, stressed the importance for full political and private sector support. Sinclair pointed to the fact that the manual is a tool for use by the public and private sectors and communities.

Its current information can provide for guidance and informed decisions about product development and infrastructure, and to stimulate public sector responses.

Itinerary designs and modification information can be found in the manual, along with information on climate, infrastructure, and socio economic data from the three countries.

Providing services such as transportation, accounts, food, and banking transfers are all covered in the manual.

Sinclair also urged that the lines of action prompted by the manual need to be supported at all levels, with marketing opportunities seen and seized.

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## [Analyst urges banks to consider online merchant accounts](#)

Tuesday 14th February, 2012 - Nassau Guardian

The Bahamas is missing out on opportunities to cash in on millions of dollars by not maximizing on the tremendous potential that the World Wide Web has to offer the business community, according to local business analyst Wayne Johnson.

Considering its proximity to major economic players in the United States, Latin America and the Caribbean, Johnson said The Bahamas is in perfect position to benefit from conducting business transactions online.

Johnson revealed to Guardian Business that The Bahamas continues to miss out on lucrative ventures, which could translate into millions for the country's bottom line, because it is afraid of change.

He noted one problem is that most of the country's financial institutions refuse to give merchant accounts to small business, which would enable them to do online transactions.

"The Bahamas can make anywhere from \$50 to 100 million just from a local perspective, making the opportunities tremendous. Offering solutions when people are afraid of change creates resistance and leaves the door wide open for us to miss many opportunities," he shared.

Johnson said many still believe that the focus should be on investing millions of dollars in the country's tourism and financial services industries.

Although this is model has been successful for the past 50 years, Johnson pointed out that The Bahamas has the intellectual capital to explore other areas and should invest millions elsewhere to create a new sector.

"If we were to create a new sector and invest millions of dollars into that and deal with the intellectual capital that we have, you would be amazed at the kind of services and opportunities that could be presented here for The Bahamas to be able to do the offshore database processing of credit cards of multibillion-dollar companies in the United States," Johnson explained.

"This could save them millions of dollars in taxes as The Bahamas has a double taxation treaty that we can benefit from, therefore creating jobs and opportunities locally for Bahamians."

This is why Johnson stressed the importance of making it feasible and easier for Bahamians to do business online, whether it is through service offerings or accepting online payments.

"There's a solution to that where there's an online payment gateway that is able to offer payment solutions to people online, and for them to have the opportunity to produce the kind of results that they need to in an online market at an international level," Johnson shared.

He further noted that legislation plays a crucial role in pushing the industry forward.

"You have the laws in place. It's just getting the government, private sector and business people to agree that the country is going to move in the direction where local businesses, no matter the size of the enterprises, have the ability to accept payments with debit cards and credit cards," Johnson explained.

"This would begin to alleviate those persons that might currently be afraid to use their debit card even though you have the encryption. Whether I am a business owner, consumer or both, I would like the option to pay for any of my purchases made locally online."

With the proper legislation in place, Johnson said The Bahamas has the opportunity to attract international companies to come and set up tech centers across the country. These would include database management and offshore credit card processing.

"We are the gateway to Latin America and the Caribbean. We have the telecommunications infrastructure to be able to do this. We are missing out on a tremendous opportunity in the areas of offshore database management, e-commerce and e-trading, to be able to do business in The Bahamas," he said.

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## [New fee increases at apd affecting shipping charges](#)

Tuesday 14th February, 2012 - The Tribune

FEE increases at the new Arawak Port Development (APD) affecting shipping companies may soon affect retailers and wholesalers, with one shipping company already announcing new charges due to increased operating costs associated with the port's new tariff structure.

Crowley has announced that due to increased operating costs associated with the March 1 tariff implementation, the company would apply a new charge to open tariff and contract shipments for both northbound and southbound cargo. Crowley has announced that its Nassau port charges for its 20-foot equipment will be \$150 per unit, \$300 per unit 40 ft equipment and \$350 for its 45-foot equipment. The company noted that the second upcoming phase of the port tariff would be implemented on April 1 and that it was evaluating the impact of that increase to the trade and would be reporting to its customers in the very near future regarding the financial impact. The company said:

"Crowley has been impacted by the challenging market conditions and increased operating costs over the past several months and is forced to pass along the increased costs associated with handling cargo at the new terminal at Arawak Cay."

Retailers and wholesalers told Tribune Business that any added financial burden on them would ultimately be passed on to consumers in the not too distant future. One prominent retailer expressing his concerns to Tribune Business under anonymity explained: "My bill is broken into two charges, US charges and Bahamian charges. The Bahamian charges are basically your landing fees and any security fees. If I'm bringing a 40 ft container in for instance I'm paying almost \$900 in landing charges. Now they're going to take that \$900 to \$1,200. That's a 33 per cent increase. That means I'm going to raise my prices to the general public because I cannot afford to eat a 33 per cent increase.

"All of these fees will be passed off to the consumer," he said. The retailer added: "Twenty-foot containers are going up \$150, the 40 ft containers are going up \$300. I eat increases all the time in small areas like bunker fees that go \$50 or \$60. We can't afford to eat those kind of prices. I'm a big business and there are some that are much bigger than me. How can they justify these prices for putting a container on a dock, it's outrageous you are going to see increases across this entire island. That money goes directly to the port, that doesn't go in the shipping companies pockets. We are going to have to probably lobby the shipping companies to lower their rates which they won't do because they are already at rock bottom prices. I would not be surprised if one or two shipping companies seriously considered pulling out of this market."

Phil Lightbourne, CEO of Phil's Food Services, Gladstone Road told Tribune Business: "I've heard that some are going up \$300 per container in March and some are going up \$300 in April but I haven't gotten any official confirmation as yet." As to how this would affect consumers he said: "You have to put it into the grocery, it's something you can't do anything with." One leading wholesaler told Tribune Business: "Information we get on the fees as I know are still as far as I know up for changing it seems as though every couple of weeks. I'm not positive if those fees are going to be exactly as they are or not. I feel pretty sure there will be an increase in fees. Yes it will impact business just as any freight rate increase would. Eventually all these increased costs will have to be passed on to the consumer one way or the other."

Attempts to reach APD CEO Mike Maura Jr proved unsuccessful, however, under a tariff information posting on the company's website, wharfage/landing fees or cargo rates for a 20-foot container was \$120, for a 40-foot container \$240, for a 45-foot container \$270 and \$318 for a 53-foot container.

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## Italy, Spain Cut by Moody's; U.K. Top Rank at Risk

Tuesday 14th February, 2012 - Bloomberg

Moody's Investors Service cut the debt ratings of six European countries including Italy, Spain and Portugal and said it may strip France and the U.K. of their top Aaa ratings, citing Europe's debt crisis.

Spain was downgraded to A3 from A1 yesterday, Italy to A3 from A2 and Portugal to Ba3 from Ba2, all with negative outlooks. Slovakia, Slovenia and Malta also had their ratings lowered.

"Policy makers have made steps forward but we do not think they have done enough to reassure the market that we are on a stable path," said Alistair Wilson, chief credit officer for Europe at Moody's in London. "What will guide long-term ratings is the clarity and the performance of policy makers and the macro picture."

The euro reversed losses after a report showed German investor confidence rose more than economists forecast in February. Moody's decision highlighted the risk that the European debt crisis will deepen even as the region's finance ministers prepare to meet tomorrow to discuss a second aid package for Greece, following the country's approval of austerity measures.

### AAA Ratings

Still, recent rating reductions have done little to deter investors, who poured money into the government bonds of nations such as France and Austria even after the countries lost their AAA ratings at Standard & Poor's last month. U.S. Treasuries returned three times as much as AAA corporate bonds since the world's biggest economy was cut by one rank in August.

"The ratings agencies are kind of behind the curve," said Shen Jianguang, chief economist for Greater China at Mizuho Securities Asia Ltd., who previously worked for the International Monetary Fund. "The risks have actually been falling in Europe. There may be worries that countries cutting fiscal spending may drag on their economic growth, but the concerns aren't new and the downgrade should have minimal impact on market sentiment."

The Stoxx Europe 600 Index rose 0.3 percent at 12 p.m. in Frankfurt, reversing earlier losses. The euro appreciated 0.2 percent, trading at \$1.3205.

"The uncertainty over the euro area's prospects for institutional reform of its fiscal and economic framework," and the resources that will be made available to deal with the crisis, are among the main drivers of Moody's action, the ratings company said.

## ‘Weak Prospects’

Moody’s yesterday also lowered its outlook on Austria’s Aaa rating to negative. Malta’s rating was downgraded to A3 from A2, and Slovakia and Slovenia were both downgraded to A2 from A1. All three were given negative outlooks. In a statement earlier today, the ratings company affirmed its top Aaa rating for the European Financial Stability Facility.

Moody’s said Europe’s “increasingly weak macroeconomic prospects” threaten the “implementation of domestic austerity programs and the structural reforms that are needed to promote competitiveness.” It said market confidence “is likely to remain fragile, with a high potential for further shocks to funding conditions for stressed sovereigns and banks.”

## ECB Injection

Investors have ignored credit rating companies’ concerns about Europe and focused instead on steps taken by policy makers to end the crisis. While Standard & Poor’s on Jan. 13 cut the credit rating of nine euro-region states, yields on most governments bonds continued to edge lower since the European Central Bank on Dec. 21 allotted a record 489 billion euros (\$643 billion) in three-year loans to banks.

Yields on Italian 10-year bonds have dropped more than 1 percentage point since ECB’s injection, while French 10-year yields have declined 20 basis points in that period.

In the U.K., Chancellor of the Exchequer George Osborne said his fiscal consolidation program is the only thing stopping Britain from an immediate downgrade.

“This is proof that, in the current global situation, Britain cannot waver from dealing with its debts,” Osborne said in an e-mailed statement released by the Treasury in London yesterday.

The spending cuts that helped the U.K. preserve its AAA credit rating at Standard & Poor’s last year and bolstered the pound have weighed on the currency this year as investors lose confidence that Prime Minister David Cameron will revive economic growth. Sterling had its worst January since 2008 against a basket of nine developed-market peers, falling 0.6 percent, after a 3.1 percent advance in the second half of 2011, according to data compiled by Bloomberg.

## ‘Relatively Weak’

The National Institute for Economic and Social Research forecasts the U.K. economy will shrink 0.1 percent this year and grow 2.3 percent in 2013, compared with previous projections in October for growth of 0.8 percent and 2.6 percent.

“The U.K.’s fiscal trends are relatively weak among top- rated countries, mainly because of the U.K.’s relatively high pre-crisis structural deficit and recent prolonged economic weakness,” Michael Saunders, chief European economist at Citigroup Inc. in London, wrote in an e-mailed note. “A negative outlook statement typically indicates there is about a one in three chance of a ratings downgrade in the next 18 months.”

### Brussels Meeting

French Finance Minister Francois Baroin said the country’s AAA rating was maintained by Moody’s because of “the size of its economy” and its “increased productivity.”

Baroin’s comments were included in an e-mailed statement from the Finance Ministry after Moody’s downgraded the rating outlook to negative.

Germany and the European Commission yesterday welcomed Greek approval of the austerity steps demanded for a financial lifeline, suggesting euro finance chiefs will pull Greece back from the brink when they meet tomorrow.

The Greek parliament’s backing “is a crucial step forward toward the adoption of the second program,” EU Economic and Monetary Affairs Commissioner Olli Rehn told reporters in Brussels. “I’m confident that the other conditions, including for instance the identification of the concrete measures of 325 million euros, will be completed by the next meeting” of finance ministers.

Euro-area finance chiefs will convene in Brussels for their second extraordinary meeting on Greece in a week. Frustrated after two years of missed budget targets, ministers declined to ratify the 130 billion-euro package in a special session on Feb. 9, demanding that Greek officials put their verbal commitments into law.

“It’s important for now to complete this program,” German Chancellor Angela Merkel said in Berlin. “The finance ministers will meet again on Wednesday to undertake the work on this, but there can’t and there won’t be any changes to the program.”

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## U.S. Volcker Rule Faces Harsh Critics as Effective Date Nears

Monday 13th February, 2012 - Bloomberg

The world's largest banks demanded a wish list of changes to a proposed U.S. ban on proprietary trading, seeking to escalate the lobbying effort against the Volcker rule five months before it takes effect.

In scores of comment letters filed yesterday, bankers and their trade associations said the rule would increase risk, raise costs for investors, hurt U.S. competitiveness and be vulnerable to legal challenge.

“Regardless of how the final rule turns out, it will be a shock to the U.S. financial system, as banking entities will need to take extraordinary measures to attempt to implement it,” Barry Zubrow, executive vice president of JPMorgan Chase & Co. said in a 67-page letter. Goldman Sachs Group Inc. (GS), Morgan Stanley and Bank of America Corp. were set to submit their letters to regulators by today.

The rule, named after former Federal Reserve Chairman Paul Volcker, was included in the 2010 Dodd-Frank Act in an effort to restrict risky trading at banks that operate with federal guarantees. Five U.S. regulators released the 298-page proposal seeking comment on how it would affect market-making, liquidity, foreign institutions and private equity and hedge fund investments.

Volcker, 84, defended the rule in his own letter yesterday, challenging banks' arguments that the rule would hurt markets.

‘Spectacular’ Losses

“The recent years of financial crisis have seen spectacular trading losses in large commercial and investment banks here and abroad,” Volcker said. “Consequently, the stability of important banks was jeopardized, contributing to a financial crisis of historic dimension.”

The restrictions may limit banks' trading profits -- once a prime source of Wall Street revenue. Banks including JPMorgan, Goldman Sachs and Morgan Stanley (MS) have shuttered or made plans to spin off their proprietary trading groups in anticipation of the rule. Citigroup is following suit, closing down its Equity Principal Strategies business, according to a memo by Derek Bandeen, head of equities for the New York-based bank, and obtained by Bloomberg News.

Standalone proprietary trading cost the six largest U.S. banks a net loss of about \$221 million from June 2006 through the end of 2010, according to a July report by the Government Accountability Office.

Fourth-quarter earnings reported last month by the six largest U.S. banks show the industry suffered a third straight quarterly drop in combined trading and investment-banking revenue.

## Trading Revenue Falls

Goldman Sachs said its trading revenue fell 25 percent from the third quarter, to \$3.06 billion. The bank's larger New York rivals also announced declines in trading, with Citigroup (C) saying fourth-quarter net-income dropped by 11 percent and JPMorgan, the biggest U.S. bank, announcing that fourth-quarter net income slid 23 percent as investment bank earnings fell by half.

In addition to the large financial firms, non-U.S. banks and governments also filed letters yesterday. Stuart Alderoty, senior executive president and general counsel for HSBC Holdings PLC (HSBA), complained that the proposed rule "would apply not only to transactions with a U.S. counterparty, but also to transactions that have limited connections to the United States."

"As currently drafted," Alderoty said, "the proposed rule would limit the ability of our Hong Kong affiliate, which is independently capitalized, to purchase for its own account securities traded on a U.S. exchange, or trade for its own account utilizing a U.S. agent to effect a transaction."

### July Start

The Volcker rule is set to take effect in July even if the rule-making is still in progress, and would include a two-year transition period. The Federal Reserve would then have the ability to issue multiple one-year implementation extensions on a case-by-case basis.

"I can't see how they would put all of this into effect by July," said Joseph Engelhard, senior vice president of Capital Alpha Partners LLC. "There's no way the banks will have all the infrastructure in place so they will have to delay parts even if they keep it similar to how it is."

The proposal included a series of exemptions for permissible market-making trading, underwriting and hedging transactions. Lawmakers exempted market-making from the rule, along with certain forms of hedging and underwriting, because of concerns that a broad ban on proprietary trading could bring some U.S. and world markets to a halt.

### Limit Hedging

"The proposal will severely limit banking entities' ability to hedge their own risk, thereby increasing rather than decreasing the risk to banking entities and the financial system," the Clearing House Association, American Bankers Association, Securities Industry and Financial Markets Association, and Financial Services Roundtable said in joint 173-page letter.

The bank lobbying associations also warned that the cost- benefit analysis in the Volcker rule didn't meet the standards set in a court case overturning a Securities and Exchange Commission rule last year. The letter referenced the Business Roundtable's victory against the SEC, which overturned the so- called proxy access rule because of an inadequate analysis of the costs. The U.S. Court of Appeals in Washington agreed with the U.S. Chamber of Commerce and Business Roundtable.

#### Global Impact

Officials from Canada, Japan, the United Kingdom, and the European Banking Federation sent letters to the U.S. Treasury Department and other regulators saying the measure would harm global liquidity and international cooperation. G-20 leaders have not endorsed the rule, which exempts U.S. government debt but not non-U.S. government bonds.

Regulators should "limit the scope of the rule only to the territory of the United States," European Union Financial- Services Commissioner Michel Barnier said in a letter to regulators. "Moreover, the current exemption for non-U.S. banks as well as for activities outside of the U.S. would appear very restrictive."

Michael Williams, managing director of Credit Suisse Securities LLC, warned that the rule could damage the U.S. economy.

"The practical impact of this narrow interpretation is likely to be reduced liquidity in U.S. markets and securities, migration of trading activities to other financial centers outside of the United States, and the development of alternative trading platforms outside of the United States, all of which are likely to lead to job losses within the United States," Williams wrote.

Not all the comment letters opposed the proposed rule. Senators Carl Levin of Michigan and Jeff Merkley of Oregon, the Democrats who drafted the provision, called the proposal from regulators "too tepid" and said it did "not fulfill the law's promise."

"Instead, the proposed rule seems focused on minimizing its own potential impact," the lawmakers said.

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## Stocks Rebound With Euro on German Economy Outlook as Italian Bonds Climb

Tuesday 14th February, 2012 - Bloomberg

Stocks and the euro rebounded as German investor confidence jumped to a 10-month high and borrowing costs fell at Italian and Spanish auctions, even after Moody's Investors Service downgraded the debt ratings of six European countries.

The Stoxx Europe 600 Index gained 0.2 percent at 6:20 a.m. in New York, after falling 0.4 percent. Standard & Poor's 500 Index futures added 0.1 percent. The euro appreciated 0.1 percent to \$1.3199. The yield on Italy's 10-year bond fell one basis point, sending the spread with benchmark German bunds three basis points lower. Oil climbed 0.6 percent and copper gained 0.3 percent, reversing earlier declines.

The ZEW Center for European Economic Research in Mannheim said its index of investor and analyst expectations rose to 5.4 this month from minus 21.6 in January, compared with a median forecast of minus 11.8, according to a Bloomberg survey of economists. The U.K. and France may be stripped of their top Aaa ratings, Moody's said as it reduced the debt rankings of countries including Italy, Spain and Portugal. Italy sold 6 billion euros of bonds, meeting its target.

"Signs that the European Monetary Union economy is stabilizing, rather than collapsing as some have feared, and hopes of a resolution of the EMU debt crisis seem to have supported the economic sentiment," Annalisa Piazza, a fixed-income analyst at Newedge Group in London, said in e-mails. Italy's debt offerings "were well absorbed, despite last night's downgrade by Moody's that, in our view, was somehow expected."

### Profit Drops

Storebrand ASA, Norway's largest publicly traded insurer, plunged 12 percent after fourth-quarter profit dropped and the company said no dividend would be paid for 2011. TDC A/S slid 4.4 percent as the Danish phone company's private-equity owners offered about 750 million euros of stock for sale.

The S&P 500 advanced 0.7 percent yesterday. Data today may show U.S. retail sales rose in January by the most in four months, gaining 0.8 percent after a 0.1 percent increase in December, according to the median forecast of economists surveyed by Bloomberg News.

Eleven companies in the S&P 500 are due to release results today, including Goodyear Tire & Rubber Co. and Avon Products Inc. Of the 333 companies in the index that have reported earnings since Jan. 9, 70 percent had per-share profit that exceeded estimates, according to data compiled by Bloomberg.

Yields on Italy's two-year bonds fell six basis points. The yield on Spain's 10-year bond rose one basis point, paring an increase of as much as five basis points, after the government sold 5.45 billion euros of bills. The Greek two-year yield jumped to 207 percent from 183 percent yesterday. Greece, Belgium and the Netherlands also auction government debt today.

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## China's Stocks Decline Most in Week on Economic Outlook, European Concerns

Tuesday 14th February, 2012 - Bloomberg

China's stocks fell the most in a week after Moody's Investors Service cut the debt ratings of six European nations and a former central bank official said the government is unlikely to significantly loosen credit this year.

Jiangxi Copper Co. (600362) and Western Mining Co. led a decline for commodity producers on concern the European debt crisis will curb demand for metals. Shanghai Pudong Development Bank (600000) Co. and China Citic Bank Corp. slid at least 0.9 percent, pacing a retreat for financial stocks, on speculation tight credit will hurt profit. Guangzhou Hongli Opto-electronic Co. advanced to the highest this year after Citic Securities Co. recommended investors "overweight" the light-emitting diode industry.

The Moody's downgrade is "not new but the timing is quite surprising," Andy Mantel, founder and chief executive officer of Pacific Sun Advisors, said in an interview with Bloomberg Television today from Hong Kong. "You'll see a bit negative shock for Asian markets as a whole."

The Shanghai Composite Index (SHCOMP) dropped 7.08 points, or 0.3 percent, to 2,344.77 at the close, its biggest loss since Feb. 7. The CSI 300 Index lost 0.4 percent to 2,522.11. The Bloomberg China-US 55 Index, the measure of the most-traded U.S.-listed Chinese companies, rose 1.6 percent yesterday in New York.

The Shanghai Composite has risen 6.6 percent this year on speculation the central bank will further cut lenders' reserve-requirement ratios to spur growth. It announced a reduction in reserve ratios on Nov. 30, the first since 2008, after boosting them and interest rates last year to cool inflation.

### European Downgrades

A measure of material stocks in the CSI 300 slid 0.6 percent today, the third most among the 10 industry groups. Jiangxi Copper, China's biggest producer of the metal, fell 0.5 percent to 26.36 yuan. Western Mining, the nation's fourth-largest maker of zinc concentrate, dropped 0.8 percent to 10.60 yuan. Yunnan Aluminium Co. (000807), the country's fifth-largest producer of the light metal, retreated 1.4 percent to 5.80 yuan.

Spain was downgraded to A3 from A1 with a negative outlook, Italy was downgraded to A3 from A2 with a negative outlook and Portugal was downgraded to Ba3 from Ba2 with a negative outlook, Moody's said. The agency also revised its outlook on the U.K.'s and France's top Aaa rating to "negative."

Europe is China's biggest export market, making up about 18 percent of the nation's overseas shipments, according to Shenyin & Wanguo Securities Co.

## No Significant Loosening

Pudong Bank, a partner of Citigroup Inc., slid 0.9 percent to 9.19 yuan. Citic Bank, the banking unit of the nation's largest investment company, fell 1.4 percent to 4.40 yuan. Industrial & Commercial Bank of China Ltd., the biggest listed lender, lost 0.3 percent to 3.02 yuan. China Construction Bank Corp., the second largest, slipped 0.4 percent to 2.70 yuan.

The government is unlikely to significantly loosen credit this year if the economy faces difficulties, Wu Xiaoling, former deputy governor of the central bank, said at a forum in Beijing yesterday. Economic growth is set to slow this year as a result of weakening external demand, Xia Bin, an adviser to the central bank, said yesterday.

“With growth replacing inflation at the top of Beijing’s policy agenda, we believe both monetary and fiscal policies are set to ease further to support infrastructure, public housing and water resource projects,” Qu Hongbin and Sun Junwei, China economists at HSBC, said in a report.

Inflation could ease to below 4 percent for the first time in 17 months in February and the full-year rate will see a “clear deceleration” from 2011, an official with the nation’s top economic planning agency said.

## Slowing Inflation

Consumer-price (CNCPIYOY) gains in February will see a “marked” decline due to a drop in food costs and comparatively high prices in the same month last year, Zhou Wangjun, vice director of the pricing department at the National Development and Reform Commission, said in a webcast with the Xinhua News Agency yesterday. Consumer prices rose 4.5 percent last month as food prices rebounded amid the Chinese new year.

Most Chinese stocks climbed yesterday after Premier Wen Jiabao said the nation needs to start “fine-tuning” economic policies this quarter, fueling speculation the government will soon ease policy to preserve growth in the world’s second- biggest economy. New lending missed estimates by 26 percent in January and money supply grew the least in more than a decade, according to data released by the central bank on Feb. 10 after the market closed.

## ‘Break Out’

China’s A shares are poised to “break out” based on technical signals, according to Macquarie Group Ltd. The CSI 300 has advanced the past four weeks.

“We are seeing possible signs of a sustainable rebound here,” Jiong Shao, head of China strategy at Macquarie, said in a report. The CSI 300 “appeared to have broken out of a down trend which lasted over a year” with the Relative Strength Index “solidly in the bullish zone in the last four weeks. While we may need another week or two to conclude, the break-out signs are getting too hard to ignore.”

Guangzhou Hongli jumped 2.8 percent to 16.08 yuan. Citic Securities rated the stock “outperform” in initial coverage, according to a report. Dongguan Kingsun Optoelectronic Co. (002638) gained 3 percent to 27.75 yuan.

LED makers’ profits may “bottom out” in the first quarter and rise in the second quarter as a ban on fluorescent lights overseas this year will be an important opportunity for them, the report said.

The China Securities Regulatory Commission (CSRC) is vetting an application from E Fund Management Co. to start the mainland’s first exchange-traded fund tracking Hong Kong-listed shares of Chinese companies.

“It will be China’s first ETF fund investing in Hong Kong’s stock markets,” said Lu Huitian, an analyst at Howbuy. “Mainland investors will have more investment options as ETFs are very convenient for them to buy and sell while it’s also definitely a boost to Hong Kong stocks.”

The iShares FTSE China 25 Index Fund, the biggest Chinese exchange-traded fund in the U.S., advanced for the first time in three days, increasing 1.3 percent to \$39.42.

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## [EU's Van Rompuy Welcomes China's Interest in Aiding Europe](#)

Tuesday 14th February, 2012 - Bloomberg

Chinese Premier Wen Jiabao said his country is willing to get “more deeply” involved in helping to resolve Europe’s debt crisis.

“China’s willingness to support Europe to cope with sovereign debt problems is sincere and firm,” Wen said at a joint press conference today in Beijing with European Union President Herman Van Rompuy. “China is ready to get more deeply involved in participating in solving the European debt issue.”

Van Rompuy said he welcomed the interest China has shown in investing in European sovereign bonds and the European Financial Stability Facility. Wen said Feb. 2 that China was considering measures to help stabilize the European monetary union through the EFSF and European Stability Mechanism, perhaps through the International Monetary Fund.

Wen’s comments come after Greece’s parliament passed austerity measures needed to receive a second aid package. China, which has been wooed by European leaders to help fund the temporary EFSF and its permanent successor, the ESM, is pushing for Europe to undertake further structural reforms beyond “contingency” actions such as measures to help Greece, Foreign Ministry Spokesman Liu Weimin told reporters in Beijing yesterday.

“In the past, China has shown in a concrete way its interest in the euro zone by investing in sovereign bonds of individual countries and by investing in European stability instruments,” Van Rompuy told reporters.

China has previously said that it needs more detail on any plan to contribute funds to the euro area.

Euro-area finance ministers meet tomorrow to discuss the second Greek aid package.

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## Schaeuble: Europe Better Prepared for Greece Default

Tuesday 14th February, 2012 - Bloomberg

German Finance Minister Wolfgang Schaeuble said Europe is better prepared for a Greek default than two years ago, jacking up pressure on Greece to hold to its pledges and find the savings needed to win a second bailout.

Euro-area finance ministers are due to convene in Brussels tomorrow for their second extraordinary meeting in a week after telling Greek officials to identify additional cuts of 325 million euros (\$428 million). The measures are among the conditions that must be met by tomorrow for Greece to secure a 130 billion-euro rescue needed to avert financial collapse.

“We want to do everything to help Greece master this crisis,” Schaeuble said in an interview with ZDF television late yesterday. “What we’re experiencing at the moment is much less bad than what may happen to Greece if the attempts to keep Greece in the euro zone failed.” Yet if everything fails, “we’re better prepared than two years ago,” he said.

Germany, the largest contributor to euro-area bailouts, is losing patience with Greece as Europe’s most indebted country threatens to drag the region’s economy into recession more than two years after the sovereign debt crisis first emerged.

While political leaders in Berlin and Brussels welcomed passage of austerity measures in the Greek parliament on Feb. 12, they said that extra steps still need to be agreed upon, and pledges fulfilled. Chancellor Angela Merkel signaled that no more money will be made available beyond the 130 billion euros, saying “there can’t and won’t be any changes to the program.”

Greek leaders have been told they must provide written assurances of their support for measures and policies in return for new financing, the government in Athens said.

‘Day X’

“We can and want to help only if there is a quid pro quo on the Greek side,” German Economy Minister Philipp Roesler said Feb. 12 in an interview with ARD public television. If not, the “day X” of a Greek default “has lost much of its horror.”

Greek products are too expensive, with a minimum wage that exceeds the euro-region average, Schaeuble said. It “has long lived beyond its means and must urgently develop a competitive economy,” he said.

Greek bureaucracy is strangling the bailout aid before it can be put to proper use, Volker Kauder, the parliamentary floor leader of Merkel’s Christian Democrats, said in an interview on Deutschlandradio today.

Greece is being subject to an “overdose of austerity” with the result that “we will likely see more many more tense moments in Greece, with a very serious risk that Greece will eventually have to leave the euro,” Holger Schmieding and Christian Schulz of Berenberg Bank in London said in a note.

German and other policymakers have made clear that “support for Greece could be cut off at any time if the country fails to implement the harsh program,” the economists said.

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## [Italy-Spain Borrowing Costs Decline at Auction Following Moody's Downgrade](#)

Tuesday 14th February, 2012 - Bloomberg

Italian and Spanish borrowing costs plunged to the lowest in at least 11 months at debt sales today as investors ignored downgrades by Moody's Investors Service.

Italy sold 6 billion euros (\$1.3 billion) of bonds, meeting its target and its three-year borrowing costs fell to 3.41 percent, the lowest since March. Spain sold 12-month bills at an average rate of 1.899 percent, the lowest since October 2010, according to data compiled by Bloomberg.

"The idea of Moody's downgrading the country was really not a factor that went against it because it probably was already priced in," Annalisa Piazza, a fixed-income analyst at Newedge Group in London, said in an e-mail about the Italian sale.

Italy and Spain were both cut to A3 by Moody's, which cited uncertainty over the euro region's ability to deal with the sovereign debt crisis even as it said new governments in both countries were taking steps to overhaul their finances. Demand for government debt is being underpinned by three-year loans made in December by the European Central Bank, which will offer a second round of the financing, known as LTRO, at the end of this month.

"Moody's two-notch downgrade of Spain is more background noise than anything else," Nicholas Spiro, managing director of Spiro Strategy in London said in an e-mailed statement. "There's nothing new here and it is unlikely to disturb the post-LTRO landscape."

The yield on Spain's benchmark 10-year bond was unchanged after the auction at 5.285 percent. The spread over German bunds of the same maturity was 334 basis points, compared with 333 basis points yesterday. Italian 10-year bonds yielded 365 basis points more than bunds, compared with 367 basis points yesterday.

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## [BOJ Unexpectedly Adds Stimulus as It Sets 1% Target for Inflation: Economy](#)

Tuesday 14th February, 2012 - Bloomberg

Japan's central bank unexpectedly added 10 trillion yen (\$128 billion) to an asset-purchase program and set an inflation goal after an economic slide fueled criticism it has been slower to act than counterparts.

An asset fund increased to 30 trillion yen, with a credit lending program staying at 35 trillion yen, the Bank of Japan said in Tokyo today. The BOJ also said that it will target 1 percent inflation "for the time being."

Stocks rose and the yen weakened against the dollar as the central bank expanded stimulus for the first time since October to revive an economy that shrank an annualized 2.3 percent last quarter. Lawmakers had urged extra efforts to counter deflation after the Federal Reserve adopted a 2 percent inflation target and the European Central Bank expanded its balance sheet.

Today's decision "shows the BOJ bowed to political pressure," said Hiroaki Muto, a senior economist at Sumitomo Mitsui Asset Management Co. in Tokyo. "There will probably be limited impact on the yen's gains."

The overnight lending rate stayed between zero and 0.1 percent. Twelve of 13 economists surveyed by Bloomberg News had anticipated no change in stimulus or rates.

Japan's bonds rose, sending the yields on five-year securities down two basis points, or 0.02 percentage point, to 0.32 percent as of 6:56 p.m. in Tokyo, matching the lowest since November. The benchmark 10-year yield also declined two basis points to 0.96 percent.

### 'Overcome Deflation'

The BOJ's price framework is similar to that of the Fed and easing wasn't in response to government pressure, Governor Masaaki Shirakawa said at a press briefing in Tokyo. The central bank aimed to "clarify its monetary policy stance" and wants to "overcome deflation and achieve sustainable growth with price stability," it said in a statement.

The BOJ's stated understanding of price stability has been gains of from above zero to 2 percent, centered on 1 percent. Today the policy board said it had "decided to set a goal of 1 percent for the time being to clarify the inflation rate which the bank's monetary policy aims to achieve."

The yen fell to 78.12 per dollar as of 6:56 p.m. in Tokyo, from 77.60 before the announcement and compared with a post World War II high of 75.35 in October. The currency's strength is hurting exporters such as Sony Corp. (6758), which has more than doubled its annual loss forecast to 220 billion yen. The Nikkei 225 Stock Average closed 0.6 percent higher.

## Lawmakers' Complaints

Lawmakers renewed criticism of the BOJ after the announcement, with Kozo Yamamoto, of the Liberal Democratic Party, saying the 1 percent target was “too low” and not a substantial change from existing policy. Takeshi Miyazaki, a ruling Democratic Party of Japan lawmaker, said the central bank’s approach seemed half-hearted and may give the impression that Japan tolerates a strong yen.

A group of DPJ lawmakers is seeking a 2 percent to 3 percent inflation target.

“Compared to the ECB’s definition of price stability or the Fed’s price target, the BOJ’s clarification still seems vague,” said Junko Nishioka, a Tokyo-based analyst at RBS Securities Japan Ltd.

Prices haven’t risen at least 1 percent for any year since 1997 and the economy now faces drags ranging from weakness in global demand to shutdowns of nuclear power plants after last year’s March 11 earthquake and tsunami, which left more than 19,000 people dead or missing.

## ‘Bold’ Steps

“We welcome the BOJ’s policy measures, which are aggressive steps intended to beat deflation,” Finance Minister Jun Azumi said in Tokyo today. “I hope the BOJ’s bold monetary easing gives a boost to the economy.”

Shirakawa and his colleagues acted three times last year to expand asset purchases by a total of 15 trillion yen, efforts that didn’t halt yen gains. Today’s increase in the asset-purchase facility will fund purchases of more government bonds, the central bank said.

Elsewhere around the world, a report today showed that euro area industrial production fell 1.1 percent in December from November.

Sales at U.S. retailers probably rose in January by the most in four months, led by growing demand for autos, economists said before a report today. The projected 0.8 percent increase would follow a 0.1 percent December advance, according to the median forecast of 82 economists surveyed by Bloomberg News.

## Shrinking Economy

In Japan, the economy shrank more than analysts forecast in the fourth quarter, a report showed yesterday. RBS Securities Japan Ltd. forecasts that gross domestic product will expand 1.6 percent this quarter and JP Morgan Securities has estimated 1.8 percent growth as reconstruction work kicks in.

This week’s BOJ meeting was the first since Economy Minister Motohisa Furukawa said that the central bank may need to improve communication of its stance on prices.

The Fed and BOJ have signaled differences over the ability to control long-run rates of change in prices. Fed policy makers said last month that “the inflation rate over the longer run is primarily determined by monetary policy.”

By contrast, Shirakawa has for years indicated that the BOJ cannot achieve its inflation target on its own. He said at a business conference Jan. 29, 2010, that lack of demand was the “root cause of deflation” and there was no “magic wand.”

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## BOE's King Sees Inflation Reaching Goal in 2012

Tuesday 14th February, 2012 - Bloomberg

Bank of England Governor Mervyn King said policy makers added stimulus this month because they judged that there was a “downside” risk of inflation slowing too far beyond the 2 percent goal.

“The committee’s best collective judgment is that CPI inflation will continue to fall back to around the target by the end of 2012,” King said in a letter to Chancellor of the Exchequer George Osborne released by the central bank in London today. Officials decided this month that “in the absence of further policy action, the balance of risks around the inflation target in the medium term lay to the downside.”

King’s comments follow the publication of data showing that inflation slowed to the weakest in 14 months in January, and last week’s move by policy makers to pump another 50 billion pounds (\$79 billion) into the economy. With inflation at 3.6 percent still exceeding the upper limit targeted by the central bank, the governor is obliged to write to the government explaining the deviation and what he will do about it.

“We will reevaluate the outlook for inflation and our policy stance every month,” King said. The Monetary Policy Committee “stands ready to react as necessary to changes in the balance of risks to the inflation outlook.”

King said that officials will “pay particular attention” to the outlook for the euro-region economy, and implications for the banking system and credit conditions, while also monitoring spare capacity in the economy and inflation expectations. Moody’s Investors Service said late yesterday it may strip the U.K. of its top credit rating, citing risks from Europe’s debt crisis.

### ‘Weak’ Growth

The pound was little changed against the dollar from yesterday, and traded at \$1.5763 as of 10:32 a.m. in London. It earlier fell as much as 0.5 percent. Bonds were also little changed, with the yield on the 10-year gilt at 2.13 percent.

King will release new economic growth and inflation projections at a press conference in London tomorrow. In November, the central bank forecast that consumer-price growth would slow to 1.7 percent by the end of this year, below its 2 percent target.

“Growth remains weak and unemployment is high,” he said in the letter. While inflation will slow further, “the pace and extent” remains “highly uncertain.”

## Core Inflation

The slowdown in inflation in January was partly driven by the unwinding of a sales-tax increase by the government in January 2011. Consumer prices fell 0.5 percent from December, according to the report. Prices for food and non-alcoholic drink declined 0.4 percent, while costs for clothing and shoes plunged 4.9 percent.

Core annual inflation, which excludes alcohol, food, tobacco and energy prices, slowed to 2.6 percent in January from 3 percent in December. Retail-price inflation, a measure used in wage negotiations, eased to 3.9 percent from 4.8 percent, the weakest since February 2010. The retail-price index excluding mortgage-interest payments rose an annual 4 percent, down from 5 percent.

King also said that policy makers can only achieve so much through their actions.

“The unwelcome combination of sluggish growth and high inflation over the past two years is a reflection of the need for the economy to rebalance,” he said. “There is a limit to what monetary policy can achieve when real adjustments are required.”

Osborne said in a letter replying to King that “monetary policy has a critical role in supporting this rebalancing” and “it is the first line of defense in the face of economic shocks.”

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## Wheat Shipments From Australia Seen at Record as Harvest Gains on Weather

Tuesday 14th February, 2012 - Bloomberg

Wheat exports from Australia, set to be the world's second-biggest shipper, may advance to a record this year as the harvest climbs to an all-time high after favorable weather, according to the government forecaster.

Shipments (AUITWHET) may total 22.3 million metric tons in the year to Sept. 30, the Australian Bureau of Agricultural Resource Economics and Sciences said today. That's 3.2 percent more than forecast on Dec. 6 and 20 percent higher than a year earlier.

Production may total 29.5 million tons, 4.3 percent more than previously estimated and beating last year's record crop of 27.9 million tons, the bureau said in a report.

Increased shipments from Australia will add to record worldwide supply and may help to extend the grain's 29 percent slump in the past year, easing global food costs. Wheat may underperform corn and soybeans, Morgan Stanley said in a report yesterday, citing "flush supplies" from Australia and Europe.

"The market may be a bit surprised by the number," David Johnson, general manager of risk and pricing at Emerald Group Australia Pty, said by phone from Melbourne, referring to the bureau's increased forecast for overseas shipments.

Wheat for May delivery fell 0.7 percent to \$6.4225 per bushel on the Chicago Board of Trade at 5:48 p.m. in Singapore. The price fell 4.7 percent last week as forecasts for rising world output and stockpiles countered concern that dry weather and freezing temperatures in Eastern Europe may have hurt crops.

### Export Volume

"Australia will continue to have to price wheat as a feed grain into certain markets to achieve that export volume," Johnson said, citing Indonesia, the Philippines and Japan. Feed wheat is of lower quality than the grain for human consumption.

Wheat-production estimates for the U.S. in 2012-2013 may be revised higher should improvements in the weather be sustained, according to the Morgan Stanley (MS) report. Corn may rise 9 percent in six months, outpacing increases in other commodities, as stockpiles in the U.S., the largest grower and exporter, tighten further, Goldman Sachs Group Inc. said on Feb. 9.

Global wheat stockpiles before the 2012 Northern Hemisphere harvest will climb to a record 213.1 million tons, 6.2 percent more than last year, the U.S. Department of Agriculture said on Feb. 9, predicting that the U.S. would be the largest exporter in 2011-2012, followed by Australia and Russia. The Australian export estimate is 1.3 million tons higher than the USDA figure.

## Food Costs

Global food costs, which rebounded 1.9 percent last month as grain, dairy and oilseed costs increased, have dropped 9.9 percent from a record last February, according to data from the United Nations' Food & Agriculture Organization. Wheat's tumble over the past year has exceeded the 9.3 percent decline in corn and 11 percent loss in soybean futures in Chicago.

"Growing conditions for winter crops were generally favorable across Australia," the bureau said in the report. "Western Australia experienced a recovery from very dry conditions last season and the eastern states experienced a second successive season of favorable conditions."

Wheat output in Western Australia, set to be the nation's biggest producer, may total 11.7 million tons, more than double last year's crop and 16 percent higher than the December estimate, according to the bureau's report. The total winter- crop harvest in Australia, including wheat, barley, canola and other grains, may be a record 45.4 million tons, the bureau said.

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## [UTC laying off 26 in restructuring](#)

Tuesday, 14th February, 2012 - Trinidad Express

The Unit Trust Corporation of Trinidad and Tobago (UTC) says that while it will be laying off employees to "restructure and reorganise" it is an ongoing exercise where people will also be hired.

UTC's vice president of Marketing, Communications and Distribution Channels, Gayle Daniel-Worrell, told the Express in a telephone interview yesterday that she could not say how many employees would be affected, but could confirm reports that four vice presidents have been "made redundant" in order to align the corporation's senior management structure to industry standards.

Reports are that 26 people will be fired from the organisation, including vice president of Customer Service Centre Network, Reuben McSween, vice president of Corporate Support Services, Gary Pierre, chief risk officer Emily Chee Wah, and vice president of Electronic Services, Richard Shepherd.

"The Unit Trust Corporation is in the process of realigning its overall structure in the course of the next several months. The removal of redundant positions will also reduce overhead costs and allow us to provide better returns in the future for our Unitholders. While these decisions are never easy, it is our duty (to clients) to continue to remain efficient and cost-effective. This means reducing our management costs whenever, and wherever, we can. This process will result in a stronger, more competitive, more efficient and better focused corporation," she added in an e-mail.

The Sunday Mirror reported at the weekend that these cost-cutting measures were a result of the company needing to pay significant sums in consultant fees.

"This is completely false. UTC has for years utilised the expertise of consultants who bring value, expertise and experience to our business. Retaining consultants is a normal feature of today's business and the principal objective of the corporation when seeking external assistance is to ensure that the corporation receives value for money," said Daniel-Worrel.

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## [IMF: T&T economy will grow in 2012](#)

Tuesday, 14th February, 2012 - Trinidad Guardian

A team from the International Monetary Fund has concluded its 2011 Article IV consultation on Trinidad and Tobago by issuing an assessment that there was “concrete evidence that the economy is turning the corner and that economic growth will resume in 2012.” The team met with senior government and central bank officials, a broad range of private sector representatives, and political and business leaders, and discussed recent macroeconomic and financial developments, medium-term prospects, and policy challenges. At the end of the visit, IMF mission head, Judith Gold said: “There is concrete evidence that the economy is turning the corner and that economic growth will resume in 2012 notwithstanding the ongoing technical disruptions in the energy sector. Real economic activity is projected to increase by 1.7 per cent in 2012 as private sector credit expansion gains momentum, the resolution of a large failed insurance company (Clico) proceeds, the faster pace of government investment continues and energy production returns to normal as the maintenance work is completed while energy prices remain high.

“Still, there are downside risks to the forecast stemming from the global economic environment, uncertainty in gas prices, and possible delays in the implementation of the public sector investment programme. “The economic slowdown that began with the global financial crisis has been more profound and lasted longer than anticipated. The economy is estimated to have contracted by 1.3 per cent in 2011, after recording no growth in 2010 and a significant decline in 2009. Ample buffers, including savings in the Heritage and Stabilization Fund, low public debt, and high international reserves, have cushioned the impact of the crisis, including the failure of Clico. While unemployment has increased during this period, it remains low at 5.8 per cent. Inflation, despite its recent resurgence due to volatility in food prices, also remains moderate at 5.3 per cent. “The 2011/12 budget seeks to provide further support to the economic recovery by maintaining the high level of public capital expenditure, strengthening the business environment, and enhancing the social safety net. The mission agrees that the near-term focus of fiscal policy should be on reviving economic activity, and the timely implementation of the investment program should be a priority.

“The completion of the restructuring of Clico claims will also be important to defuse remaining uncertainties.”

The IMF team leader recommended that over the longer term, the Government engender a shift in the fiscal trajectory to continue building net savings for future generations while maintaining public investment to support diversification and growth of the non-energy sector. Such a strategy would focus on containing increases in transfers and subsidies while better targeting social benefits to vulnerable groups. It would also include a strengthening of the tax effort through ongoing improvement of tax and customs administration and a broadening of the tax base. “The financial system has not been immune to the prolonged economic downturn.

Although commercial banks remain well capitalised, profitable, and liquid, the banking system's non-performing loans (NPLs) have increased and provisioning has declined. Given financial vulnerabilities, the mission agrees that continued intensified monitoring and surveillance of the financial system is warranted and urges accelerating the strengthening of the regulatory and supervisory framework, including the enactment of legislation on insurance, credit unions, and securities. The mission concurs with the central bank's accommodative monetary stance to support the revival of private sector credit.

“Key challenges in the energy sector are the projected depletion of oil and gas reserves and the uncertainty in the gas market as a result of the shale gas production in the United States. The industry has been successful in redirecting its exports to new markets in view of the falling gas prices in the United States. Looking forward, adapting the sector's investment framework and the fiscal regime to ensure its competitiveness will be essential.

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### Toney: Our hands are tied

Tuesday, 14th February, 2012 - T&T Newsday

“We have a port to run and we need to get instructions as early as possible,” Joseph Toney, chairman of the Port Authority of Trinidad and Tobago (PATT), declared yesterday.

He was responding to protest action by security officers at the Port of Port-of-Spain in which 30 of the 42 officers called in sick, over outstanding wage negotiations for 2008 - 2011.

Toney said talks with the Estate Police Association (EPA) were in stasis because Chief Personnel Officer (CPO) Stephanie Lewis had not yet commented on their proposals.

“We at the board and management level, our hands are tied in so far as the negotiations, until we hear from the CPO. We have had some talks already, proposals have been put on the table by the management of the Port Authority. There have been counterproposal by the estate police association but we need the guidance of the CPO before we could go forward,” Toney said.

In an effort to get talks moving forward and therefore put an end to security officers’ sick-out action, Toney said he instructed PATT CEO Colin Lucas to speak to Lewis.

Meanwhile, first vice-president of the Estate Police Association (EPA) Curtis Robinson said port security officers felt disrespected by the “laid-back attitude” toward their wage negotiations.

“The authorities moved with haste to address the port workers’ issues yet exactly one week after security officers first called in sick, we are yet to hear from anyone at PATT or the CPO,” Robinson said.

Asked how likely it was port security officers would feel well enough to report to work today, Robinson said that would depend on how soon PATT responded to their concerns.

“Until the CEO, Mr Colin Lucas, or the Executive Manager of Human Resources, Lyrine Lewis, answers one of our calls or (initiates) contact with the union, the security officers are not likely to recover from their illness,” Robinson said.

Negotiations for 2008 - 2011 began in late 2010 and 15 meetings have been held since but Robinson said things have been at a stand-still.

Meanwhile, port workers represented by the Seamen and Waterfront Workers’ Trade Union (SWWTU) found themselves in a similar situation with their own collective bargaining agreement for 2008 - 2011.

Although port workers received the first tranche of back-pay last December, they staged another protest last Friday, apparently without the approval of SWWTU president, Michael Annisette. Workers said they were protesting the outstanding second tranche of payments.

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## [UK pledges GBP75 million in development support to the region](#)

Tuesday, 14th February, 2012 - Caribbean News Now!

The United Kingdom has pledged £75 million to assist with development projects within the Caribbean region over a four-year period.

The UK's commitment came out of talks at the 7th UK/Caribbean Forum held in St Georges, Grenada, from January 20 to 22.

Jamaica's Minister of Foreign Affairs and Foreign Trade, Senator A.J. Nicholson, made the disclosure on Friday, during a statement in the senate on the outcome of the forum, which he attended.

Nicholson said the injection of funds will go towards efforts to build resilience through the development of practical mechanisms that will boost growth in investment, employment, production and trade opportunities that would enhance the prospects of the people of the region.

"The UK Foreign Secretary (William Hague) underlined the importance that the UK has attached to its relations with the Caribbean and announced a pledge of £75 million, over a four-year period, to assist with the development projects in the region," he stated.

He noted that the pledge of funds was one of the major outcomes of the meeting, which also saw agreement between the delegates from the Caribbean and the UK, to establish strategic partnership to promote prosperity, growth and development.

Under the theme 'Sustainable Growth Toward Prosperity', the delegates engaged in wide ranging and frank discussions on major areas of cooperation, trade and investment, security, climate change and sustainable development, and foreign policy issues, Nicholson said.

In addition to the political dialogue, a significant aspect of the forum was the two parallel meetings on security and trade and investment, both of which identified practical areas for cooperation between the UK and the Caribbean, he informed.

"It should be stressed that at the outset of the meeting, the Caribbean insisted that there should be tangible outcomes from the forum, which would have an impact on development at the national and regional levels," he stated.

"We therefore adopted a plan of action that identifies concrete areas of cooperation in this new strategic partnership and areas for joint activities," the minister added.

The UK delegation was led by Hague, and included ministers from the Home Office, Foreign and Commonwealth Office, Department for International Development, security officials, and members of the private sector. The group represented the largest and highest ministerial delegation to the Caribbean in a number of years.

The two-day forum is considered the principal vehicle for political dialogue between the UK and the countries of the region, including Cuba and the Dominican Republic.

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