

# 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

### **Roget warns of 90 days of war**

The Oilfields Workers' Trade Union (OWTU) served an official strike notice on Petrotrin yesterday morning and in a surprising twist, it was Government Senator David Abdulah who signed the notice, heralding "90 days of war." Hundreds of workers accompanied president general Ancel Roget as he delivered the strike notice yesterday morning to Petrotrin's president, Kenneth Allum, at the company's administrative offices in Pointe-a-Pierre.

### **We'll import gas**

ENERGY Minister Kevin Ramnarine yesterday said he would import refined gasoline to meet TT's fuel consumption needs, should Petrotrin workers go on strike on Carnival Saturday.

### **Cadiz: New plan to dispose of used vehicles coming**

The system of disposal of used vehicles will change in "due course" and that may be an environmental issue to deal with, Trade Minister Stephen Cadiz said yesterday. Cadiz was replying in the Senate to an Opposition question. Answering initial parts of the question, Cadiz said...

## Jamaica

### **LIME sets three-month deadline**

#### **Paulwell plans drastic changes to mobile rules**

CABLE & Wireless, the parent of LIME, has given the Government three months to sort out the regulatory environment before it has to "make a decision" on its future here. Telecommunications minister Phillip Paulwell said he believes he will be able to drastically change the rules, which LIME believes put it at a disadvantage, within that time frame.

### **JPS compensation shorts out**

#### **Due: \$140 million; Paid: \$9 million**

JAMAICA Public Service Company (JPS) and National Water Commission (NWC) continue to report high levels of breaches of the guaranteed standards that are supposed to guide the quality of service that they deliver to customers, according to the Office of Utilities Regulations (OUR).

### **Tea company plans to float supermarkets**

JAMAICAN Teas Limited may spin off its retail operations into a separate entity and list it on the Jamaica Stock Exchange (JSE), according to John Mahfood. The CEO of the tea manufacturer and retail operator said that his ultimate goal was to add a few more stores to the three that his company currently operates, then go public with the retail chain.

## **Jamaica cont'd**

### **CUNA changes its structure**

CUNA Mutual is changing its corporate structure to allow it to raise more capital, the group said on Monday. The new entity, whose name will be revealed tomorrow, will not be limited by the rules for mutual societies.

### **Lasco profits up 34 per cent**

LASCO Group's three listed companies posted a combined net profit of \$255.8 million for the third quarter ending December 31, 2011, a 34 per cent increase over the corresponding period a year earlier.

### **Furniture industry fights importers**

THE furniture industry is suffering from a "disconnect" between the needs of consumers and what's being manufactured, said Harold Davis, executive director of the Jamaica Business Development Corporation (JBDC).

### **Scotiabank offers funds at low rate of 5.99%**

Scotiabank Jamaica has reduced interest rates on two lines of credit for personal borrowers but only until March 31. The Scotialine funds are available at 9.99 per cent for unsecured credit, down from 23.75 per cent, and 5.99 per cent for cash-secured and real estate-secured borrowings, down from 15.75 per cent.

### **CB creates 'smart egg' for low-consumption market**

Caribbean Broilers (CB) has placed a new nutrient-enriched 'smart egg' on the market, which is distinguished on supermarket shelves by its packaging inside a transparent circular tray that houses seven eggs. The new product comes months after CB's acquisition of Chippenham Park egg farm last August from Ian and Suzanne Banks.

### **Super Plus on 'hold'**

Once a dominant supermarket chain owned by a single family, Super Plus Food Stores has retreated from the big cities and is now concentrated in mid-Jamaica markets. Chairman Wayne Chen says Super Plus, whose stores are down to eight in what he calls "mature locations", has no immediate plans for investment or growth.

### **Hylton defends manufacturing on Wray & Nephew tour**

The government will not give in to the notion that Jamaica is being deindustrialised as it seeks to secure economic growth, Minister of Industry, Investment and Commerce Anthony Hylton has assured manufacturers.

### **Jamaica plans to become regional logistics hub**

Minister of Industry, Investment and Commerce, Anthony Hylton, said plans are in place to establish Jamaica as a major logistic centre within the Caribbean region.

## **Jamaica cont'd**

### **Jamaica seeks to attract offshore oil drilling companies**

Minister of Science, Technology, Energy and Mining, Phillip Paulwell, has asked the American Chamber of Commerce (AMCHAM), to assist in attracting one of the giant drilling companies from the United States, to explore for offshore oil, given Jamaica's crude oil potential.

## **Barbados**

### **Gov't reaffirms support for international business sector**

The importance of the international business sector cannot be underestimated, and the Government is willing to create an accommodating environment.

### **BCCI: Threat of industrial action 'premature'**

The Barbados Chamber of Commerce and Industry (BCCI) has expressed concern at the Barbados Workers' Union demand for a double-digit percentage increase in salaries and believes the threat of industrial action as a means of bargaining for increased wages is premature.

### **Production push**

Productivity has been spoken about at length in Barbados and according to Denis Kellman, Minister of Industry, Small Business and Rural Development, even though Barbados does have comparative advantages, this is an area that needs greater attention.

## **Guyana**

### **CGX, Repsol outline emergency response for drilling operations offshore Guyana**

The two companies that have commenced operations for the offshore Petroleum Guyana, CGX Resources Inc. and Repsol Exploration S.A have outlined their emergency response expectations to stakeholders within the sector at a forum at the Cheddi Jagan Research Centre yesterday.

## **Bahamas**

### **Visitor arrivals to Bermuda jump by 12% in 2011**

Bermuda recorded the second highest number of visitors in history last year, and a 12 percent increase on 2010. Minister of Tourism Wayne Furbert announced yesterday that 655,236 tourists came to the Island in 2011. That was second only to 2007 when 663,767 people arrived.

## **Bahamas cont'd**

### **Chinese developer spends millions on local materials**

Bahamian workers and businesses continue to benefit from the rise of Baha Mar, with at least 200 still on-site working hand-in-hand with Chinese counterparts. China Construction America, the firm spearheading construction of the \$2.6 billion resort, has spent millions purchasing materials from in and around the country to help bring the project to fruition.

### **'Missing link' to grow BORCO revenue \$20m**

THE BAHAMAS Oil Refining Company's (BORCO) revenues could increase by up to \$20 million per annum due to its owner creating "a critical link" between its Bahamian and US assets through a \$260 million acquisition.

### **Next two years 'great time' for capital raising**

THE next two years will be "a great time" for Bahamas-based companies to seek equity or debt capital, a leading investment banker yesterday urging the \$35 million set to be returned from the Arawak Cay Port Development (APD) offering to move quickly if it wanted to find a new home among existing BISX-listed stocks.

## **Antigua and Barbuda**

### **TMX CEO says BSX should aim high**

Bermuda has all the ingredients necessary to be an offshore leader in capital markets and should aim high for the future.

### **Tensions surface in Chamber of Commerce over duty issue**

Internal disagreements have flared up within the Bermuda Chamber of Commerce amid tension over members' differing opinions on Government's duty harmonisation proposals.

### **Arch posts a \$410.5m profit**

Arch Capital Group Ltd's fourth-quarter earnings trounced Wall Street expectations as the Bermuda-based insurer came through a testing 2011 with full-year profit of \$410.5 million.

### **Catastrophes drive Argo to \$82m loss**

Bermuda-based insurer Argo Group reported a \$82.4 million net loss for 2011, citing "significant catastrophe activity". This result is compared to net income of \$82.6 million in 2010.

## **Antigua and Barbuda cont'd**

### **Restaurant chiefs to meet Govt**

The Restaurant Division of the Chamber of Commerce is to meet with Economy Minister Patrice Minors today to discuss implementation of the work permit moratorium policy.

### **Bermuda tourism enjoys second best year**

Arrivals shot up by 70,000 last year as Bermuda enjoyed its second best year ever, Tourism Minister Wayne Furbert said on Monday.

### **2011 visitor arrivals jump by 12 percent**

Bermuda recorded the second highest number of visitors in history last year, and a 12 percent increase on 2010.

### **FBI: Stanford's bank loaned him and his firms \$2 billion**

R. Allen Stanford's offshore bank loaned more than \$2 billion over a four-year period to Stanford himself or companies of which he was sole owner, an FBI agent testified Tuesday in Stanford's fraud trial.

## **Grenada**

### **Grenada vows to keep airport open amid Taiwan loan quarrel**

Grenada is seeking to raise funds to keep cash-strapped Maurice Bishop International Airport open, according to Information Minister Glen Noel. The possibility of operations grinding to a halt hung over the airport after airlines began withholding payments to the authority in keeping with a United States (US) court order that blocks foreign payments to Grenada.

## **Dominican Republic**

### **Higher light bill standoff stalled revisions on IMF pact**

The Government's stand-by agreement with the International Monetary Fund (IMF) will conclude at month's end because there's no time left to carry out the seventh and eighth revision, Economy minister Temístocles Montas said Tuesday.

## **St. Vincent & the Grenadines**

### **St Vincent PM announces cabinet reshuffle**

Four ministers have been given new portfolios in a cabinet reshuffle announced on Monday by St Vincent and the Grenadines Prime Minister Dr Ralph Gonsalves.

## **St. Vincent & the Grenadines cont'd**

### **St Vincent consul retains Northern Ireland Fairtrade status for Caribbean farmers**

Belfast, the capital of Northern Ireland, is celebrating having had its dual status as a "Fairtrade City" renewed for a further two years, to November 2013, through the leadership and direction of Dr Christopher Stange, Hon. Consul of St Vincent and the Grenadines (SVG) to Northern Ireland and chair of Fairtrade Belfast.

## **St. Lucia**

### **Caribbean Airlines begins daily service to St Lucia**

The Trinidad-based airline, Caribbean Airlines, has begun a non-stop daily service to St Lucia with daily flights from Port of Spain to the George FL Charles Airport here. "The addition of this route solidifies our commitment to provide our customers with more options for travel within the Caribbean," Caribbean Airlines' acting chief executive, Robert Corbie, told an inaugural ceremony on Saturday.

## **St. Kitts & Nevis**

### **St Kitts-Nevis negotiating extradition treaty with Taiwan**

St Kitts and Nevis attorney general, Patrice Nisbett, said negotiations that began Monday on an extradition treaty with Taiwan are timely and would send the right kind of message in promoting respect for justice, security and social integrity.

## **Cuba**

### **Cuba: Int'l Congress of Higher Education Focuses on Sustainable Development**

"Preserving the planet and making efforts to avoid its destruction have become inescapable missions of the university," said the Cuban Minister of Higher Education, Miguel Diaz-Canel, during the inauguration on Monday of the Eighth International Congress of Higher Education 'University 2012' at Havana's Karl Marx Theater.

## **Suriname**

### **IDB's Caribbean governors meet in Suriname to discuss regional opportunities, challenges**

Top economic authorities from the Caribbean region gathered in Suriname on Monday to discuss common development opportunities and challenges during the first annual meeting of the Governors of the Inter-American Development Bank's Caribbean Country Department.

## Other – Regional

### **IDB's Caribbean Governors discuss regional opportunities, challenges**

Top economic authorities from the Caribbean region gathered here today to discuss common development opportunities and challenges during the first annual meeting of the Governors of the Inter-American Development Bank's Caribbean Country Department.

### **Caribbean and UK to Establish Mechanism to Strengthen Fight Against Drugs and Crime**

Representatives from the United Kingdom (UK) and the Caribbean have agreed to establish a UK/Caribbean Expertise Exchange Mechanism, to further collaborate in the fight against drugs and international crime.

### **Democrats, Republicans decline to return Stanford money**

National fund-raising committees for the Democratic and Republican parties, President Barack Obama, and other major politicians have declined to return campaign donations totaling US\$1.8 million from Houston financier R Allen Stanford, now on trial for allegedly masterminding a US\$7 billion Ponzi scheme.

## International

### United States

#### **Production in U.S. Probably Accelerated in January by Most in Six Months**

Industrial production accelerated in January, indicating manufacturing will remain at the forefront of the U.S. economic expansion.

### United Kingdom

#### **King Says Euro Area Biggest Risk to U.K. Recovery**

Bank of England Governor Mervyn King said the euro area's debt crisis still poses the biggest threat to a "slow and uncertain" U.K. recovery as officials raised their inflation forecast after expanding stimulus.

### China

#### **China Pledges to Invest in Europe's Bailout Funds, Sustain Euro Holdings**

China pledged to invest in Europe's bailout funds and sustain its holdings of euro assets, spurring gains in the currency and Asian stocks on optimism the region's debt crisis will be overcome.

## Europe

### **Euro-Area Economy Contracts for the First Time Since 2009**

Europe's economy shrank less than economists forecast in the fourth quarter as a better-than-predicted performance in Germany and France helped mitigate the region's first contraction since 2009.

### **Politicians seize upon Moody's downgrades**

European politicians on yesterday seized on the latest slew of credit downgrades and warnings to defend the need for painful budget cuts — in spite of a muted market reaction to the move by ratings agency Moody's. Late Monday, Moody's Investor Service downgraded the ratings of Italy, Portugal and Spain, while France, Britain and Austria kept their top credit scores but had their outlooks dropped to "negative" from "stable."

## Greece

### **Greece Struggles to Win Second Financial Bailout as Europe's Doubts Mount**

European officials ratcheted up the pressure on the Greek government to deliver spending cuts in exchange for a second bailout as they insisted that default is not an option.



**\* FULL ARTICLES \***



## [Gov't reaffirms support for international business sector](#)

Wednesday 15th February, 2012: The Barbados Advocate

The importance of the international business sector cannot be underestimated, and the Government is willing to create an accommodating environment.

This was the message sent out at the Prime Minister's reception for members of the international business sector held at Ilaro Court on Monday evening. Speaking to his guests, Prime Minister Freundel Stuart said that the Government is aware of the value of the sector to this country, and of the competition that exists from other countries.

“Let there be no misunderstanding about the Government's position as it relates to the international business sector – we attach the highest possible importance to the sector and therefore try as best we can to create the kind of environment that would make for the thriving of this very important sector. We are not unaware that there is a lot of competition around and therefore in order to stay ahead of the competition or to keep pace with the competition, we have to make sure that we set appropriate standards for ourselves and ensure that we create the kind of environment in which the sector can thrive,” Stuart stated.

The Prime Minister went on to assure that the government stays abreast with changes and developments in the sector so as to groom the environment into one most suited to the needs of the international business sector, whether it is by adjusting legislation or changing structures.

“As new issues come up, as we come into possession of new bits of knowledge, new bits of information, new trends in the sector... what we do is to revisit what we have – the legislation we have, the structures we have – and we determine whether in the light of this new information these structures can still service our objectives, whether this legislation can still keep us current and keep in pace with the competition or getting ahead of the competition,” Stuart said.

He continued, “The role of Government is to set the policy and to create an enabling environment for all of those persons who want to function in the international business sector. Business facilitation is key in this whole process and we try as best we can to make life as easy as possible for those who are investing in the sector, those who want to do business here.”

The Prime Minister admitted that the Government does not always get it right, but that as soon as mishaps or obstacles are drawn to its attention, there is effort to correct and remove them as quickly as possible.

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## **BCCI: Threat of industrial action 'premature'**

Wednesday 15th February, 2012: The Barbados Advocate

The Barbados Chamber of Commerce and Industry (BCCI) has expressed concern at the Barbados Workers' Union demand for a double-digit percentage increase in salaries and believes the threat of industrial action as a means of bargaining for increased wages is premature.

In a press statement issued last night, the BCCI said "the protracted international economic decline since 2008 has resulted in companies seeing reductions in profits, depressed domestic demand, and unemployment possibilities looming".

It therefore maintained that "businesses both small and large can ill afford double digit increases with a road of uncertainty still ahead".

Noting that a recent meeting with social partners had secured a commitment to keep unemployment at bay, the BCCI expressed confidence that "level heads would prevail", and called on both parties to keep to the bargaining table with a collective view to maintaining stability as a priority.

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## Production push

Wednesday 15th February, 2012: The Barbados Advocate

Productivity has been spoken about at length in Barbados and according to Denis Kellman, Minister of Industry, Small Business and Rural Development, even though Barbados does have comparative advantages, this is an area that needs greater attention.

At the launch of the Website of the Private Sector Trade Team (BPSTT) on Monday at Accra Beach Hotel, he asked the question: Have we advanced as a country or slowed down?

On the issue of productivity, he wondered whether workers realise the role that they play in national development.

“I also think that if some employers realise the onus is on them to create the atmosphere that is conducive to increased productivity, there would be no question of productivity,” the Minister said.

“With respect to goods and market efficiencies, one would have to look at economies of scale and this cannot be done if we continue to use the silo model of production,” he suggested.

Kellman argued for a coming together for production purposes. “That is why in the Ministry, we are embarking on a policy that would lead to the development of a Barbados brand in the manufacturing of products, built on the concept of clustering,” he promised.

“This is the most effective policy to pursue if we are to earn our way out of this recession.”

Kellman indicated that business sophistication speaks to the development of unique products and development of niche markets.

The Minister said, “As may have been mentioned in other forums, there are Barbadians hard at work developing ideas. It is my Ministry’s intention through its various agencies, especially the Barbados Investment and Development Corporation, to give the necessary technical assistance to aid these developments such as the expansion of Banks Holding Limited in the export market.”

He noted that they are also seeking to strengthen the advantage had for other products.

“To this end, we are looking at developing a GI for the rum industry which contributes significantly to the Barbados economy,” he declared.

Innovation is also another critical pillar for competitiveness.

“The idea of innovation is grounded in the concept of ‘greening’ the economy and development of the cultural industries. However, we cannot do it alone. We need the assistance and co-operation of the private sector and that of the Private Sector Trade Team,” Kellman stressed. “The establishment of a website is one way of contributing to the effort.”

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## [TMX CEO says BSX should aim high](#)

Wednesday 15th February, 2012: The Royal Gazette Online

Bermuda has all the ingredients necessary to be an offshore leader in capital markets and should aim high for the future.

That is the view of the Bermuda Stock Exchange's newest board member, Thomas Kloet, the chief executive officer of the TMX Group.

Mr Kloet attended his first board meeting on Monday, following TMX's purchase of a 16 percent stake in the BSX, a deal announced last December.

TMX Group, a \$3.3 billion Canadian listed company, which recorded revenue of \$673 million last year, owns and operates the Toronto Stock Exchange, the seventh large exchange in the world. It also has a majority interest in Boston Options Exchange (BOX) and owns Natural Gas Exchange (NGX) a leading North American exchange for the trading and clearing of natural gas and electricity contracts.

In an interview with The Royal Gazette, Mr Kloet said the Island stood out among offshore financial centre and that was a key reason why his company had jumped at the opportunity to invest in the BSX.

"Bermuda has a regulatory brand that is superior to many of the offshore destinations, if you compare it to Barbados, Cayman or the BVI, for example," Mr Kloet said. "This could be the leading offshore capital market and we should set very high goals.

"When the opportunity to invest in the BSX came up, we saw it as a very interesting. Greg (Wojciechowski) and the team here have built a foundation to further develop and we're hoping that we can help that happen.

"You have the foundations with a regulatory identity, an excellent rule of law, a legal and accounting structure in terms of advisers around capital market activity that are very good. You have a regulator in the BMA, who understands capital markets and what they can do to help build the country.

"The BSX has a technological infrastructure that's built to scale up. I think we have some work to do in terms of getting trading communities from outside Bermuda connected to the BSX and we hope to provide some help with that."

Generating more business through the BSX will help the domestic company as well as the Exchange's profits, Mr Kloet said.

"We're here to marry people that need capital and who want to build their businesses with capital that's either here or elsewhere," he said. "We are the plumbing in the capital market."

The TMX's investment came at the end of a year of increased financial activity between Canada and Bermuda. This included the signing of a tax information exchange agreement (TIEA) in July and Bermuda gaining recognition as a Designated Stock Exchange under Canada's Income Tax Act, which went into effect in late October.

A significant advantage of the designation for the BSX is that it opens the door for Canadians to invest some of their tax-deferred retirement plans and other investments in BSX-listed securities, which could translate into greater liquidity of BSX-listed stocks.

Mr Kloet believes that one of the keys to developing the BSX is improving connectivity with brokerages in Canada and elsewhere in the world. TMX, with offices in several Canadian cities, as well as Houston, Boston and Chicago in the US, London and Beijing, has the global presence to spread the word.

“When we announced the investment, it got a lot of attention,” Mr Kloet said. “I took some calls from brokers asking how they could access this market. The whole thing is about getting trades down here to meet the capital needs of the listed companies here.

“We want to improve connectivity with large brokerage firms who route orders around the world, so they have access to this exchange with as little cost or friction as possible. So if investors see a product listed here they are interested in, they will think this is an easy place to route the order to and a safe regulatory environment. From my point of view, you check the box on the regulatory environment.”

After his first board meeting, Mr Kloet said he was impressed with his fellow directors and the team at the BSX, led by CEO Greg Wojciechowski. While he did not rule out increasing TMX's stake in the BSX, he said he saw no immediate need for doing that.

“We have a long-range vision, not merely how we can make a short-term profit,” he said. “I'm interested in a long-term, stable investment here as a strategic investor.

“There's a stable group of investors that are integral to the institution's success. I walk away from the meeting with the impression that if we have new ideas, giving access to the broad range of services we provide, then we'll earn our return on investment.”

New products are one area in which TMX could help the BSX to progress. The group has a history of innovation and was the first exchange to trade an exchange-traded fund (ETF).

The BSX can point to insurance-linked securities, which have gone from zero to \$3.5 billion on the BSX in two-and-a-half years. The next stage, according to Mr Kloet, is to see ILS being traded.

Mr Wojciechowski said: “Anything we develop with TMX will only serve to develop Bermuda's domestic capital market and to accelerate its maturity curve. Healthy capital markets are the fundamental basis of economic health.”

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## Tensions surface in Chamber of Commerce over duty issue

Wednesday 15th February, 2012: The Royal Gazette Online

Internal disagreements have flared up within the Bermuda Chamber of Commerce amid tension over members' differing opinions on Government's duty harmonisation proposals.

Paula Clarke, head of the Chamber's retail division, said that fellow Chamber member Steve Thomson had issued "misleading statements" on the talks involving retailers. Mr Thomson denied the accusation last night.

Tension between members has surfaced after the retail division issued a statement last month proposing an across-the-board 25 percent duty rate for personal imports and goods brought in through the airport. Currently, rates on personal imports are lower, while the rate at the airport is 35 percent.

Ms Clarke said Mr Thomson had suggested that her division had been "negotiating" with Government and this was inaccurate. Last night, Mr Thomson denied ever having said there had been negotiations.

"We have made a presentation to Premier Cox to explain the value that the retail industry provides to Bermuda as a country," Ms Clarke said. "But it is patently wrong to say that we were negotiating with Government."

She added that Mr Thomson was wrong to say that there had been "emergency meetings" among retailers on the duty harmonisation issues. Mr Thomson said he understood some retailers were not happy with the retail division's position on a 25 percent rate and that they had met to discuss this.

Ms Clarke said the division had held only scheduled meetings, not emergency meetings.

She added that she had voiced her complaints about Mr Thomson commenting on the activities of her division to the Chamber's leadership, something that was confirmed by executive director Joanne McPhee.

The dispute "has no value to the Chamber or its membership", Ms McPhee told The Royal Gazette. "The only way we can survive these difficult times is by working together."

Mr Thomson, owner of Mailboxes Unlimited, has campaigned vigorously against potential duty increases on personal imports most recently as spokesman of the Chamber's Shipping Division.

A Chamber spokesman said late yesterday that the shipping division did not yet formally exist.

“A proposal has been received by the Chamber of Commerce to create a new Shipping & Courier Division,” the statement read. “In accordance with The Bermuda Chamber of Commerce Act 2000, certain processes and procedures have to be completed to create a new division.

“Until these procedures have been completed, it is premature for any member of the Chamber to refer to a Shipping & Courier Division.”

Mr Thomson said he had been given permission to set up the shipping division by Chamber president Buddy Rego, and that members of the prospective division had met, discussed the duty issue, and issued a press statement on February 9. Only later was he made aware that the division still had to be ratified by the Chamber’s board, he said.

Duty harmonisation is seen as a move that would help retailers by making goods purchased from overseas more expensive. Statistics on online purchases from overseas have not been published.

Ms Clarke said: “When the model for our duty system was built, there was not the dot-com industry that there is now. There is a loophole in the legislation and now I think Government are seeing that it’s not fair.”

She said the retail sector employed around 4,000 people and Ms Cox had listened closely to their proposals, since the Premier’s main concern was retaining jobs.

“If we don’t have a healthy retail sector, then Bermuda is in for a dismal future,” she added. “We wouldn’t be able to attract international business people. Who wants to live in a place where there are no bricks and mortar stores? That affects tourism too.”

Mr Thomson said a 25 percent flat duty rate would hurt ordinary Bermudians in difficult times by imposing tax increases on their personal imports.

He added that though it was clear that members had conflicting views on duty harmonisation, the organisation should take a position. “We should poll the divisions and see what position they support,” Mr Thomson said. “I think the Chamber is obligated to take a position.”

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## [Arch posts a \\$410.5m profit](#)

Wednesday 15th February, 2012: The Royal Gazette Online

Arch Capital Group Ltd's fourth-quarter earnings trounced Wall Street expectations as the Bermuda-based insurer came through a testing 2011 with full-year profit of \$410.5 million.

Despite taking a hit from the Thailand floods, Arch produced fourth-quarter net income of \$136.8 million, compared to \$227 million in the same period in 2010.

After-tax operating income for the October through December period was \$126.8 million, or 92 cents per share, easily exceeding the 62 cents per share expectation of analysts polled by Bloomberg.

For the full year, net income halved from last year's \$816.7 million, as catastrophes that racked up insured losses for the industry of around \$108 billion, took a toll.

Arch, led by CEO Dinos Jordanou, wrote more business during the year, with gross premiums written totalling \$3.44 billion in 2011, compared to \$3.27 billion in the previous year.

And the company also achieved a profitable underwriting record during the quarter, with a combined ratio of 90.1 percent, and for the full year with a combined ratio of 98.5 percent.

In the fourth quarter, Arch booked catastrophe losses of \$70.8 million, net of reinsurance and reinstatement premiums. This included \$60.6 million from the Thailand floods and \$5.4 million from an Australian hailstorm during the quarter. The remaining \$4.8 million was due to net increases in loss estimates from other catastrophes earlier in 2011.

"The severe flooding in Thailand spanned several months between July and December 2011 and has had a significant impact on the Thai economy," Arch's statement noted. "Due to the size, duration and complexity of the event, substantial uncertainty remains regarding total covered losses for the insurance industry and the assumptions underlying the Company's estimates.

"Actual losses will depend to a great extent on claims from contingent business interruption coverage."

Arch's book value per common share was \$32.03 at December 31, 2011, a 2.7 percent increase from \$31.20 per share at September 30, 2011 and a 6.8 percent increase from \$29.99 per share at the end of 2010.

The company's after-tax operating income represented a 12 percent annualised return on average common equity for the 2011 fourth quarter, compared to 12.1 percent for the 2010 fourth quarter, and 7.2 percent for 2011, compared to 12 percent for 2010.

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## [Catastrophes drive Argo to \\$82m loss](#)

Wednesday 15th February, 2012: The Royal Gazette Online

Bermuda-based insurer Argo Group reported a \$82.4 million net loss for 2011, citing “significant catastrophe activity”.

This result is compared to net income of \$82.6 million in 2010.

“2011 was a challenging year for Argo Group and the industry given the significant catastrophe activity, and relative to competitors who were also exposed to international catastrophes, we performed relatively well,” said Argo Group chief executive officer Mark Watson.

“Further, I am more optimistic about the future in light of the positive trends we are seeing in the marketplace and this management team’s actions to position our four diverse businesses for profitable growth in 2012.”

According to Argo Group, 2011 results were impacted by pre-tax catastrophe losses (net of reinsurance and estimated reinstatement premiums) and aggregate reinsurance cover losses of \$207.8 million and approximately \$10 million, respectively. This is compared to catastrophe losses net of reinsurance and estimated reinstatement premiums of \$73.3 million in 2010.

The company wrote more business in 2011, reporting \$1.545 billion gross written premiums compared to \$1.527 billion in 2010. The combined ratio was 119.9 percent compared to 103.2 percent in 2010.

Argo Group’s International Specialty (formerly Reinsurance) and Syndicate 1200 segments were hit with the heaviest losses with pre-tax operating losses reported at \$71.8 million and \$66.2 million for the year, respectively. Their Excess & Surplus Lines recorded an operating income of \$64.6 million.

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## Restaurant chiefs to meet Govt

Wednesday 15th February, 2012: The Royal Gazette Online

The Restaurant Division of the Chamber of Commerce is to meet with Economy Minister Patrice Minors today to discuss implementation of the work permit moratorium policy.

Mrs Minors told Parliament on February 3 that about 25 kitchen assistants on work permits were denied appeals by their employers to keep them.

Teresa Chatfield, co-chair of the division, said then that the decision had left some restaurants in “disarray”.

“Their kitchen assistants have to finish in the next two weeks to a month and replacing them at short notice is extremely tough, a situation made worse by the fact that most restaurants are probably operating under full strength,” she said.

She could not say what specifically would be on the agenda for the meeting as feedback from the restaurants was still being collected.

Ms Chatfield said: “We understand the pressures that the Government is under to ensure that Bermudians at every level are employed and the numbers show that restaurants have done their part in employing many individuals previously in construction or other industries - but that does need to be balanced.

“The job is not just one which requires cleaning pots and pans. These kitchen assistants are ultimately the ones who keep the kitchens and restaurants clean under the requirements of the Health Department licencing and with the spectre of food poisoning an issue in Bermuda’s humidity, this is a critical aspect.

“Add to that the fact that the job may entail cleaning every part of the restaurant when everyone else has finished and working late at night. It is not the most appealing of jobs either.”

Government did not respond when asked how many appeals were accepted. Nor would it confirm the total number of kitchen assistant work permits on hold - believed to be around 50.

One restaurateur who did get to keep his kitchen assistant said he was “relieved and grateful” when the decision came.

In August, 2010 Government imposed a work permit moratorium for landscape gardeners, cleaners, kitchen porters and bar porters. All work permit applications for such jobs were put on hold. In February, 2011 the moratorium was extended until April, 2011 and employers were told that initial work permit applications had been denied, but that they could appeal that decision within 14 business days.

Last month, a number of employers were told that their work permit holders had to quit working within a week and settle their affairs in Bermuda shortly thereafter. Minister Minors, reacting to an outcry from the industry, later revisited that decision and gave employers time to refile their appeals.

She said that there had been a delay in processing appeals.

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## [Bermuda tourism enjoys second best year](#)

Wednesday 15th February, 2012: The Gleaner

Arrivals shot up by 70,000 last year as Bermuda enjoyed its second best year ever, Tourism Minister Wayne Furbert said on Monday.

Furbert said the 12 per cent rise on 2010 figures was good news, but he told a media conference "the best was yet to come".

He said 655,236 people came to the island in 2011, which was the second-highest figure in the island's history.

It was second only to 2007 when 663,767 people arrived.

Furbert said Bermuda enjoyed an "outstanding reputation" abroad, adding: "There are still too many people overseas who do not know us as well as they should or feel the sense of urgency to pay us a visit.

"It is those individuals who present the challenge, and there is nothing I like more than a challenge."

Air arrivals for 2011 rose by almost two per cent on the previous year with 236,038 tourists flying in.

Cruise visitors increased by 19 per cent, while convention incentive groups rose by a whopping 116 per cent.

Furbert said the number of visitors from the United States and Europe had increased, but there had been a fall in the number of visitors from Canada, the United Kingdom and the rest of the world.

He said the outlook for 2012 "looks strong indeed".

January figures were up and hotel occupancy showed February to be a "positive month with a possible five per cent gain", added Furbert, who has been at the tourism ministry helm since last November.

Bermuda's once dominant tourism industry has been flagging for years, long outstripped by international business as the number one plank in the economy.

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## [2011 visitor arrivals jump by 12 percent](#)

Wednesday 15th February, 2012: The Royal Gazette Online

Bermuda recorded the second highest number of visitors in history last year, and a 12 percent increase on 2010.

Minister of Tourism Wayne Furbert announced yesterday that 655,236 tourists came to the Island in 2011. That was second only to 2007 when 663,767 people arrived.

The figure was made up of 236,038 air passengers, which was up two percent on 2010 and a record 415,711 cruise passengers, which was up more than 67,000 or 19 percent on the year before.

The rest were yacht passengers, with 31 percent fewer of them than in 2010 due to the absence of the bi-annual Newport to Bermuda race.

Mr Furbert, who has been at the Tourism helm since November said he was “excited and eager” about the future of tourism in Bermuda.

However, he admitted: “There are still too many people overseas who do not know us as well as they should or feel the sense of urgency to pay us a visit. It is those individuals who present the challenge, and I am here to tell you that there is nothing I like more than a challenge.”

Reacting to the statistics, Shadow Tourism Minister Shawn Crockwell said there were too many cruise ship visitors, who do not spend as much money as air visitors.

“Just recently in the House of Assembly the Minister stated he agreed with the recommendation of the Tourism Board that there should be 60 percent air arrivals and 40 percent cruise arrivals,” he said.

The figure for last year consisted of 36 percent air arrivals, 63 percent cruise arrivals and the rest on yachts.

Mr Crockwell said: “That’s not necessarily good for the tourism product because the cruise visitor spends substantially less than the air arrival. They don’t pay for accommodation or food while here and I have heard some statements that they spend ten times less. So in terms of contributing to the economy of Bermuda, it’s not what we need.”

He said he would like to see air arrivals in the region of 350,000 per year, as they were in the 1990s.

Mr Furbert also revealed other tourism figures for last year, showing that visitors from the US and Europe increased, while arrivals from Canada, the UK and the rest of the world went down.

According to the Minister, visitors from Canada dropped by four percent as there were four fewer flights per week from Toronto during the summer months.

Much of the increase in air arrivals was due to a rise in convention visitors, who surged 116 percent to 6,119. In other segments, vacationers edged up 1.22 percent to 144,513, business visitors inched up 0.34 percent to 45,456 and people visiting friends and relatives dropped 4.81 percent to 36,288.

Mr Furbert went on to state: “The performance results of the ten largest hotels that make up 75 percent of all room inventory on the Island also mirrored the positive performance trends for 2011.

“Occupancy percentages for all four quarters of the year were positive with overall occupancy percentage increases of three percent, three percent, nine percent and five percent respectively. Visitors’ arrival for January 2012 is up (and) hotel occupancy for February is so far showing to be a positive month with a possible gain of five percent.”

However, the increase in occupancies was offset by a decline in the number of hotel rooms and beds available, with the average number of beds available falling by 292 year over year.

Despite the rise in air arrivals, the number of bed nights visitors were on the Island slipped 0.9 percent and length of stay, a key indicator for spending, fell by 2.5 percent to 6.06 nights from 6.21 nights in 2010.

Estimated visitor spending figures were not provided yesterday.

Mr Furbert also listed a range of awards that the Island received during the course of last year. He noted that Bermuda was voted the best Island in the Caribbean/Atlantic region by readers of Condé Nast Traveler magazine. The Reefs was voted the favourite resort in the Atlantic. The Island was ranked sixth among the world’s top 20 honeymoon destinations by the readers of Brides magazine.

“Most recently, Expedia recognised Bermuda as destination of the year beating out many larger destinations because of our spirit and attitude in projecting the needs of the Island,” added the Minister. “So, as you can see, it is not just me and the Department of Tourism out there singing Bermuda’s praises. Our reputation is, in fact, outstanding.”

He added: “There is much work to be done ahead, but I am confident that we have the spirit and, most importantly, the ability to achieve success and I call on all Bermudians to not limit your vision by negativity, for the extent of your vision will decide the extent of our success.”

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## [FBI: Stanford's bank loaned him and his firms \\$2 billion](#)

Wednesday 15th February, 2012: [chron.com](#)

R. Allen Stanford's offshore bank loaned more than \$2 billion over a four-year period to Stanford himself or companies of which he was sole owner, an FBI agent testified Tuesday in Stanford's fraud trial.

Using charts and graphics projected on screens in a Houston federal courtroom, agent Robert Martin walked jurors through four years of financial transactions he said were based on books kept by the various Stanford interests.

U.S. District Judge David Hittner overruled most defense objections that prosecutors failed to document properly that the numbers in the presentations came from Stanford records.

Martin testified that in 2008 alone, Stanford International Bank in the Caribbean nation of Antigua loaned money to Stanford himself, to a cricket tournament he promoted, and to his real estate developments, venture capital company, brokerage, newspaper, airlines and yacht operating companies.

The jury again saw an October 2008 video, also presented earlier in the trial, in which Stanford said the bank was "\$5.5 billion more liquid than we should be in a normal environment" — meaning it had that much in cash or other assets easily converted to cash that should have been invested.

Martin described that as "an incorrect statement."

But by the end of 2008, Martin testified, the bank's own books showed it had less than \$1 billion.

Prosecutors allege that Stanford and others operated a \$7 billion Ponzi scheme by selling bank certificates of deposits to clients who thought they were making conservative investments. In fact, the government alleges, funds from the CDs went to fund Stanford's business ventures and life of luxury, and Stanford had to keep selling new CDs to cover promised, above-market interest payments to earlier CD investors.

"Practically none of Mr. Stanford's companies were profitable," Martin testified, saying he based the statement on the companies' books.

The only exception, he said, was the Bank of Antigua, a retail bank that held savings and checking accounts for local customers. According to previous testimony, Stanford opened that bank at the insistence of Antiguan authorities, in exchange for permission to operate the Stanford International Bank as a vehicle for attracting international investors.

By 2008, Stanford's ventures had cumulative losses of \$711 million, Martin testified.

Stanford's companies were subsidiaries of Stanford Financial Group, which operated from high-end offices on Westheimer near West Loop 610.

The government alleges that millions of dollars in CD funds were deposited in a Swiss bank account controlled by Stanford and his chief financial officer, James Davis.

Davis, who has pleaded guilty and testified against Stanford, said he and Stanford took money from the Swiss account for personal use. The government alleges money from the account also went to pay bribes to an independent auditor and an Antiguan regulator in exchange for favorable reports on the finances of Stanford International Bank.

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[LIME sets three-month deadline](#)  
[Paulwell plans drastic changes to mobile rules](#)

Wednesday 15th February, 2012- Jamaica Observer

CABLE & Wireless, the parent of LIME, has given the Government three months to sort out the regulatory environment before it has to “make a decision” on its future here.

Telecommunications minister Phillip Paulwell said he believes he will be able to drastically change the rules, which LIME believes put it at a disadvantage, within that time frame.

LIME, which has been losing money since 2007, could see its capital base wiped out in another six months if nothing changes.

Speaking yesterday on Nationwide 90FM’s daybreak news and current affairs programme This Morning, Paulwell told hosts Emily Crooks and Naomi Francis that “two weeks ago when we met (with Cable and Wireless) they gave us three months to try to sort this thing out”.

It wasn’t an ultimatum that was given, but rather Cable & Wireless defining “some time constraints by which they believe these situation in Jamaica ought to be, in their view, remedied”, he said.

When pressed, he added that the three months would be up “sometime in May”, when “they (C&W) will be at a point when they will have to make a decision”.

LIME Jamaica reported a \$1.2-billion net loss for the three months to December 31, 2011, which was lower than the \$1.3-billion loss incurred during the comparative period a year before.

However, losses for the nine months to December 31, 2011, stood at \$3.8 billion compared to \$2.4 billion for the same period a year earlier. Its accumulated net loss between April 2007 and December 2011 stands at over \$17 billion.

What’s more, LIME Jamaica’s capital base stood at \$2 billion at the end of 2011, which means that it could hardly withstand more losses over the next six months.

It still has access to a \$30-billion uncommitted revolving facility with Cable & Wireless Finance (Cayman) Limited, through which LIME Jamaica increased its liabilities to the group from \$17.7 billion last March to \$23.1 billion at the end of 2011.

LIME Jamaica’s parent, Cable & Wireless Communications (CWC) said in the UK on Friday that it expects “a significant non-cash write-down of our carrying value of (its Jamaican) asset as part of our full-year results”, due to its difficult market position and a lack of regulatory reform that would enable it to operate profitably.

CWC's Lachlan Johnston told the Business Observer that the company was "working to assess the level of write-down ahead of our full-year results, but at this stage we cannot give any figures".

He added that the write-down would purely be an accounting charge to CWC's financial statements, as part of a requirement under international accounting rules.

"As we have said before, the conditions in Jamaica are very difficult. We are competing against a company which has an unfair advantage in terms of regulation," he said. "Our short, medium and long-term prospects are dependent on there being a change to the regulations, which the Jamaican Government is now considering."

LIME Jamaica's managing director, Gary Sinclair,

said he couldn't respond to most of the questions posed by the Business Observer, as they "relate directly to matters of great commercial sensitivity".

"Suffice it to say that our best minds are concentrated on looking at our business and options as we seek to follow through on our commitment to providing world-class service to Jamaican businesses and consumers alike," he said.

"Only LIME's fixed network is regulated in Jamaica," said Sinclair, adding that LIME's competitor "is able to use ... strategies that incentivise its customers not to call LIME customers".

"The impact of these strategies is worsened by the overwhelming size of the competitor's market share which means that the vast majority of phones in Jamaica will not make calls to the LIME network. This starves us of interconnection revenues from incoming calls, and stifles our growth."

The main regulatory issue that LIME hopes will change in the immediate future is the rate which its main competitor — Digicel — charges to terminate on its network.

Paulwell, in his interview on Nationwide, said under new regulations the Office of Utilities Regulations (OUR) would be empowered to set the rates.

In a late evening press statement yesterday, LIME said it believes that "the OUR, which falls under the remit of the Office Of the Prime Minister, is ideally placed to recommend any interim rates for the industry".

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**JPS compensation shorts out**  
**Due: \$140 million; Paid: \$9 million**

Wednesday 15th February, 2012- Jamaica Observer

JAMAICA Public Service Company (JPS) and National Water Commission (NWC) continue to report high levels of breaches of the guaranteed standards that are supposed to guide the quality of service that they deliver to customers, according to the Office of Utilities Regulations (OUR).

In 2010, JPS reported 83,000 breaches, which would have cost the company \$140 million if they had to fully compensate customers. Only \$9 million of that amount was paid.

Similarly, NWC reported 30,000 breaches valued at \$58 million in possible compensation in 2010, but only paid out \$600,000.

The low level of compensation for breaches is not new. Before 2010, the utilities paid out less than two per cent of possible compensation.

According to the latest figures published by the OUR in its annual report for 2010/11, if it weren't for automatic credits to some customers' accounts, it would have been even lower.

In the case of JPS, the regulator said that compensation was based on claims submitted by customers and for those specific breaches to which automatic compensation applies, while for the NWC, the payout was "primarily as a result of automatic credits where applicable as claims submitted for other breaches continue to be low".

The system is supposed to translate into improved service but as long ago as 2007 the OUR was warned that a non-compulsory system did not offer tough enough enforcement.

If claims remain low, the utilities will have little financial incentive to stop their breaches.

The two utilities combined reported 387,989 breaches over the four years from 2007 to 2010, valued at \$817 million, but only paid \$11.6 million in compensation to customers.

The number of breaches reported by JPS in 2010 were at the highest level since 2007, when the OUR began reporting them.

The number of NWC breaches rose by 15 per cent in 2010 compared to a year earlier, although its peak was in 2007 — 53,000 breaches.

In March 2007, an audit review of the JPS billing system concluded that, among other things, the system for monitoring and enforcing compliance with its directives should be improved.

It also recommended that the OUR introduce a "system that makes payment for breaches of the guaranteed standards compulsory, as against a system that relies on individual consumer claim".

JPS guaranteed standards that require automatic compensation include reconnection of service within 24 hours, 20-working-day replacement of faulty meters, wrongful disconnection, and five-hour reconnection after wrongful disconnection.

It is not clear which performance measures for the NWC carry automatic compensation.

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## Tea company plans to float supermarkets

Wednesday 15th February, 2012- Jamaica Observer

JAMAICAN Teas Limited may spin off its retail operations into a separate entity and list it on the Jamaica Stock Exchange (JSE), according to John Mahfood.

The CEO of the tea manufacturer and retail operator said that his ultimate goal was to add a few more stores to the three that his company currently operates, then go public with the retail chain.

On Monday, the company added its third store to its growing chain, with the opening of a location in Savanna-la-Mar, Westmoreland, which it took over from GraceKennedy's HiLo supermarket chain.

On Monday, the Jamaican Teas notified the JSE that it signed an agreement to purchase the assets — owned by GraceKennedy — of the former HiLo supermarket in Savanna-la-Mar and that it has leased the property from the owners.

The supermarket will operate under the Shoppers Delite banner, much like Jamaican Teas' location in Kingston.

According to Mahfood, the Sav-La-Mar location is similar in size to the Kingston property.

“It's a small supermarket — about 5,000 square feet,” he said. The third supermarket, in Montego Bay, is much larger, sprawling across 30,000 square feet of floor space.

However the smaller size provides a good fit for the smaller community, given the level of competition and the spending power of the residents there.

“A small store could get lost in a big chain,” added Mahfood, who said that flexible pricing across his supermarket network and individual attention at the new store could make it operate profitably, even though HiLo had to close the store.

Last year, Jamaicans Teas, which is headed by John Mahfood, also bought a 49 per cent stake in Bay City Foods Ltd, operator of a supermarket in Montego Bay, for \$33 million.v

“We recorded a loss of \$11.6 million after tax, as our share of the investment during the year,” said the tea maker and retail operator in its latest annual report. “We expect to see a significant turnaround in results in 2012, as sales continue to improve in line with expectations.”

On the other hand, Jamaican Teas said it recovered its investment in the Kingston Supermarket in less than 18 months.

In early 2010, Jamaican Teas (formerly Tetley Tea) spent approximately \$10 million refurbishing the store located on Chancery Street in Kingston, before opening and rebranding it JRG Shoppers Delite Supermarket in March of that year.

The store started to make a monthly profit in July 2010, but incurred a small operating loss for the six months to September 2010, over which period it recorded \$85.3 million in sales. During the last financial year, its sales showed consistent growth and came in at \$239.9 million, even though Jamaican Teas did not disclose the profit margin.

In December 2011, the tea manufacturer and retail operator entered into an agreement to purchase the real estate and supermarket equipment at its Kingston location for \$58 million, of which \$42 million is being financed by a vendor's mortgage "at a competitive interest rate".

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## [CUNA changes its structure](#)

Wednesday 15th February, 2012- Jamaica Observer

CUNA Mutual is changing its corporate structure to allow it to raise more capital, the group said on Monday.

The new entity, whose name will be revealed tomorrow, will not be limited by the rules for mutual societies.

However, other parts of the group will maintain their mutual status.

"The new organisational structure will protect the immediate and long-term interests of policyholders while offering capital flexibility," the group said in a statement.

CUNA Mutual Insurance Society, which has branches in over 30 countries, will also reveal new benefits for its policyholders at the launch in the Pegasus hotel, New Kingston.

The group offers several products and services in Jamaica, including a Family Indemnity Plan, Loan Protection Insurance and Life Savings Insurance which are provided through credit unions for its almost one million customers worldwide.

CUNA Mutual Group, which encompasses CUNA Mutual Society, has been operating for more than 75 years and is run locally by country manager David Wan.

The name CUNA originally stood for Credit Union National Association.

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## Lasco profits up 34 per cent

Wednesday 15th February, 2012- Jamaica Observer

LASCO Group's three listed companies posted a combined net profit of \$255.8 million for the third quarter ending December 31, 2011, a 34 per cent increase over the corresponding period a year earlier.

But only two of the three entities outperformed the prior period, with Lasco Financial Services seeing its bottom line decline by 28 per cent.

Lasco Distributors posted the highest net profit of \$124.3 million over the period under review, more than doubling earnings over the 2010 third quarter. This was against the background of revenues at the company, which distributes pharmaceuticals and consumables, increasing by five per cent to \$1.8 billion, and cost of sales and operating expenses both growing marginally.

"The business environment and competitive forces continues to be challenging; there were also uncertainties in the market environment for the peak holiday period in latter part of the quarter," said Peter Chin, Lasco Distributors' managing director.

"The management and staff focused on improving overall efficiencies, service delivery and the execution of planned rollouts of key product extensions in the breakfast, oral care and adult incontinence categories," Chin said.

The company executed organisational changes aimed at adapting and being competitive in meeting present challenges as well as setting the base for achieving the company's long-term objectives, he said.

Lasco Manufacturing posted a 27 per cent increase in third quarter net profit to \$118.9 million, but saw revenues dip by three per cent, to \$750.6 million. The falloff in revenues was offset by a three per cent drop in operating expenses, a marginal decline in cost of sales, and \$7.5 million less in finance costs compared to the 2010 third quarter.

"Our management team is mindful of the challenging economic times we continue to face. However, we continue to focus our efforts to achieve greater efficiency and performance," said Lasco Manufacturing managing director, Dr Eileen Chin.

"Our goal is to build a sustainable and profitable business by positioning ourselves to maintain revenue and profit growth."

Lasco Manufacturing officially broke ground last month for a state-of-the-art factory on 25 acres of land in White Marl, St Catherine. The \$2.1-billion development is expected to create 250 jobs and feature a modern and highly efficient processing plant. The building should be complete by April, with production scheduled to start between June and July 2012.

Dr Chin said that, once completed, this expansion would lead to improved efficiencies, productivity and profitability.

"We believe that although the economy in Jamaica will remain relatively stagnant during 2012, the expansion of Lasco Manufacturing's manufacturing facility will strategically position Lasco to take advantage of the current economic environment as well as prepare the company to continue thriving in the global competitive market for future economic changes," she said.

Lasco Financial's bottom line was dragged down by a 33 per cent increase in operating expenses to \$57 million, with administrative expenses and costs related to selling and promotion jumping by 36 per cent and 30 per cent respectively. Trading gains increased by nine per cent to \$65.2 million while other income increased almost six-fold to \$4.2 million.

"Expenses this quarter rose by \$14 million, largely due to our expanded network and seasonal activity," said Jacinth Hall-Tracey, Lasco Financial's managing director.

Hall-Tracey said the company expects to see "material improvement of revenues" in the current quarter, against the background of its acquisition of the Money Gram network of Supreme Ventures Financial Services in December.

The Lasco Group of companies listed individually on the Junior Market of the Jamaica Stock Exchange (JSE) in 2010.

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## Furniture industry fights importers

Wednesday 15th February, 2012- Jamaica Observer

THE furniture industry is suffering from a "disconnect" between the needs of consumers and what's being manufactured, said Harold Davis, executive director of the Jamaica Business Development Corporation (JBDC).

The industry has been lagging in recent years due to poor quality and design, reliability, inadequate training, and technical and financial support, a recent survey found.

The survey commissioned by the JBDC looks at the supply side of the local industry. Another survey looking at the market aspect of the industry will be completed next month.

"There was a lot of speculation about the furniture industry but we have found that many of those articles and conversations are not evidence-based," Davis said. "We wanted some real empirical data so we could build a proper programme on that data."

The survey found that lumber supply is adequate, although some manufacturers did not know who the suppliers were or how to find affordable lumber, he told the Business Observer, adding that there has been an active replanting programme over the past few years.

The government committed \$100 million to the industry in September, fearing that it was being dominated by imports. Employing over 12,000 people, the domestic industry exported just under \$15-million worth of furniture in 2010. This is a far cry from the almost \$15-billion worth that was imported.

The furniture is known to be of good craftsmanship, Davis said, but "the gap is arising where the consumers need design-led products. There's a perception that we have a problem getting reliable products from local producers."

Only 15 per cent of manufacturers use automated machines, the survey found. Even more telling, "few use the computer in their business processes", said Davis. Computer use is approximately five per cent, making the problems of old technology even worse.

HEART will be collaborating with JBDC on improving the skills of workers in the industry, in part by adjusting the institution's curriculum. They will also be buying computer-aided design software for students to use.

People need to be retrained in this technology, said Davis. "Living spaces are getting smaller. We need to be looking at multifunctional, space-saving furniture now. If we were keeping pace with demand and expectations, then the import figure would not have climbed so much."

The JBDC plans to create a database of the players in the furniture industry that will help it to keep in touch in the future. It also intends to build a resource centre to improve design capabilities.

"We don't back losers. We believe that this is one of the indigenous industries; it's something that we're naturally good at. We need to build on that and fight to remove the perception that [local] manufacturers are unreliable."

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## [Scotiabank offers funds at low rate of 5.99%](#)

Wednesday 15th February, 2012- Jamaica Gleaner

Scotiabank Jamaica has reduced interest rates on two lines of credit for personal borrowers but only until March 31.

The Scotialine funds are available at 9.99 per cent for unsecured credit, down from 23.75 per cent, and 5.99 per cent for cash-secured and real estate-secured borrowings, down from 15.75 per cent.

Scotialine Gold credit is available at 5.99 per cent for unsecured, cash secured and real estate secured arrangements.

The 5.99 per cent rate is the lowest of the loan specials that banks have engaged in for over a year as concession to calls for cheaper credit and outright cuts in interest rates to single digit. The new rates have been on offer since December, the bank said. Applicants for the lines of credit will be required to pay an annual membership fee of J\$5,468 for Scotialine and J\$13,645 for Scotialine Gold. The latter comes with a credit card.

"We have lowered the rate in a thrust to reintroduce customers to the facility which is an excellent option for those who know they will need to make big ticket purchases within a given period. Instead of coming in to seek several loans during a year, customers can open a line of credit, which gives them pre-approved access to their funds within the limit and terms of their agreement," said executive vice-president of retail banking, Wayne Powell, in a Scotiabank release.

Scotialine offers minimum credit of US\$2,000 and Scotialine Gold US\$3,500.

"We encourage our customers to incorporate the service into their money management and cash flow plans. For example, large credit card balances could be paid off via a Scotialine facility. However, it is very important that customers note that a credit card is for day-to-day transaction, while the Scotialine is a useful tool for big ticket items," said Powell.

Scotiabank said it will charge no penalty if the credit line is set up but is unused.

Scotiabank's base lending rate is now at 15.75 per cent.

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## CB creates 'smart egg' for low-consumption market

Wednesday 15th February, 2012- Jamaica Gleaner

Caribbean Broilers (CB) has placed a new nutrient-enriched 'smart egg' on the market, which is distinguished on supermarket shelves by its packaging inside a transparent circular tray that houses seven eggs.

The new product comes months after CB's acquisition of Chippenham Park egg farm last August from Ian and Suzanne Banks.

Dr Keith Amiel, manager of corporate affairs at CB, said Monday that since the acquisition, the company has invested J\$20 million to date in upgrades, research and development, resulting in an egg product with higher levels of the omega-3 nutrient.

Smart Eggs was launched on January 16.

"We have been able to maintain our prices above break-even to the wholesalers and retailers, who are very happy with our product," said Amiel.

The eggs are distributed by CB Foods and are available in 27 supermarkets. In one of those supermarkets, the product was selling at J\$179 per tray. A dozen eggs in the traditional cartons sold in the same supermarket for J\$240 per tray, which makes Smart Eggs about 28 per cent more expensive.

"Our niche markets keep us off a collision course with others in the egg business who have remained our valuable customers," the CB executive said.

Jamaica currently has a layer population of between 500,000 and 600,000 birds; CB grows and supplies 150,000 ready-to-lay pullets to the public, Amiel said.

CB produces some 600,000 dozen eggs in a market of some 11 million dozen. But on its acquisition of Chippenham, the company said it expected egg production to double to 20 million dozens over time, of which it would control seven million dozens, or just over one-third.

Increase in output

Amiel said Monday that a 30-per cent increase in output has been recorded at Chippenham since the acquisition. The farm was producing 175,000 eggs per week at takeover, he said.

CB has been investing heavily in research and development - including a US\$10-million spend over five years on its chicken feed, Nutramix - to improve product quality.

Amiel said Smart Eggs has three to six times the amount of omega-3 fatty acids found in regular eggs, had less saturated fat, and higher lutein content in the yolk than regular eggs. Lutein is said to help the eye work more efficiently to process light.

CB explains in an information sheet on the new egg variety that the production process for Smart Eggs involves feeding hens "a unique vegetarian diet which is highly nutritious and contains only natural ingredients, including long- and short-chain fatty acids."

Omega-3 is said to reduce the risk of circulatory diseases, lower blood pressure, alleviate inflammatory conditions, including arthritis and asthma, promote infant development, improve brain function in children, and reduce the risk of Alzheimer's disease.

Caribbean Broilers, which is in the business of poultry and meat processing, paid approximately US\$2 million (J\$172 million) to acquire the St Ann-based Chippenham.

Amiel said back then that the initial purchase price for the egg business was "just the start" of an investment programme, which would see the addition of feed units, and a marketing campaign to grow local consumption.

In an update on Monday, Amiel said: "We have been retraining the staff at Chippenham Park and substantially upgrading the sanitary and hygiene standards to meet the production requirements of our HACCP and ISO Certification. The process involves improved maintenance of the equipment and the construction of a larger cool room holding area in anticipation of the planned expansion of our omega-3 egg production."

He reiterated that CB intended to become market leader in the egg market in the short term.

"We have worked through our ISO Feed Plant, Newport Mills Limited, to produce special feed formulations for our layers containing omega-3 oils. We have found our products to be more quality sensitive than price sensitive," he said.

"The consumer is prepared to pay for a safe product of a higher quality. As such, we have not emphasised cheapness in our sales presentation."

The CB executive said that the company is mindful that Jamaica remains one of the lowest egg-consuming countries in the world, with less than one egg eaten per week per person, as opposed to North America and Europe, where they eat 3-5 eggs weekly.

"This clearly represents a great business opportunity to create a new market. We are canvassing the school-feeding programme so that children can 'get cracking'," Amiel said.

CB is also eyeing exports of Smart Eggs to the Caribbean, he said.

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## Super Plus on 'hold'

Wednesday 15th February, 2012- Jamaica Gleaner

Once a dominant supermarket chain owned by a single family, Super Plus Food Stores has retreated from the big cities and is now concentrated in mid-Jamaica markets.

Chairman Wayne Chen says Super Plus, whose stores are down to eight in what he calls "mature locations", has no immediate plans for investment or growth.

The group has shed 18 supermarkets in the last five years, pulling out of an expansionary phase which saw its network of stores rise to about 34 at peak.

The eight remaining stores are located in Manchester, Clarendon, St Elizabeth, Westmoreland and St Ann. The chain is no longer operational in the cities of Kingston and Montego Bay and has exited St Catherine.

"We are just holding," Chen said, when asked Monday about new directions under consideration for the chain in 2012.

"We have been selling the stores for the last five years and are now down to eight. These are locations in which we have been open since the 1970s; they are mature locations," he said.

The retrenchment gathered steam in 2009 when Super Plus shuttered up to eight of its supermarkets and wholesales outlets, sent 600 workers home and sold its St Andrew headquarters for J\$88 million.

At the time, Chen told Wednesday Business that 2008 annual gross turnover up to the end of the financial year was flat at J\$11 billion. Super Plus, at its zenith, claimed to be a J\$13-billion business in sales, and had about 34 stores in operation.

The last store to be placed on the market publicly was the supermarket located in a Christiana, Manchester shopping plaza.

The family business was started by Vincent and Gloria Chen in Port Antonio in 1964.

By 2003, the group engaged eight of their nine children in the business, at which point it was described as Jamaica's largest retailer, measured by gross revenues, with 24 stores and 1,500 employees.

Super Plus began losing market share as the Progressive consortium was expanding, MegaMart's and PriceSmart's membership-shopping model was gaining traction, and Hi-Lo Food Stores was positioning for growth.

The grocery market is now said to be dominated by Progressive Grocers, a group of individual supermarket owners, who pooled on the buying of stock and otherwise invest in some supermarket assets as a group.

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## [Hylton defends manufacturing on Wray & Nephew tour](#)

Wednesday 15th February, 2012- Jamaica Gleaner

The government will not give in to the notion that Jamaica is being deindustrialised as it seeks to secure economic growth, Minister of Industry, Investment and Commerce Anthony Hylton has assured manufacturers.

Hylton's comment, made during a tour of a rum-storage facility, to the management of J. Wray & Nephew, came a day after businessman Stephen Hill suggested at an investors forum in Kingston that Jamaica has no future in manufacturing, against larger markets, and should focus instead on agriculture, tourism and other services.

Hill, who runs a broadcast company, Caribbean International Network, in New York, included iconic companies like Wray & Nephew, in his call, to totally quit manufacturing.

Hylton, following a familiarisation tour of Wray & Nephew last Thursday, reiterated what he had told the management of Red Stripe a week earlier - that as the administration seeks to grow the economy, he would not acquiesce to the deindustrialisation of Jamaica.

"We have to grow our capacity," he said. "We have to be competitive in the manufacturing sector in those areas that we can and have been competitive," the minister added.

Deindustrialisation has been variously classified, but may occur in a case where manufactured goods comprise a declining share of external trade so that there is a progressive failure to achieve a sufficient surplus of exports over imports.

Hylton, who took on the industry and investment portfolio in early January following the December 29 general elections, said he would be working across government departments to address some of the critical issues facing the manufacturing industry.

Among those issues is the cost of energy, which he said he would be addressing, in collaboration with Minister of Science, Technology, Energy and Mining Phillip Paulwell.

"Our energies are all focused on dealing with the energy problems," Hylton said, noting that the issue must be resolved as quickly as possible.

He also told manufacturers that macroeconomic stability would be maintained and that "the prudent management of our fiscal accounts will be observed and we will be driving for growth with jobs as we promised".

Hylton also said the Government was totally committed to the concept of Jamaica being a major logistical hub in the Caribbean.

"The exercise here today demonstrates that, as a good producer, there will be tremendous benefits for firms like yours, and others in Jamaica, moving quickly to consolidate its position as a major logistics centre," he said. "This administration is totally committed to that concept."

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## Grenada vows to keep airport open amid Taiwan loan quarrel

Wednesday 15th February, 2012- Jamaica Gleaner

Grenada is seeking to raise funds to keep cash-strapped Maurice Bishop International Airport open, according to Information Minister Glen Noel.

The possibility of operations grinding to a halt hung over the airport after airlines began withholding payments to the authority in keeping with a United States (US) court order that blocks foreign payments to Grenada.

The order taken out in New York by Taiwan seeks to seize funds due to Grenada as compensation for outstanding loans of EC\$70 million that St Georges is reluctant to pay.

"The government wishes to make it clear that the financial requirement needed for the operations of the airport will be provided adequately and on a timely basis going forward," Noel said on radio Sunday.

"We have been raising the money to give to the authority to continue the operations."

### Government intervention

The airport has, so far, lost US\$500,000 in under a month in payments withheld by American Airlines, Delta, Virgin Atlantic and British Airways.

But Noel said the central government will step in to ensure that the airport remains opened.

"It is important to point out that Government recognises that the airport is our gateway to the rest of the world, and it is important for our social and economic development and, therefore, the Government will give the operations at the airport priority," he told the radio station.

"It means that we will make every effort in a prompt and decisive way to ensure that the airport authority is in a financial position to provide all the services needed for the airlines visiting Grenada. We will not allow the airport to grind to a halt," he added.

Grenada's Attorney General Rohan Phillip said St George's is fighting the "strange order" in court.

Phillip said statutory bodies such as the Airport Authority should not be held liable for any loan in the name of the central government.

"The position of the government is that the statutory bodies are separate and distinct entities and should not be subject to a restraining order. We are hoping and we are optimistic that such an application will be successful," he said.

"If it is, it will mean that the funds will now be released and made available to the various statutory bodies that are not now being paid."

Taipei has refused to intervene in the matter, saying its export-import bank was a statutory body, and that it no longer enjoyed diplomatic relations with St George's .

Grenada broke off diplomatic ties with Taiwan in favour of mainland China in 2005.

Last November, the Grenadian information minister confirmed that under the terms of the US court order, fees payable to the government by cruise lines calling at St George's were being deposited in a special account in the US to satisfy the debt between Grenada and Taiwan.

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## [Jamaica plans to become regional logistics hub](#)

Wednesday 15th February, 2012- Caribbean News Now

Minister of Industry, Investment and Commerce, Anthony Hylton, said plans are in place to establish Jamaica as a major logistic centre within the Caribbean region.

He said that clear and well-defined strategy is now being put together by the ministry, and in a short while, will be articulated to the Jamaican public.

“There is tremendous benefit in Jamaica moving as quickly as possible to seize the opportunity to develop its capability as a local logistics centre and as a whole, a major logistics hub,” Hylton stated.

The minister said that manufacturing entities will benefit from the move.

He noted that manufacturing plays a critical role in the country’s effort to attain growth and provide employment.

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## [Jamaica seeks to attract offshore oil drilling companies](#)

Wednesday 15th February, 2012- Caribbean News Now

Minister of Science, Technology, Energy and Mining, Phillip Paulwell, has asked the American Chamber of Commerce (AMCHAM), to assist in attracting one of the giant drilling companies from the United States, to explore for offshore oil, given Jamaica's crude oil potential.

The minister said there are "great prospects for striking commercially viable oil offshore Jamaica (which now) appears more certain, based on the data collected to date, indicating that there could be as much as 10 billion barrels of reserves in the Walton Basin."

Addressing AMCHAM's 'Private Sector Forum on Energy' in Kingston, recently, Paulwell said that despite the cynicism that Jamaica's oil exploration project has faced, "industry experts are actually very optimistic about our prospects and Rainville has advised that they have some big players looking at our waters with significant interest."

The minister argued that interest from one of the major operators will give a positive fillip to "our oil and gas exploration project that unfortunately stalled over the past four years."

He noted that Rainville Energy, a subsidiary of Sagres Energy of Canada, which holds licences to explore and develop Blocks 9, 13, and 14, has been granted an extension of the first phase by the Petroleum Corporation of Jamaica (PCJ).

"This will allow potential joint venture partners seeking to farm-in with Rainville/Sagres, the time to evaluate the blocks and make arrangements for drilling," he added.

Sagres Energy has been allowed a four-month extension from the PCJ to seek a drilling partner in its quest for oil off the shores of Jamaica. This represents the first major extension offered to the Canadian company, which specialises in oil exploration, but wants to venture into oil drilling, the costlier side of the business.

The PCJ has granted Rainville an extension to April 30, on the first phase of its programme, to allow potential joint venture partners sufficient time to do their evaluation of the blocks.

Last week, Sagres in a statement welcoming the extension, disclosed that the company was "in discussions with several parties with regard to a potential farm-in on these properties."

According to president and chief executive officer of Sagres, Gary Wine, the company had hoped to start drilling by the end of 2011, in order to meet its original deadline set by the government.

He expressed confidence that despite the delays, the oil drilling outfit continues to be "excited by the potential of the La Concepcion prospect, a prospect straddling Blocks 9 and 13, with an independent evaluation establishing a gross mean prospective resource estimate of 3.0 billion barrels."

Wine pointed out that the company is now actively seeking joint venture partners, and "we look forward to advancing this project to the drilling stage and we are holding discussions with potential partners."

Last year, Rainville mapped an offshore oil site in the vicinity of Pedro Banks off Jamaica's south coast, and is optimistic that its three blocks might hold some three billion barrels of reserves.

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## [Higher light bill standoff stalled revisions on IMF pact](#)

Wednesday 15th February, 2012- Dominican Today

The Government's stand-by agreement with the International Monetary Fund (IMF) will conclude at month's end because there's no time left to carry out the seventh and eighth revision, Economy minister Temístocles Montas said Tuesday.

While noting that the agreement's conclusion doesn't affect the Government's relations with the IMF, the official admitted that among the reasons for the stall is the entity's position to raise the light bill 18%.

In that regard Montas said the Government determined that a higher light bill was neither timely nor adequate. "That was the discord with the Fund because it was understood that it wasn't the only way to deal with the electrical sector's problems."

He said a post monitoring program starts when an agreement concludes, although the Dominican authorities and the IMF will have to agree at what moment a delegation will come to start that works, adding that that program doesn't imply the payment of funds.

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## [St Kitts-Nevis negotiating extradition treaty with Taiwan](#)

Wednesday 15th February, 2012- Caribbean News Now

St Kitts and Nevis attorney general, Patrice Nisbett, said negotiations that began Monday on an extradition treaty with Taiwan are timely and would send the right kind of message in promoting respect for justice, security and social integrity.

“Our government has been an ardent advocate of the constitutional tenets of peace, order and good governance in our relentless pursuit to adhere to the rule of law and the principles of natural justice. We therefore embrace our international partners in an effort to combat crime in both the local and international arena,” said Nisbett, who is also minister of justice and legal affairs

In remarks prior to the start on negotiations at the Taiwan Embassy, the attorney general said St Kitts and Nevis embraces Taiwan as an international partner in an effort to combat crime in both the local and international arena.

“Indeed the changing and complex face of crime in this millennium has clearly demonstrated that in order to thwart the forces of evil we must work collectively to ensure the peace and safety of all our nations. Our government has undertaken a number of other initiatives to address the incidence of crime at the national and international level,” said Nisbett, who added that no initiative at addressing this incidence would be viable without due consideration of the impact of developments in the international community.

He said it has been observed that over the last two or three decades there has been a significant shift in crime which has triggered an international response of bolstering security.

“This has been impacted by the phenomenal concept of globalisation that drives and informs international political, economic and social policy decisions,” said Nisbett.

He said St Kitts and Nevis is part of the global village and, as such, the porous nature of its borders as a small developing country has heightened the vulnerability to be impacted by certain styles of criminal activities and related developments in the global community.

The attorney general said that strong ties have been forged between the twin-island Federation and Taiwan and both nations have fostered mutual benefits that would continue to redound for the prosperity for all.

He said the negotiations are another encouraging sign of progress as both sides negotiate the final provisions of the extradition treaty to be implemented by the two countries.

“This treaty represents another monumental step towards the promotion of strong ties of international cooperation,” said the attorney general.

Taiwan's Resident Ambassador Miguel Tsao in brief remarks said crime fighting is now an international issue and a global threat.

"No country by itself alone can get rid of the intimidation, threat, presence and danger of crime, and that is why it is of utmost importance to work together to fight this scourge and create a suitable environment for all citizens. I am so elated about the future signing of this extradition treaty to help reduce the volume of crime committed in either of our countries," said Tsao, adding that he was happy of the strides made by St Kitts and Nevis in reducing crime in recent times.

He pointed out that Taiwan is an island country located in the Western Pacific, looming large in foreign trade.

"Without trade, we couldn't subsist. One of the most indispensable pre-requisite to create and sustain trade is security. In this regard, we can indeed say that we need to cooperate with friendly countries to reach our goals," said Tsao.

He said hammering out the treaty of extradition will bode well for cracking down on crime, as it means an improvement in security.

"The discussions between both sides will seek to organize a task force as the first step to inking our treaty," he said at the start of negotiations.

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## [IDB's Caribbean governors meet in Suriname to discuss regional opportunities, challenges](#)

Wednesday 15th February, 2012- Caribbean News Now

Top economic authorities from the Caribbean region gathered in Suriname on Monday to discuss common development opportunities and challenges during the first annual meeting of the Governors of the Inter-American Development Bank's Caribbean Country Department.

The event, hosted by the Central Bank of Suriname, was held in preparation for the annual meeting of the Board of Governors of the IDB, scheduled to take place in Montevideo, Uruguay, March 16-19.

The IDB is one of the Caribbean region's leading sources of multilateral financing. Loan approvals for The Bahamas, Barbados, Guyana, Jamaica, Suriname and Trinidad and Tobago nearly \$900 million last year, while disbursements reached \$560 million.

IDB President Luis Alberto Moreno told the governors that the Bank will strive to remain a premier development partner in the region, using its expanded lending capacity and exploring new mechanisms to provide faster access to financing.

Caribbean countries achieved positive economic growth of 2 percent of GDP last year, Moreno noted, but their governments are increasingly worried about the potential impact of festering crises in other parts of the world.

"We meet today in the midst of a complex global setting, full of uncertainties and vulnerabilities," Moreno said. "The possibility of a new global crisis concerns all of us. Although we are optimistic that the agreements reached in the eurozone will contribute to containing fiscal imbalances and supporting the euro, we are also aware that additional measures and efforts are needed."

In his remarks, Central Bank of Suriname Governor Gillmore Hoefdraad voiced his region's concerns, listing many of the pending challenges Caribbean countries face in sectors such as tourism, agriculture and energy, as well as in strengthening their fiscal positions and debt management.

Hoefdraad also called for concrete action on regional integration among Caribbean nations. "We must together find ways to define new economic activities, which will allow our countries to finally get on a sustainable development path," he said. "This is the time to combine scarce human, financial and natural resources to one common goal: bringing prosperity to our nations."

The other delegations to the meeting were led by The Bahamas' Financial Secretary Ehurd Cunningham, Barbados Finance Minister Christopher Sinckler, Guyana Finance Minister Ashni Singh, Jamaica High Commissioner to Trinidad and Tobago Sharon Saunders, Trinidad and Tobago Finance Minister Winston Dookeran, and Caribbean Development Bank President William Warren Smith.

During the governors' plenary meeting, renowned international economic analyst Nouriel Roubini delivered a special presentation on the global economic outlook and its implications for the Caribbean.

Roubini examined the political and financial risks building up in different parts of the world and their possible evolution during the current year. As small and open economies, Caribbean countries face many sources of vulnerability, he added.

Considering different strategies for economic growth, Roubini highlighted the advantages of investing in human capital development and intensifying trade integration, alternatives successfully followed by East Asia's most dynamic nations.

The delegations also held bilateral meetings with IDB officials to discuss their national strategies and future lending requirements. During their meeting, Suriname Finance Minister Adeliën Wijnerman and Moreno signed the contracts for two loans totaling \$20 million to help finance a conditional cash transfers program and a national census and household survey.

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## [Cuba: Int'l Congress of Higher Education Focuses on Sustainable Development](#)

Wednesday 15th February, 2012- Cuban News Agency

“Preserving the planet and making efforts to avoid its destruction have become inescapable missions of the university,” said the Cuban Minister of Higher Education, Miguel Diaz-Canel, during the inauguration on Monday of the Eighth International Congress of Higher Education ‘University 2012’ at Havana’s Karl Marx Theater.

“In order to guarantee sustainable development it is necessary to raise full and highly qualified citizens,” the Cuban official added and noted that education should be regarded as a public asset that can be of benefit to the whole society.

During his opening remarks, Diaz-Canel pointed out that guaranteeing the strengthening of an environmental culture within the university community of the country’s 68 higher education centers is one of their priorities.

More than 2,000 delegates are participating in the event to exchange experiences and find ways in which higher education centers could contribute to the construction of a world in which science and technology are at the service of humanity.

On the second day of the meeting, on Tuesday, Nobel Peace Prize laureate Adolfo Perez Esquivel is to give a key lecture at Havana’s Convention Center. The Argentinean intellectual will speak about peace and sustainable development, in tune with the main topic of the event.

The day’s program also includes a lecture by Cuba’s Education Minister Ena Elsa Velazquez Cobiella on the challenges of the Cuban education system today.

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## [St Vincent PM announces cabinet reshuffle](#)

Wednesday 15<sup>th</sup> February 2012 – Caribbean News Now

Four ministers have been given new portfolios in a cabinet reshuffle announced on Monday by St Vincent and the Grenadines Prime Minister Dr Ralph Gonsalves.



*St Vincent and the Grenadines Prime Minister Ralph Gonsalves*

The prime minister said that Clayton Burgin will be reassigned as minister of health, wellness and the environment.

Former agriculture minister Montgomery Daniel will be moved to the Ministry of Housing, Informal Human Settlements, Lands and Surveys and Physical Planning.

The new minister of agriculture, industry, forestry, fisheries and rural transformation is Saboto Caesar.

And, Cecil McKie will be reassigned as minister of tourism, sports and culture.

Senator Elvis Charles will be parliamentary secretary in the Ministry of Tourism, Sports and Culture with special responsibility for sports and culture.

The reassignments will take effect from next Monday, February 20.

Gonsalves said the ministers have been moved to different cabinet posts so that they can have different experiences.

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## [St Vincent consul retains Northern Ireland Fairtrade status for Caribbean farmers](#)

Wednesday 15<sup>th</sup> February 2012 – Caribbean News Now

Belfast, the capital of Northern Ireland, is celebrating having had its dual status as a “Fairtrade City” renewed for a further two years, to November 2013, through the leadership and direction of Dr Christopher Stange, Hon. Consul of St Vincent and the Grenadines (SVG) to Northern Ireland and chair of Fairtrade Belfast.

To mark the event, a reception was held by the Lord Mayor of Belfast in the City Hall to commemorate the achievements of the Fairtrade Belfast Committee -- a voluntary organisation, comprised of representatives from local and foreign government, non-governmental organisations, educational institutions, charities, ethnic minority sector, supermarkets, retailers, business and individuals.

Belfast was the first place to attain dual Fairtrade accreditation -- gaining Fairtrade City status in 2005 from the UK Fairtrade Foundation and then in 2006 from Fairtrade Ireland.

The Lord Mayor of Belfast, Councillor Niall Ó Donnghaile commented on the renewal: “On behalf of the people of Belfast, I would like to commend the dedicated voluntary work of the committee and maintaining Belfast’s status as a Fairtrade City for all these years. Fairtrade is about better prices, decent working conditions, and fair terms of trade for farmers and workers in the developing world.”

By getting companies to pay fair prices, Fairtrade addresses the injustices of modern trade, which can penalise the poorest producers. It enables them to improve their position and have greater control over their own lives.

Fairtrade is about local consumerism and procurement, having an effect in an international context. Fairtrade helps over 8 million people in the developing world, particularly the Caribbean and Africa, with annual UK sales now over £1.17 billion.

This has only been possible from the commitment to Fairtrade of large businesses, government, independent retailers, hospitality market and individuals.

Stange added: “We can all play our part by choosing the Fairtrade option, looking for the Fairtrade certification mark, when out shopping. Fairtrade is for developing world farmers, producing commodities we do not produce in Northern Ireland but readily consume. Therefore, due to the vulnerability of marginalised producers, especially in the Caribbean and Africa, it is vital to ensure they are receiving a fair price for their efforts and can access markets, which is guaranteed through Fairtrade.”

Fairtrade Belfast currently is finalising plans for events during Fairtrade Fortnight 2012, which runs from February 27 – March 11.

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## [CGX, Repsol outline emergency response for drilling operations offshore Guyana](#)

Wednesday 15<sup>th</sup> February 2012 – Caribbean News Now

The two companies that have commenced operations for the offshore Petroleum Guyana, CGX Resources Inc. and Repsol Exploration S.A have outlined their emergency response expectations to stakeholders within the sector at a forum at the Cheddi Jagan Research Centre yesterday.

### **The gathering of stakeholders**

Minister of Environment and Natural Resources Robert Persaud, told the stakeholders that the meeting should not create panic, adding that Guyana will not be the first neither the last country to assess the risk of petroleum operations, and found it useful to add to its learning curve.

He said the meeting is to present an opportunity to be further aware of our roles and responsibilities where there may be such roles assigned and actions prescribed. The subject of safety is a priority one for the government, as it believes that in petroleum drilling, there are inherent consequences or risks. These risks are regularly managed without incidents resulting.

“It has to be our aim that such is the case in this scenario; I have engaged the subject of safety and emergency response with the companies, and at the different levels, this matter has been raised with the companies”, the Environment Minister added.

### **Environment Minister Robert Persaud addresses the emergency expectation forum**

He expressed satisfaction with the two drilling rigs engaged in testing for petroleum occurrences. Recognising that the two companies have spent a great deal of money and employed huge effort to get to the point they are presently at, he said, “We too must be equally responsible and demonstrate our interest so that the companies would be assured that we are a complete team with them”.

Country Manager of Repsol Exploration, S.A Jim Carlo, explained that the company, which commenced drilling one week ago, will take some 180 days if drilling is done on a 24 hour a day basis.

He said, the possibility of finding oil is 10 percent, equivalent to some 300M barrels. The well is located some 107 miles from Georgetown, and approximately 20 miles from Suriname’s border. The cost of the well is US\$180M.

With regard to the emergency plan, Repsol has established two command centres to deal with any type of emergency. In addition, a communication system is used to allow all the activities to be connected and operating. Activities taking place in Guyana is connected to Spain, using the company's satellite, the country manager said. He further explained that the possibility for an oil spill in the next year is very low.

Meanwhile, Agency Manager of Repsol, Ronald Payne, further explained that a lot of emphasis was put into the emergency response planning. Plans have been set up to have a waste management contractor. In addition, the company is supported by contractors from John Fernandes Company Limited, and Mercy and Woodlands Hospital. Health Safety and Environmental Officer of CGX, Terry Adams, in outlining his company's emergency plans, said it is categorised into three main groups called Tiers. He further explained that the Company has booms and disbursement systems set up at Berbice, should there be an oil spill offshore. Adams added that the company also has the Clean Caribbean Americas. In the event of an oil spill, they can access this resource.

The Ministry of Environment and Natural Resources has responsibility for coordinating plans and policies for the effective management of the country's natural resources in a sustainable manner. The EPA, as the lead agency on environment management, ensures the requirement of Strategic Environmental Assessments (SEAs) is conducted by both companies, and submitted to the Environmental Protection Agency and the Guyana Geology and Mines Commission for review and approval. The SEA, in essence, looks at the legal framework in which the activities are to occur and the possible environmental impacts and proposed mitigation measures.

Both Companies, CGX and Repsol, were issued Environmental authorisations after review and approval of the SEAs. The authorisations issued contain conditions for sound environmental management to which the companies have agreed. Some of the conditions include submission of detailed emergency and oil spill contingency plans, health, safety and environmental plans. The EPA also has the responsibility to monitor the projects against the approved SEAs, the environmental authorisations and subsequent plans and reports emerging as a result of the authorisation to ensure compliance.

Towards assisting in monitoring capabilities, the companies are also required to submit monthly reports of progress made in relation to the conditions of the environmental authorisations.

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## [Visitor arrivals to Bermuda jump by 12% in 2011](#)

Wednesday 15th February, 2012 - CNS Business

Bermuda recorded the second highest number of visitors in history last year, and a 12 percent increase on 2010. Minister of Tourism Wayne Furbert announced yesterday that 655,236 tourists came to the Island in 2011. That was second only to 2007 when 663,767 people arrived. The figure was made up of 236,038 air passengers, which was up two percent on 2010 and a record 415,711 cruise passengers, which was up more than 67,000 or 19 percent on the year before. The rest were yacht passengers, with 31 percent fewer of them than in 2010 due to the absence of the bi-annual Newport to Bermuda race. Other tourism figures for last year, reveal that visitors from the US and Europe increased, while arrivals from Canada, the UK and the rest of the world went down.

According to the Minister, visitors from Canada dropped by four percent as there were four fewer flights per week from Toronto during the summer months.

Much of the increase in air arrivals was due to a rise in convention visitors, who surged 116 percent to 6,119. In other segments, vacationers edged up 1.22 percent to 144,513, business visitors inched up 0.34 percent to 45,456 and people visiting friends and relatives dropped 4.81 percent to 36,288.

Mr Furbert went on to state: “The performance results of the ten largest hotels that make up 75 percent of all room inventory on the Island also mirrored the positive performance trends for 2011. Occupancy percentages for all four quarters of the year were positive with overall occupancy percentage increases of three percent, three percent, nine percent and five percent respectively. Visitors’ arrival for January 2012 is up (and) hotel occupancy for February is so far showing to be a positive month with a possible gain of five percent.”

However, the increase in occupancies was offset by a decline in the number of hotel rooms and beds available, with the average number of beds available falling by 292 year over year.

Despite the rise in air arrivals, the number of bed nights visitors were on the Island slipped 0.9 percent and length of stay, a key indicator for spending, fell by 2.5 percent to 6.06 nights from 6.21 nights in 2010.

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## [Chinese developer spends millions on local materials](#)

Wednesday 15th February, 2012 - Nassau Guardian

Bahamian workers and businesses continue to benefit from the rise of Baha Mar, with at least 200 still on-site working hand-in-hand with Chinese counterparts.

China Construction America, the firm spearheading construction of the \$2.6 billion resort, has spent millions purchasing materials from in and around the country to help bring the project to fruition.

"We actually procured quite a lot of materials locally," said Tiger Wu, vice president of China Construction America. "Much of the cement came from here. They have a quarry in Grand Bahama we used for other materials. I think the total value will be in the millions of dollars."

That said, Wu pointed out that limited local supplies and logistics have proven to be a major challenge thus far.

The company has also acquired a great deal of equipment and material from both the U.S. and China, which will continue to trickle in until the resort is completed in December 2014.

Robert Sands, senior vice president of administrative and external affairs at Baha Mar, estimated there are close to 300 Chinese working full-time on the actual construction site, and 200 Bahamians.

"Ground works, hauling, support work, installation ... Bahamians have remained a fixture in terms of labor," Sands told Guardian Business.

The Baha Mar executive also noted there are a variety of indirect jobs associated with the resort.

"The trucking that is constantly coming, which is supported by shipping and logistics, and the clearing that takes place. All of this adds up to many local companies supporting us," he added.

The heavy importation of goods is well timed.

APD Limited, the company responsible for the \$82 million Nassau Container Port on Arawak Cay, seeks to centralize all imports and exports to New Providence within the coming months.

More than 12,000 everyday Bahamians became shareholders in the company when APD Limited put forward its initial public offering last month.

However, Sands did not anticipate a major boom for shareholders despite the large importation of goods, principally because Baha Mar benefits from the Hotel Encouragement Act.

"There are concessions on duties and building supplies," he explained. "But they will have to be moved and transported. The new port will mean tremendous convenience as well."

Sands revealed that Baha Mar is hoping to establish its own bonded customs area for the clearance of goods so they can be brought directly to the site.

Wu told Guardian Business that the project will still contribute to revenue at the port.

"For example, when bringing in things from the U.S., we are still paying the port for handling fees to get it on the truck. So there are some expenses for us," he said.

The China Construction America chief, who has worked in Canada, the U.S. and Africa, noted that he is accustomed to working overseas and managing different cultures.

He expressed confidence that Bahamians and the Chinese will rise to the occasion, work cooperatively and learn from each other as Baha Mar becomes a reality.

"We all came here for the same reason," he added. "Everyone has been taught that way and it is going to be a team effort to get it all done. Everyone has that kind of mind-set. The only way we can succeed is to work together."

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## 'Missing link' to grow BORCO revenue \$20m

Wednesday 15th February, 2012 - Tribune

THE BAHAMAS Oil Refining Company's (BORCO) revenues could increase by up to \$20 million per annum due to its owner creating "a critical link" between its Bahamian and US assets through a \$260 million acquisition.

New York Stock Exchange (NYSE)-listed Buckeye Partners said its purchase from Chevron of Perth Amboy, a New Jersey harbour-based petroleum products storage terminal, was designed to facilitate BORCO's long-term capacity expansion on Grand Bahama, the latter becoming a critical staging post for fuel and related products flowing into the northeastern US energy market.

In a presentation to US-based analysts, Buckeye said the Perth Amboy purchase held the "potential for incremental \$10-\$20 million of revenue" per annum at BORCO, supporting plans to expand the Bahamian facility's storage tank, butane, renewable fuels and blending capacity.

Its latest deal, Buckeye added, "represents the missing link in the logistic value chain to realise BORCO and Buckeye system synergies", since it establishes a direct waterborne connection between its Bahamian asset and US east coast facilities, and provides the potential to import fuels directly into its existing infrastructure.

Clark Smith, Buckeye's president and chief executive, told a conference call with analysts: "This acquisition represents the critical link between our inland infrastructure with waterborne product supply and product flows that ultimately include utilisation of our BORCO terminal."

All this represents potentially good news for the Bahamas, and Grand Bahama in particular, providing further evidence of the strategic value provided by the island's geographical location. It may also help to lessen the blow from December 2011's workforce downsizing at BORCO.

Neither the company nor its parent revealed the scale of the redundancies at the time, but Keith St Clair, Buckeye's executive vice-president and chief financial officer, told the conference call that BORCO's workforce was downsized by close to 20 per cent.

Given a current workforce of 174, according to a previous BORCO statement, that seems to imply that around 30-40 persons lost their jobs.

Mr Smith and Mr St Clair said the redundancies effectively resulted from Buckeye's drive for increased efficiencies, which led to the implementation of its "best practices" model at BORCO in late 2011.

"We successfully implemented our best practices model at BORCO during the [fourth] quarter, resulting in upfront transition expenses, but we expect to see the benefit of reduced operating costs prospectively," Mr Smith said.

Mr St Clair said Buckeye's entire group had gone through the 'best practices' exercise in 2009, prior to its \$1.7 billion BORCO purchase in early 2011. "We simply went in and overlaid the BORCO asset, and saw a reduction in personnel of somewhere like 20 per cent," he added.

"I think we're there with the best practices at BORCO, and think we'll realise the benefits of that going forward in terms of reduced operating costs."

Buckeye incurred some \$4.4 million of so-called transition expenses in its 2011 financial year, some \$1.5 million of which came in the international operations segment - that included BORCO - during the three months to end-December 2011.

Mr Smith, meanwhile, said BORCO "continues to run smoothly" and was expected to generate increased revenues in 2012. He added that the Grand Bahama-based facility had already achieved "two key milestones" in its initial expansion plan - completion of its inland jetty, offering sheltered berthing capacity, and its second offshore jetty capable of handling the world's largest tankers.

However, BORCO's 2011 second half performance "fell short of expectations", as a loss of refining capacity in the US Virgin Islands and Western Hemisphere resulted in a reduction in blending material availability.

Refining "issues" in western Africa also resulted in product normally destined for BORCO being diverted elsewhere, which had the knock-on effect of also impacting the Grand Bahama-based facility's berthing revenues.

"Overall, for 2012 we expect to see revenues at BORCO to improve as customers revise their logistics chains, but we see softness in berthing," Mr Smith said. "Looking forward to 2012, we're seeing increased customer interest for product storage."

Mr St Clair said some two million barrels of storage capacity at BORCO were not renewed in the late 2011 third quarter, a situation that dragged into the next quarter.

However, BORCO had seen "strengthening" in the demand for its services, and key customers were returning back to benchmark business levels. "The majority of capacity for which renewal was delayed has been secured, and we expect to see a strong first quarter performance," Mr St Clair said of BORCO.

Berthing rates, he added, were returning to "more normal levels, and we expect to see things ramp up in the first quarter of 2012 and continue into the second half of 2012".

Mr St Clair said "a certain amount of capacity" at BORCO was currently out of action for preventative maintenance work, an exercise expected to be completed during the 2012 first quarter.

"We feel very good about this asset. We feel this asset will make a very significant contribution to our overall cash flow," the Buckeye chief financial officer said of BORCO.

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## [Next two years 'great time' for capital raising](#)

Wednesday 15th February, 2012 - Tribune

THE next two years will be "a great time" for Bahamas-based companies to seek equity or debt capital, a leading investment banker yesterday urging the \$35 million set to be returned from the Arawak Cay Port Development (APD) offering to move quickly if it wanted to find a new home among existing BISS-listed stocks.

Michael Anderson, RoyalFidelity Merchant Bank & Trust's president, said the estimated \$5-\$10 million worth of shares available for trading in the Bahamian capital markets was "a drop in the bucket" compared to the sums set to be returned to retail and institutional investors from the heavily oversubscribed \$10 million APD initial public offering (IPO).

With the likely returns from alternative fixed income investments, especially bank deposits (CDs), unattractive, Mr Anderson said Bahamian investors - especially those not wishing to wait for the \$37 million Bahamas Telecommunications Company (BTC) IPO - would find there was "not a lot available" in existing equities that provided strong dividend and capital appreciation potential.

"There's a tremendous amount of capital in the market for new deals," the RoyalFidelity president told Tribune Business. "This APD one, which raised \$40 million for a \$10 million offering, just shows the equity capacity in the market. If there are companies out there looking for equity, there's a strong demand.

"People looking to raise equity or debt capital should be getting prepared. If you're looking for investment monies, it's a great time to be doing it in the next year or two.

"This last APD deal shows how much money is sitting around waiting to be put into these deals. Money is now sitting back in retail and institutional hands, looking for improved returns. People realise there's a need for an alternative place to put your money."

Apart from the APD IPO, which raised 4.5 times' more than the \$10 million sought, Mr Anderson cited last year's \$62.5 million Commonwealth Brewery IPO, which raised more than \$50 million (the National Insurance Board picked up the \$12.5 million balance) as evidence of the strong demand for equities.

"Commonwealth Brewery was two times as high as the previous highest IPO amount of \$30 million," he added. "At \$45 million, even for a small \$10 million offering, that [APD] will be the second largest amount raised in an offering ever...."

"There's now \$35 million put out of APD that needs to find a new home. What are those people interested in equities going to do with that \$35 million?"

These funds would likely take up virtually the whole BTC IPO, the Government having pledged in this Budget year to sell 9 per cent of its 49 per cent equity holding in the newly-privatised telecommunications carrier to Bahamian retail and institutional investors. Based on the price paid by Cable & Wireless Communications (CWC) for 51 per cent control, this IPO will have a \$37 million value.

Mr Anderson, though, said many investors awaiting the return of funds earmarked for APD would not want capital sitting around waiting for BTC to come to market.

"I would imagine that's a few months away," he said of the BTC IPO, "so some people will say: 'What's on the stock market today that I could use money for without waiting around?'"

The Bahamian commercial banking system contained some \$897.16 million in excess liquid assets as at end-2011, representing funds that institutions are seeking a home for. Given the absence of a large pool of qualified home buyers/borrowers, those assets will likely be deployed in alternative investments where they can earn a better rate of return.

Mr Anderson alluded to this, telling Tribune Business: "I don't think the liquidity in the system will be going any time soon. The banks are sitting on massive excess assets they would like to lend to qualified buyers, but that is not going to happen in the short-term."

The huge amount of excess liquidity in the Bahamian banking system, coupled with last year's Prime rate reduction, meant interest returns on bank deposits and CDs had also been declining - increasing the attraction of equities and other fixed income securities.

The RoyalFidelity president, though, contrasted the strong Bahamian investor appetite for IPOs with the tepid demand for existing listed stocks, especially good ones that offered better dividend and capital appreciation prospects than the market newcomers.

"Even though people come into deals slated as IPOs, they're reluctant to come back into existing equities in the market that have equally good dividend yields and appreciably better capital appreciation prospects," Mr Anderson told Tribune Business.

"There's still more sellers out there. I think people need to start getting back into it, looking at what securities they should buy. There are better securities on the market than the new offerings."

Noting that the Bahamian capital market "changes on a dime so fast", going rapidly from a seller's market to a buyer's market and vice versa, the RoyalFidelity president warned that if investors - buoyed by the return of their APD funds - returned to existing equities in droves, there was "not a lot available".

"There's relatively small amounts. It's tiny. You'll probably find there's less than \$50-\$10 million only of shares available," Mr Anderson added. "Look at the offering by APD. That raised \$45 million. If there's \$5-\$10 million there, that's a drop in the bucket. There's not lots of good shares left."

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## Euro-Area Economy Contracts for the First Time Since 2009

Wednesday 15th February, 2012 - Bloomberg

Europe's economy shrank less than economists forecast in the fourth quarter as a better-than-predicted performance in Germany and France helped mitigate the region's first contraction since 2009.

Gross domestic product in the 17-nation euro area fell 0.3 percent from the prior three months, the first drop since the second quarter of 2009, the European Union's statistics office in Luxembourg said today. Economists had forecast a drop of 0.4 percent, the median of 42 estimates in a Bloomberg News survey shows. In Germany, Europe's largest economy, GDP dropped less than economists projected in the fourth quarter, while France's economy unexpectedly expanded in that period.

German companies have boosted output and spending over the past year to meet export demand, helping soften the impact of tougher budget cuts from Spain to Ireland. While Moody's Investors Service cut the ratings of six of the region's member states on Feb. 13, saying policy makers haven't done enough to restore investor confidence, the economy is showing some signs of stabilization. Euro-region economic sentiment improved in January and services output expanded.

"It could have been worse," said Martin van Vliet, an economist at ING Group in Amsterdam. "The debt crisis has thrown the euro-zone recovery into reverse. The recent improvement in leading indicators suggests there is a fair chance that the euro-zone economy as a whole might not shrink further in the first quarter."

### Economic Stabilization

The euro was little changed against the dollar after the data, trading at \$1.3174 at 11:19 a.m. in Frankfurt, up 0.3 percent on the day. The Euro Stoxx 50 Index advanced as much as 1.1 percent, reversing yesterday's losses.

Recent surveys indicate the pace of contraction won't accelerate in the current quarter. Euro-region services output expanded in January after shrinking in the previous four months and economic confidence increased the first time in almost a year. In Germany, investor confidence jumped to a 10-month high in February and business sentiment rose in January.

European Central Bank President Mario Draghi has pointed to signs of stabilization in the euro-area economy and said the ECB averted a credit crunch with its three-year loans to lenders in December. The central bank will offer a second round of financing, known as LTRO, at the end of this month.

## ‘Growth Pause’

German GDP fell 0.2 percent from the third quarter, when it rose 0.6 percent, the Federal Statistics Office in Wiesbaden said today. Economists in a Bloomberg survey forecast a drop of 0.3 percent. France’s economy grew 0.2 percent in that period.

“The German economy only took a growth pause and is not approaching a new recession,” said Carsten Brzeski, a senior economist at ING Group in Brussels. “Of course, a quick rebound is not an automatism and the big unknown for the German economy remains the sovereign-debt crisis.”

Governments across the euro region may find it harder to plug their budget gaps as an economic slump deepens. Greece’s GDP slumped 7 percent in the fourth quarter from a year earlier, according to a report yesterday. The economies of Spain, Belgium, the Netherlands, Italy and Portugal also contracted in the final three months of 2011.

## Brussels Meeting

In the 27-member EU, GDP dropped 0.3 percent in the fourth quarter after rising 0.3 percent in the previous three months. In Hungary, the economy expanded 0.3 percent from the third quarter, while Bulgarian GDP advanced 0.4 percent and the Czech Republic reported a drop of 0.3 percent, reports showed today.

European finance ministers canceled a Brussels meeting slated for today and will hold a teleconference instead to prod Greece to do more to clinch an aid package worth 130 billion euros (\$171 billion), along with about 100 billion euros of debt relief from private bondholders. Greece needs more money to make a 14.5 billion-euro bond payment on March 20.

“I did not yet receive the required political assurances from the leaders of the Greek coalition parties on the implementation of the program,” Luxembourg Prime Minister Jean- Claude Juncker, who heads meetings of euro-region finance ministers, said yesterday. He pressed for “further technical work” on Greek budget cuts.

More than two years after the debt crisis emerged in Greece, European leaders face international pressure to do more to tackle the source of contagion that threatens to drag down the global economy. Group of 20 nations have signaled they won’t reach a consensus on crisis aid for Europe via the International Monetary Fund at a Feb. 24-26 meeting of finance chiefs until Europe increases the size of its firewall.

## 'Severe Implications'

The Bank of England said today the U.K. economy remains weak because of the government's fiscal squeeze and the euro-region debt crisis, saying that failure to end the turmoil would have "severe implications" for growth. The central bank started a 50 billion-pound (\$78 billion) round of bond purchases this week after the economy shrank in the fourth quarter.

The region's crisis is also affecting companies. BNP Paribas SA (BNP), France's largest bank, said today that fourth-quarter profit dropped 51 percent, hurt by writedowns on Greek sovereign debt. MAN SE (MAN), the German truckmaker controlled by car manufacturer Volkswagen AG (VOW), said yesterday that sales and operating profit will decline in 2012 as the debt crisis discourages companies from investing.

## Euro Recession

"Despite some recent improved euro-zone surveys and evidence that Germany is returning to growth, we doubt that the euro zone will be able to avoid further contraction in the first quarter," said Howard Archer, chief European economist at IHS Global Insight in London. "We expect the euro zone to start growing gradually again during the second half."

In a separate report today, the EU statistics office said that euro-region exports rose 0.1 percent in December from the previous month, when adjusted for seasonal swings. Imports fell 0.9 percent from November and the trade surplus widened to 7.5 billion euros from 6.1 billion euros.

Some companies are relying on faster-growing markets to bolster sales. Hermes International SCA (RMS), the French maker of Birkin bags, reported full-year sales on Feb. 9 that beat its own forecast, led by a 29 percent surge in Asia. The same day, Daimler AG (DAI) forecast higher 2012 profit than analysts had predicted, propelled by record demand for Mercedes-Benz cars.

"The U.S. certainly is the bright spot as far as the development in the recent months is concerned," Daimler Chief Executive Officer Dieter Zetsche said. "We see a buildup in momentum there. We're bullish about the further development in China."

The euro region's statistics office is scheduled to publish the breakdown of euro-area fourth-quarter GDP next month.

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## [Production in U.S. Probably Accelerated in January by Most in Six Months](#)

Wednesday 15th February, 2012 - Bloomberg

Industrial production accelerated in January, indicating manufacturing will remain at the forefront of the U.S. economic expansion.

Output at factories, mines and utilities rose 0.7 percent, the biggest gain in six months, according to the median estimate of 81 economists surveyed by Bloomberg News. Manufacturing in the New York region picked up this month and homebuilder confidence climbed to the highest level since mid-2007.

Business investment in new equipment and the need to rebuild inventories will probably keep factory assembly lines rolling at the start in 2012. Nonetheless, Europe's financial crisis and slowing growth in emerging economies like China threaten to temper orders for U.S. goods.

"Manufacturing is growing at a fairly solid pace amid improvements in consumer and business demand," said Russell Price, a senior economist at Ameriprise Financial Inc. in Detroit. "One risk is if exports to Europe were to slow further."

The Federal Reserve will release the production data at 9:15 a.m. in Washington. Estimates in the Bloomberg survey ranged from gains of 0.1 percent to 1.2 percent.

Capacity utilization, which measures the amount of a plant in use, rose to 78.6 percent last month, the highest since July 2008, from 78.1 percent in December, according to economists' forecasts.

### Less Utility Use

The gain in output will probably be tempered by a drop in utility use because January was relatively mild. Last month was the fourth-warmest January on record for the contiguous U.S. states, according to the National Oceanic and Atmospheric Administration.

A rebounding auto industry is contributing to the gains in manufacturing. Purchases (SAARTOT) of cars and light trucks climbed to an annualized rate of 14.1 million last month, the highest since the so-called cash-for-clunkers program in August 2009 and the second-strongest since May 2008, according to Autodata Corp. Sales averaged 16.4 million in the two years before the last recession began in December 2007.

With the average age of cars and trucks rising to a record 10.8 years, analysts see pent-up demand boosting U.S. sales to a third-straight annual gain in 2012, the longest streak since sales peaked in 2000.

Ford Motor Co. (F), the second-largest U.S. automaker, reported its 11th consecutive profitable quarter as sales rose and it boosted North American production by 14 percent. The Dearborn, Michigan-based company's U.S. sales rose 11 percent last year. Ford said it sees its European market worsening while Asia-Pacific keeps growing.

### Equipment Demand

Manufacturers and exporters of heavy equipment such as Caterpillar Inc. continue to see growth. Caterpillar, the largest construction and mining-equipment maker, last month posted fourth-quarter earnings and forecast full-year profit that topped analysts' estimates as demand rose for earth-moving machinery and trucks. The Peoria, Illinois-based manufacturer said it had a record \$29.8 billion backlog of orders at the end of 2011.

"For many products demand has been above our ability to produce," Caterpillar spokesman Michael DeWalt told a conference call on Jan. 26. "We have invested in Caterpillar factories in the United States and around the world to increase production."

Shares of machinery and equipment makers are outpacing the broader market so far this year. The Standard & Poor's Supercomposite Machinery Index has climbed 19 percent since the end of 2011, compared with a 7.4 percent increase for the S&P 500 Index.

### Manufacturing Accelerates

The Institute for Supply Management's national factory index rose in January to the highest level in seven months, led by gains in new orders and exports, the group said on Feb. 1.

The Federal Reserve Bank of New York's regional manufacturing index rose to 15 this month from 13.5 in January, economist project another report at 8:30 a.m. will show.

As factories keep expanding, homebuilding is showing signs of stabilizing.

The National Association of Home Builders/Wells Fargo (USHBMIDX) sentiment gauge increased to 26 this month from 25 in January, according to the median estimate of economists surveyed before the 10 a.m. report. Readings lower than 50 mean more respondents still said conditions were poor.

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## [China Pledges to Invest in Europe's Bailout Funds, Sustain Euro Holdings](#)

Wednesday 15th February, 2012 - Bloomberg

China pledged to invest in Europe's bailout funds and sustain its holdings of euro assets, spurring gains in the currency and Asian stocks on optimism the region's debt crisis will be overcome.

"China will always adhere to the principle of holding assets of EU sovereign debt," People's Bank of China Governor Zhou Xiaochuan said in Beijing today. "We would participate in resolving the euro debt crisis," he said, echoing comments by Premier Wen Jiabao yesterday.

The remarks offer a carrot to European finance ministers, who are increasing pressure on Greece to deliver budget cuts in exchange for a second bailout. At stake for China is helping to stabilize the economy of its largest export market amid a global slowdown that has curtailed growth in Chinese shipments abroad.

"Wen and Zhou are giving the best support China can offer now, which is to send out positive messages such as promising not to cut euro assets and to buy European bonds to help bolster market confidence," said Shen Jianguang, a Hong Kong-based economist at Mizuho Securities Asia Ltd. who previously worked at the European Central Bank. "How much and when China will buy will depend on its foreign-exchange investment strategy - - when they find the pricing and exchange rate favorable."

The MSCI Asia-Pacific Index of shares advanced 1.9 percent at 6:43 p.m. in Tokyo, heading for the biggest increase in a month. The euro strengthened 0.3 percent to \$1.3168.

'Sincere and Firm'

Zhou's comments, made in a speech and question-and-answer session with students, came a day after Premier Wen Jiabao said the nation is willing to get "more deeply" involved in resolving Europe's debt crisis, although the continent must send a clearer message to show how it's working to strengthen its finances.

"China's willingness to support Europe to cope with sovereign debt problems is sincere and firm," Wen said at a joint press conference yesterday 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 region's rescue fund. Meantime, back in Europe, finance ministers are slated today for a teleconference call to prod Greece to do more to qualify for another bailout.

## Debt Crisis Spreading

Even as Premier Wen and Zhou spoke of their support for Europe, the central bank warned today the region's debt crisis will not be solved in the short term and is spreading throughout the euro area.

The crisis could trigger systemic risks to the global economy, the PBOC said in a quarterly monetary policy report posted on its website, adding that major developed economies lack credible fiscal plans. The central bank didn't specify when the report was prepared.

China expects "those highly indebted countries to strengthen fiscal consolidation, cut deficits and reduce debt risks in light of their national conditions," Wen said yesterday. "We hope the EU will soon reach internal consensus, make the political decision and send to the international community a clearer and a stronger message of policy responses."

Chinese officials are taking their message of support for Europe to the U.S. where Vice President Xi Jinping is on a five-day visit.

## Right Time

The two countries have been in "close policy communication" on the European debt crisis, Vice Finance Minister Zhu Guangyao said at a briefing yesterday in Washington. "Both China and the U.S. hope that the financial stability and economic recovery will be restored in Europe at an early date," he said.

In Beijing, Governor Zhou said that while the five BRICS countries - Brazil, Russia, India, China and South Africa - all hold a "very positive attitude" toward helping Europe, they have to wait for the right time and right opportunity to invest.

China hopes for more "innovation" from Europe to provide more lucrative products that are "truly appealing" to Chinese investors, Zhou said, reiterating comments by Premier Wen.

The nation has been wooed by European leaders to help fund the temporary European Financial Stability Facility and its permanent successor, the European Stability Mechanism.

## More Details

China is considering funding options for the EFSF and the ESM through the International Monetary Fund, Wen said on Feb. 2 after meeting German Chancellor Angela Merkel in Beijing. Officials previously said they needed more details on any plan to contribute funds.

Zhou said today that China can channel its investments through three avenues. The central bank can participate through foreign-exchange reserves it manages and a second option is support from China Investment Corp., the country's sovereign-wealth fund.

The third source of help could come from financial institutions including China Development Bank and Export-Import Bank of China, and other institutional investors including Chinese enterprises, Zhou said.

China, which holds the world's largest foreign-exchange reserves of \$3.18 trillion, has previously signaled it wants to diversify the holdings away from U.S. dollar-denominated assets. The country doesn't publicly disclose a breakdown of its reserves.

#### Maintain Investment

The PBOC has "always had confidence in the euro's outlook" and as China's foreign-exchange reserves have increased, the nation has "adjusted and increased the proportion of investment in the euro," Zhou said.

Government leaders have "expressed clearly" through the Group of 20 nations that China will not reduce the proportion of its investment in euro assets during the global financial crisis and European debt crisis, Zhou said.

Moody's Investors Service cut the debt ratings of six European countries on Feb. 13, 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 on Feb. 13, Italy to A3 from A2 and Portugal to Ba3 from Ba2, all with negative outlooks. Slovakia, Slovenia and Malta also had their ratings lowered.

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## King Says Euro Area Biggest Risk to U.K. Recovery

Wednesday 15th February, 2012 - Bloomberg

Bank of England Governor Mervyn King said the euro area's debt crisis still poses the biggest threat to a "slow and uncertain" U.K. recovery as officials raised their inflation forecast after expanding stimulus.

"The path of recovery is likely to be slow and uncertain," and "for much of this year, there is likely to be a 'zigzag' pattern of alternating positive and negative quarterly growth rates," King told reporters in London. "The biggest risk to the recovery stems from developments in the euro area, where there remain concerns about the indebtedness and competitiveness of some member countries."

The central bank started a 50 billion-pound (\$78 billion) round of bond purchases this week after the economy shrank in the fourth quarter. Policy makers raised their forecast for consumer prices today in their quarterly Inflation Report, predicting an undershoot of their 2 percent goal in two years and an even chance of reaching it in three years.

"Inflation (UKRPCJYR) is judged somewhat more likely to be below the target than above it for a good part of the forecast period," the said. At the end of that period in three years, "those risks are judged to be broadly balanced."

Officials also said that failure to implement reforms in the euro area "could trigger a disorderly outcome and result in sharply lower growth" in the region.

The central bank sees inflation slowing to its 2 percent target by the end of this year and easing to 1.8 percent in two years, according to the Inflation Report. It sees annual gross-domestic-product growth at about 3 percent by the end of 2013. The trough in growth will be in the first half of 2012. The forecasts today were published in the form of fan charts and the data underlying the charts will be released next week.

### Forecast Assumptions

The forecasts are based on the bond-purchase target staying at the 325 billion-pound level set on Feb. 9 and market expectations for interest rates. Those show the benchmark rate staying at current record low of 0.5 percent until the third quarter of 2014.

"Moving to a world of steady growth, inflation close to our 2 percent target, and a more normal level of interest rates, will take time," King said. "There is a limit to what monetary policy can achieve when real adjustments are required. But with falling inflation, and the prospect of an end to the squeeze in real incomes leading to a recovery in growth, we are moving in the right direction."

In November, the central bank forecast that inflation would slow to 1.7 percent at the end of this year and 1.3 percent at the end of 2013. It saw annual GDP growth at about 3.1 percent at end-2013.

## 'Volatile' Path

“The quarterly path of output is likely to be volatile through 2012, reflecting the impact of various one-off factors” such as the Queen’s Jubilee holiday,” the central bank said.

Growth is “likely to remain weak in the near term, before gradually strengthening as households real incomes recover, supported by continued stimulus from monetary policy,” it said.

Recent surveys indicate the economy may strengthen in the current quarter. U.K. manufacturing returned to growth in January, while expansion in the services sector accelerated. Stocks have risen this year, with the MSCI All-Country gauge up 9.2 percent. The FTSE 100 Index has added 6.2 percent.

While Greece has agreed to austerity measures needed to secure a second bailout package, euro-area finance ministers canceled a Brussels meeting slated for today, citing a lack of political assurances from Greek leaders to stick to the pledges. Ministers will instead hold a teleconference to prod Greece to do more to clinch the package.

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## Greece Struggles to Win Second Financial Bailout as Europe's Doubts Mount

Wednesday 15th February, 2012 - Bloomberg

European officials ratcheted up the pressure on the Greek government to deliver spending cuts in exchange for a second bailout as they insisted that default is not an option.

Finance ministers canceled a Brussels meeting slated for today and will hold a teleconference instead to prod Greece to do more to clinch an aid package worth 130 billion euros (\$171 billion) along with about 100 billion euros of debt relief from private bondholders. Greece needs the money to make a 14.5 billion-euro bond payment on March 20.

The decision to cancel the meeting is "very worrying," and "reflects a growing concern amongst some euro-area countries that Greece will not abide by the conditions of the second bailout package," said Nicola Mai, an economist at JPMorgan Chase (JPM) Bank in London. "It appears that some euro-area countries are willing to let Greece default."

Two years after pledging to pull Greece back from the brink, European leaders are torn between pouring more aid into the struggling economy or risking an unprecedented national bankruptcy that might force the country out of the euro and prompt renewed market tumult.

"The decision was the result of an evaluation by the head of the eurogroup, Jean-Claude Juncker, that there weren't sufficient elements of consensus to be sure that a meeting would be successful," Italian Prime Minister Mario Monti said late yesterday on Sky Italy Television.

### Greek Pledges

After Juncker cancelled the gathering, citing the lack of political assurances from Greek leaders to stick to austerity pledges, a government official in Athens said the leaders of Greece's two biggest political parties, New Democracy's Antonis Samaras and Pasok's George Papandreou, will today provide the written commitments demanded.

Greek Prime Minister Lucas Papademos's Cabinet agreed to make up a 325 million-euro gap in unaccounted for austerity measures from cuts to defense, public investment and local authorities, two government officials said yesterday. Cuts will also be made to the health budget, one said. The measures still need to be approved by European governments and the International Monetary Fund, the officials said.

The euro erased a loss of as much as 0.8 percent on the news of the Greek politicians' pending promises. The currency traded up 0.2 percent at \$1.3133 at 9:23 a.m. in Berlin.

## Ring-Fencing Greece

Meantime, evidence mounted that the euro's guardians have made progress ring-fencing Greece's woes. Italy yesterday sold 6 billion euros of bonds at lower borrowing costs as investors shrugged off a downgrade of its credit rating by Moody's Investors Service.

Speaking on ZDF television, German Finance Minister Wolfgang Schaeuble said Feb. 13 that if efforts to prop up Greece come to naught, "we're better prepared than two years ago."

Finance Minister Jan Kees de Jager of the Netherlands, one of four AAA rated states left in the euro area, pushed back against suggestions from Athens that the aid bill will be 15 billion euros higher than planned.

"We agreed upon 130 billion," De Jager told Dutch RTL television yesterday. "If now it seems more is needed, we should explore other ways."

## Targets Missed

Greece has depleted its credibility by missing targets for deficit reduction, economic reforms and asset sales that were set when it obtained a 110 billion-euro aid package in May 2010.

As a result, the once-taboo notion of a departure or expulsion from the euro zone has crept into the mainstream political debate.

"If they don't do this, they exclude themselves from the euro zone and the impact on the other countries now would be less important than maybe a year ago," Luxembourg Finance Minister Luc Frieden said at the Atlantic Council in Washington this week.

Also unclear was whether the European Central Bank, buyer of 219.5 billion euros of weaker countries' bonds in the past two years, would contribute to debt relief in the new package.

Euro statutes bar the central bank from financing governments. One workaround would be for the ECB to funnel profits from its Greek holdings back through its national branches to euro governments.

## ECB Holdings

"These bonds were acquired at an average price that is below face value," ECB Executive Board member Benoit Coeure told Liberation newspaper in an interview published yesterday. "If there is a profit, as with all monetary holdings, it should be distributed to the states. They can use it to contribute to sustainability of Greece's debt."

The central bank probably spent about 47 billion euros to buy Greek bonds with a face value of 60 billion euros, yielding potential profits of 13 billion euros, according to Juergen Michels, chief European economist at Citigroup in London.

“What we agreed upon in the eurosystem is that we don’t wish to make a profit on Greece,” ECB Governing Council member Luc Coene said on Feb. 13 in remarks that were embargoed until today. “So when we distribute profit from a given year to the Belgian state, we will provide a breakdown of what’s due to Greece and it’s then up to the government to decide how to use it,” said Coene, who also is head of Belgium’s central bank.

Representatives of Greece’s private creditors had planned to travel to Brussels in expectation of progress on the “voluntary” debt-relief accord that was another condition for the official aid.

“Policy makers are still scrambling, and markets have gotten used to it, but there is still a general feeling that the Greece situation will not have a happy ending regardless of what they agree to,” said Jay Mueller , who manages about \$3 billion of bonds at Wells Fargo (WFC) Capital Management in Milwaukee.

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## [Roget warns of 90 days of war](#)

Wednesday, 15th February, 2012 - Trinidad Guardian

The Oilfields Workers' Trade Union (OWTU) served an official strike notice on Petrotrin yesterday morning and in a surprising twist, it was Government Senator David Abdulah who signed the notice, heralding "90 days of war." Hundreds of workers accompanied president general Ancel Roget as he delivered the strike notice yesterday morning to Petrotrin's president, Kenneth Allum, at the company's administrative offices in Pointe-a-Pierre. If the strike proceeds as planned from Saturday, all of Petrotrin's exploration and production, refinery and marine operations will be shut down, possibly affecting fuel supplies locally and abroad.

Last night, Government finalised plans to use members of the T&T Defence Force to drive fuel-distribution wagons, as well as to continue importation of fuel from abroad. Labour Minister Errol McLeod was expected to meet Roget late yesterday evening to discuss concerns. Roget said, "out of respect," union officials agreed to meet with McLeod but "the time for talk is over." He advised Petrotrin workers to prepare for the long haul.

Roget said: "This is war! A strike is meant to hurt. The employer is hurting you by not giving a decent wage. Prepare yourself and forget about wasting money on Carnival. "Prepare to play mas long after Ash Wednesday," he told a large gathering of workers. Roget urged them to be disciplined and act within the law. He also advised that "the OWTU will not be held responsible for the safety of those people who decide to break the picket line."

Roget also warned security personnel not to suppress striking workers, as "it was the OWTU who had organised gratuity and pension benefits for security staff." He contended that the workers were being deprived of a fair wage and reiterated that the OWTU would never accept a five per cent wage increase offer. He said: "We are asking for not one cent more than we deserve and we will accept not one cent less than we deserve.

"We have had 55 bilateral sessions and the time for talk done." Roget also warned that Prime Minister Kamla Persad-Bissessar would pay the ultimate political price. He also accused the Government of being deceptive by issuing news releases that the union wanted a 75 per cent wage increase. Roget admitted that the union's negotiations started at 75 per cent but said that demand had been reduced significantly.

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## We'll import gas

Wednesday, 15th February, 2012 - T&T Newsday

ENERGY Minister Kevin Ramnarine yesterday said he would import refined gasoline to meet TT's fuel consumption needs, should Petrotrin workers go on strike on Carnival Saturday.

Yesterday, the Oilfield Workers Trade Union (OWTU) gave formal notice of a strike due to begin at 10 am on Saturday.

However, Labour Minister Errol Mc Leod last evening chaired conciliation talks between the OWTU and Petrotrin management with a view to averting a shutdown.

Shortly before 7 pm, Mc Leod arrived at the Labour Ministry's office St James Street, San Fernando and while walking to the building, said he was going to the meeting with OWTU president general Ancel Roget and union officials with an open mind.

"The meeting has been called with the purpose of us resolving the issue and I have come resolved to resolve. The employer and the union would determine whether or not workers get the five percent. I will assist them in the process," Mc Leod said while walking into the building.

Earlier, Newsday spoke to Ramnarine, Mc Leod's Cabinet colleague, during the Senate tea-break at Tower D, Int'l Waterfront Centre, Port-of-Spain. He disclosed the Ministry had a back-up plan to ensure gas continues to flow for customers.

"Petrotrin, NP and the Ministry of Energy have put in place contingency plans to ensure a secure and adequate supply of fuel - diesel, gasoline and aviation fuel - to all customers," said Ramnarine.

"We wanted to assure the population that we will continue to deliver fuel to all the gas stations in the country. Of course in the last 24 hours there has been some rush buying. People going to gas stations and forming long lines and so on has always been the tradition in Trinidad and Tobago, once people seem to believe there is going to be a disruption at Petrotrin. However, history has always shown we have always been able to deliver fuel and we will continue to do that."

He was unfazed. "There is sufficient inventories at Petrotrin and if need be, we could import fuel if it comes to that. But we feel very confident that we have the situation under control and we'll be able to deliver fuel to Cedros, Toco, Chaguanas, Port-of-Spain, and throughout the country," said Ramnarine.

"From time to time we import refined fuel because there have been instances where the refinery may be down for maintenance or so on. We have a lot of inventory, so it is very unlikely that 'push would come to shove', but if that unlikely event was to materialise, we will import refined fuel."

He said any such imports would likely come from the United States Gulf Coast and from Venezuela.

“I’d say we have sufficient inventories, at least for the medium term. Certainly in the short-term we are well equipped,” said Ramnarine.

Asked what is the “medium term”, he replied, “A month or a couple of months.” He added, “They have some very large storage tanks down there.”

Ramnarine said, “At this present time we are in a very good position to continue the supply of fuel. This morning I saw road tank wagons going up and down the highway. The bond in Pointe-a-Pierre, which is where the country gets its fuel from, is currently open and is being operated by Petrotrin. There are people who are trained to operate the bond, in the event of industrial action. The report I’ve gotten from the acting president of the company (Petrotrin) is that the bond is currently open and road tank wagons are being filled up right now.”

He noted that at present, TT routinely imports crude oil. “We import crude oil because our refinery is configured to refine 150,000 barrels of oil per day, but Petrotrin only produces 45,000 barrels of oil per day, so the remainder is imported, from various countries and refined in TT.” Such refined products, he said, are then mostly exported, with a minority being used locally.

What was the strike about? He replied, “It has to do with a dispute between the majority union for Petrotrin, the OWTU, and the company itself. I’m advised that notice for strike action was served today by the union, and it is effective from February 18th.”

Newsday also spoke to Government Senator David Abdulah, who leads the Movement for Social Justice (MSJ), a party within the ruling People’s Partnership, while also OWTU’s general-secretary.

Asked how he was able to wear two different hats — of loyal Government member and trade unionist — he smiled and quipped, “Do I look uncomfortable? Have I looked uncomfortable today?”

On the crisis, Abdulah said, “I don’t really want to comment too much. I’m the general secretary of the Oilfield Workers Trade Union and so I was there when the workers gathered. I had to leave because I had to get here (the Senate) for 11 am, so I was not there when the letter (that is, the strike notice) was handed in, but the letter actually bears my signature, because the general secretary is the one who writes that correspondence and therefore I as the general secretary had that responsibility to write the letter.

“That’s all I’m going to say, because there’s a conciliation meeting. The strike notice was given in today, but the collective agreements between the union and Petrotrin stipulate that it is 96 hours that the union must give the company before a walkout.”

Roget, speaking to workers after delivering the notice yesterday morning, said the strike action had become necessary after 55 bilateral discussions yielded no positive response by the company.

He took Petrotrin to task over a paid advertisement in daily newspapers concerning the union's wage demand, saying while OWTU viewed a 75 percent increase as acceptable, the union was "prepared to adjust downwards in the interest of a settlement."

However, he said the union was firmly against any five percent offer that had been previously offered by the company.

But regarding the strike action, Roget advised workers to "forget the Carnival and be very conservative" saying workers should save their money for the long haul, pointing out that the initial strike action would be for a period of three months.

Roget, accompanied by hundreds of workers from the company's various installations including Trinmar operations in Point Fortin, Forest Reserve, Fyzabad, Santa Flora, Penal, Barrackpore, Guayaguayare; the Refinery and the Port at Pointe-a-Pierre, led a march from the Guaracara entrance to the Pointe-a-Pierre roundabout, circling the roundabout once before delivering the strike action notice.

Last evening, before meeting with McLeod, Roget again charged that Prime Minister Kamla Persad-Bissessar and Finance Minister Winston Dookeran were to blame for the current state of the negotiations.

Petrotrin, he said, made \$2.2 billion in profit in the last financial year and that could not have achieved without the workers.

Petrotrin's vice president Khalid Hassanali, who attended the meeting, said he hoped both parties would reach a mutually acceptable agreement so that normal operations could resume.

"A disruption in operation will not benefit anyone. When ever there is insufficient attention to some of our refinery plants as well on operation on land and off shore we do suffer from loss in productivity. We regret the breakdown in relationship between the company and the union," he said as he drove into the parking area of the compound.

In an earlier statement, Petrotrin expressed "deep dismay and disappointment" at the strike action notice saying it was served after two conciliation meetings saying "the process was not given sufficient time to yield a win/ win solution."

"This strike comes at a time when the completion of Gasoline Optimization Programme (GOP) and the ULSD plant as well as key oil winning initiatives at Trinmar are at a crucial stage," the company stated.

However, the company reaffirmed its commitment to “continuing the dialogue with its employees and their representatives to reach an amicable solution” in a timely manner.

“We therefore strongly appeal to our employees and their representatives to put the national interest foremost as proud nationals of Trinidad and Tobago,” the statement read. Petrotrin also sought to assure the population that “arrangements are in place to continue to provide an uninterrupted supply of petroleum products.”

As Petrotrin, OWTU officials and McLeod met, there were long lines at several gas stations as motorists tried to fill up their tanks in anticipation of fuel shortage.

As Petrotrin has, NP also assured that its current supplies are adequate to meet motorists’s demands.

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## [Cadiz: New plan to dispose of used vehicles coming](#)

Wednesday, 15th February, 2012 - Trinidad Guardian

The system of disposal of used vehicles will change in “due course” and that may be an environmental issue to deal with, Trade Minister Stephen Cadiz said yesterday. Cadiz was replying in the Senate to an Opposition question. Answering initial parts of the question, Cadiz said the current system of disposal remained for now. He said he was not sure what system would be used when it was changed. Cadiz said Government also had continued with the importation quota system regarding used vehicles which the PNM administration had implemented in 2006.

He said vehicles imported between 2008 and 2010 totalled 4,882 (2008); 3,360 (2009) and 3,655 (2010). He said the quota stood at 13,497 to date and the ministry did not expect the importation of used cars to exceed that. Also replying to a question in the Senate, PP Senate leader Emmanuel George indicated that 89 persons had benefited from the bursary assistance programme of the Community Development Ministry between July 2010 and August 2011. He said that was at a cost of \$2 million and noted 1,585 persons benefited from the programme in that ministry from 2003 to 2010 at a cost of \$57 million.

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## Politicians seize upon Moody's downgrades

Wednesday, 15th February, 2012 - Trinidad Guardian/AP

European politicians on yesterday seized on the latest slew of credit downgrades and warnings to defend the need for painful budget cuts — in spite of a muted market reaction to the move by ratings agency Moody's. Late Monday, Moody's Investor Service downgraded the ratings of Italy, Portugal and Spain, while France, Britain and Austria kept their top credit scores but had their outlooks dropped to "negative" from "stable." The agency cited uncertainty over the eurozone's ability to enact reforms necessary to dig out of its debt crisis and Europe's weakening economy, which many fear is slipping into recession.

Investors seemed to largely shrug off the news with Spain and Italy easily raising billions of euros in the debt markets more cheaply than they have recently. Borrowing costs for other affected countries stayed within normal ranges. But the ratings still retain tremendous psychological significance for governments, and politicians eagerly twisted Monday's news to suit them yesterday. In Britain, the move resurrected the long-running debate between a government determined to vigorously cut deficits and opposition claims that the cuts are too deep, too quick and motivated by political ideology, not economics.

Treasury chief George Osborne said the Moody's report was "another reminder Britain doesn't have some easy route out of the economic problems that have accumulated over the past decade" — a dig at the rival Labour Party, which ran Britain for most of that time. Osborne said the move was a warning "that if we spend or borrow too much we are going to lose our credit rating but more importantly, what that leads to potentially is a loss of investor confidence in our economy." But Ed Balls, economic spokesman for the Labour party, said austerity wasn't working in Greece or Ireland, and it wasn't working in Britain.

Yes, deficits need to be cut, Balls said. "That means tough decisions but unless you've got growth, if your plan is unbalanced, it becomes self-defeating and today is the first evidence that even the ratings agencies are waking up to the fact George Osborne's plan's not working." A country's credit rating is meant to signal to investors how good a bet it is, while the outlook indicates which direction the agency believes the rating is headed in the next year and a half.

But the agencies have been criticised for issuing ratings that trail rather than anticipate market conditions. For instance, when Standard & Poor's stripped France of its top-notch AAA rating last month, many observers noted that Paris had long been paying higher costs to borrow money than most other AAA-rated countries — an indication the markets had already effectively downgraded the country. The impact of the Moody's decisions may have been particularly muted given that they come on the heels of similar ones by the other two major agencies, Standard & Poor's and Fitch.

“The agencies are not telling us anything new and the subject of downgrades now seems to have become a political football to be knocked back and forth,” said David Jones, chief market strategist at IG Index. S&P’s decision in January to downgrade France was a humiliation for the government, and the opposition Socialists have been hammering President Nicolas Sarkozy with that fact during the presidential election campaign. After Moody’s lowered its outlook for France, Finance Minister Francois Baroin passed off the move as merely a reflection of wider troubles in the eurozone. He was careful to point out that the agency cited the size, diversity and productivity of France’s economy when it confirmed the country’s rating.

In fact, Moody’s also noted the size of France’s debt — which stands at 85 per cent of GDP, according to official EU statistics — and the government’s difficulty in achieving deficit targets. Sarkozy’s government has repeatedly revised down the country’s growth forecasts in recent months, forcing it to also carve out new spending cuts to stay on track with its promise to balance its budget by 2016. Most recently it halved its expectation for economic growth this year to 0.5 per cent.

Politicians in Austria, another of Europe’s dwindling group of top-rated countries, likewise blamed their negative outlook on the eurozone. Finance Minister Maria Fekter said the rating agency’s move was “painful” but that it had to do with many factors that “we alone cannot shoulder.” She noted the decision did not take into account new debt-reduction measures that are up for a vote in Parliament in the next few days. Elsewhere, though, there were signs of downgrade fatigue — the governments of Portugal and Italy, which have both endured multiple ratings cuts over the past months, made no comment.

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## Democrats, Republicans decline to return Stanford money

Wednesday, 15th February, 2012 - Trinidad Guardian

National fund-raising committees for the Democratic and Republican parties, President Barack Obama, and other major politicians have declined to return campaign donations totaling US\$1.8 million from Houston financier R Allen Stanford, now on trial for allegedly masterminding a US\$7 billion Ponzi scheme. The court-appointed receiver charged with returning money to Stanford investors obtained a federal court order last June against five Democratic and Republican campaigns. But they haven't returned the money.

The Democratic Senatorial Campaign Committee received US\$950,500; the National Republican Congressional Committee (NRCC), US\$238,500; the Democratic Congressional Campaign Committee, US\$200,000; the Republican National Committee US\$128,500, and the National Republican Senatorial Committee (NRSC) US\$83,345. The contributions to the campaign committees and candidates were given by Stanford himself, Stanford executives, and a political action committee associated with the financier.

The receiver, Ralph Janvey, is also trying to claw back money Stanford donated to individual politicians. The list of his recipients reads like a who's who of Washington, including President Obama — who received US\$4,600 from Stanford in his 2008 election campaign — Rep. Pete Sessions (R-Texas), the chairman of the NRCC, and Sen John Cornyn (R-Texas), the chairman of the National Republican Senatorial Campaign Committee. Janvey is seeking these funds informally, and has not filed lawsuits.

Money has already been returned by House Speaker John Boehner, Senate Majority Leader Harry Reid and Sen John McCain, among others. But the roughly US\$154,000 recovered from elected officials is a fraction of the US\$1.8 million still outstanding. The US\$4,600 Janvey is seeking from the Obama campaign reflects only direct contributions from Allen Stanford himself. The total may be as high US\$31,000 when Stanford's contributions to Obama's other campaign committees are included, along with money from senior Stanford executives, and the Stanford Financial Group's now defunct PAC, according to campaign finance records and an analysis by the Center for Responsive Politics.

'Robs the store'

The Obama campaign donated the US\$4,600 contribution to charity on February 18, 2009, just days after Stanford's alleged fraud came to light. The Obama campaign officially has no comment on the matter, but a source familiar with the campaign's thinking told Reuters that it does not intend to return the money to the receiver or Stanford investors. Kevin Sadler, lead counsel for the Stanford receivership, condemned the failure by the Obama campaign to turn over the contributions to the receiver. He said "the money was never theirs to begin with," so they have no more right to the money than an ordinary person who was given it from "a guy who goes into a Seven Eleven and robs the store."

Stanford is on trial for allegedly bilking US\$7 billion from investors, the second-largest Ponzi scheme in the nation's history. He has denied any wrongdoing or taking money from investors. In his opening statement, assistant US attorney Greg Costa, alleged: "Some people trusted Mr. Stanford with their entire life savings...He stole from them so he could live the lavish lifestyle of a billionaire." Stanford's attorney Robert Scardino, in his opening, acknowledged that billions of dollars from Stanford's bank had gone missing, but said that Stanford knew nothing about it, and the money had been taken by a Stanford deputy.

The receiver first wrote to the Obama campaign five days after it gave the money to charity in 2009, asking that it instead be returned to investors. "If you have already donated such amounts to charity, we request you consider donating an equal amount to the Receivership," Janvey wrote back on February 23, 2009. "By returning such amounts to the Receivership Estate, you will help reduce the losses suffered by victims of the alleged fraud." The national campaign committees are working through the court system. They have appealed a federal judge's order to return the money to a higher court, which has not yet decided whether to consider the matter.

There is scant legal precedent when it comes to clawing back such campaign contributions. That's because it is often difficult to prove in court that a campaign committee took money that was clearly illicit and therefore must return it to the victims of an alleged fraud, according to Meredith McGehee, the policy director for the non-profit Campaign Legal Center. "If there is a clear trail, they can be forced to give the money back," she said, noting that in cases like Stanford — where yachts, homes and other assets have been successfully claimed by the receiver — donations could be fair game as well. That contrasts with a case like the 2002 telecom accounting scandal at WorldCom, where there was fraud but also legitimate business that can cloud the source of campaign donations.

Aside from the courts, McGehee said, another check on the system is that candidates have to face "the court of public opinion if they are given and then keep stolen money." This is not the first Obama campaign contribution to have recently come into question. Last Monday, Obama's re-election campaign returned more than US\$200,000 in campaign contributions it had received from the American brothers of a Mexican casino magnate who has been in trouble with the law. Juan Jose Rojas Cardona jumped bail in the US in 1994 after being charged with drug trafficking and fraud, according to the New York Times. The campaign said it did not know the background of the Cardona brothers when it accepted the contribution.

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## [IDB's Caribbean Governors discuss regional opportunities, challenges](#)

Wednesday, 15th February, 2012 - Caribbean Press Releases

Top economic authorities from the Caribbean region gathered here today to discuss common development opportunities and challenges during the first annual meeting of the Governors of the Inter-American Development Bank's Caribbean Country Department.

The event, hosted by the Central Bank of Suriname, was held in preparation for the annual meeting of the Board of Governors of the IDB, scheduled to take place in Montevideo, Uruguay, March 16-19.

The IDB is one of the Caribbean region's leading sources of multilateral financing. Loan approvals for The Bahamas, Barbados, Guyana, Jamaica, Suriname and Trinidad and Tobago nearly \$900 million last year, while disbursements reached \$560 million.

IDB President Luis Alberto Moreno told the governors that the Bank will strive to remain a premier development partner in the region, using its expanded lending capacity and exploring new mechanisms to provide faster access to financing.

Caribbean countries achieved positive economic growth of 2 percent of GDP last year, Moreno noted, but their governments are increasingly worried about the potential impact of festering crises in other parts of the world.

"We meet today in the midst of a complex global setting, full of uncertainties and vulnerabilities," Moreno said. "The possibility of a new global crisis concerns all of us. Although we are optimistic that the agreements reached in the eurozone will contribute to containing fiscal imbalances and supporting the euro, we are also aware that additional measures and efforts are needed."

In his remarks, Central Bank of Suriname Governor Gillmore Hoefdraad voiced his region's concerns, listing many of the pending challenges Caribbean countries face in sectors such as tourism, agriculture and energy, as well as in strengthening their fiscal positions and debt management.

Hoefdraad also called for concrete action on regional integration among Caribbean nations. "We must together find ways to define new economic activities, which will allow our countries to finally get on a sustainable development path," he said. "This is the time to combine scarce human, financial and natural resources to one common goal: bringing prosperity to our nations."

The other delegations to the meeting were led by The Bahamas' Financial Secretary Ehurd Cunningham, Barbados Finance Minister Christopher Sinckler, Guyana Finance Minister Ashni Singh, Jamaica High Commissioner to Trinidad and Tobago Sharon Saunders, Trinidad and Tobago Finance Minister Winston Dookeran, and Caribbean Development Bank President William Warren Smith.

During the governors' plenary meeting, renowned international economic analyst Nouriel Roubini delivered a special presentation on the global economic outlook and its implications for the Caribbean.

Roubini examined the political and financial risks building up in different parts of the world and their possible evolution during the current year. As small and open economies, Caribbean countries face many sources of vulnerability, he added.

Considering different strategies for economic growth, Roubini highlighted the advantages of investing in human capital development and intensifying trade integration, alternatives successfully followed by East Asia's most dynamic nations.

The delegations also held bilateral meetings with IDB officials to discuss their national strategies and future lending requirements. During their meeting, Suriname Finance Minister Adelen Wijnerman and Moreno signed the contracts for two loans totaling \$20 million to help finance a conditional cash transfers program and a national census and household survey.

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## Caribbean and UK to Establish Mechanism to Strengthen Fight Against Drugs and Crime

Wednesday, 15th February, 2012 - Caribbean Press Releases

Representatives from the United Kingdom (UK) and the Caribbean have agreed to establish a UK/Caribbean Expertise Exchange Mechanism, to further collaborate in the fight against drugs and international crime.

Minister of Foreign Affairs and Foreign Trade, Senator the Hon. A.J. Nicholson, who was speaking in the Senate on February 10, revealed that the agreement came out of talks at the 7th UK/Caribbean Forum, held in St. Georges, Grenada, from January 20 to 22.

Senator Nicholson, who attended the meeting along with Minister of National Security, Hon. Peter Bunting, and other Ministry officials, informed that the forum encouraged very frank and extensive discussions on crime and security.

He noted that the discussions produced positive results, including a further commitment from the UK to assist the region in addressing youth crime, gangs and violence, and to enhance the capacity of the juvenile justice system in the Caribbean.

“There was recognition that the fight against transnational organised crime must involve other partners and so there was agreement to establish, with the full collaboration of the United States, a regional network of land-based law enforcement units to conduct land-based surveillance and interdiction operations,” Senator Nicholson said.

Meanwhile, in the area of trade and investment, the Minister said that special attention was paid to support for the private sector, with particular emphasis on small and medium sized enterprises.

There was agreement on the need to improve access for Caribbean goods and services to the European Union, including a marked reference to the implementation of the Cariforum/EU Partnership Agreement (EPA) that was signed in 2008, the Minister said.

“An important point for the Caribbean was that our classification as middle-income countries should not ignore our vulnerability to indigenous, exogenous shocks and natural disasters, our limited human, technical and financial resources and the fact that many of us are highly indebted,” he noted.

“We were encouraged that the UK agreed that it will engage the Caribbean prior to the G20 and Organisation for Economic Co-operation Development (OECD) meetings, in order to have a better understanding and appreciation of our peculiar concerns, with a view to having decisions taken by those bodies take account of our special circumstances,” Mr. Nicholson said.

On the matter of Climate Change, he said the UK recognised the region’s strong voice on the issue and there was an agreement to collaborate closely in international fora.

“We therefore pledged to work together to secure an agreement by 2015 for enhanced action on a comprehensive global agreement,” he said.

Efforts will also be made to develop a long term strategy on energy security for the region, with an emphasis on renewable energy and green technology, the Minister informed.

He said Caribbean Foreign Ministers also used the opportunity to raise the contentious issue of the UK Air Passenger Duty (APD), which threatens the Caribbean tourism industry.

“We stressed the discriminatory nature of the APD and once again called for the equitable application of the duty. We were able to secure a pledge from the UK for continued dialogue on the issue, as well as assistance in mitigating any deleterious effects that the application of the APD may have on the economies of the region,” the Minister said.

Foreign Secretary of the UK, William Hague, gave the undertaking that the Coalition Government in the UK would examine the issue again when it presents its annual budget next financial year, Senator Nicholson said.

The Forum, which was held under the theme: ‘Sustainable Growth Toward Prosperity’, saw delegates engaging in wide ranging and frank discussions on major areas of co-operation, trade and investment, security, climate change and sustainable development, and foreign policy issues.

Jamaica’s delegation, which was led by Minister Nicholson, also included Minister of National Security, Hon. Peter Bunting; Acting Permanent Secretary in the Foreign Ministry, Ambassador Vilma McNish; and Permanent Secretary, Ministry of National Security, Dianne McIntosh.

The UK delegation was led by Mr. 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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## [Caribbean Airlines begins daily service to St Lucia](#)

Wednesday, 15th February, 2012 - Caribbean Press Releases

The Trinidad-based airline, Caribbean Airlines, has begun a non-stop daily service to St Lucia with daily flights from Port of Spain to the George FL Charles Airport here.

“The addition of this route solidifies our commitment to provide our customers with more options for travel within the Caribbean,” Caribbean Airlines’ acting chief executive, Robert Corbie, told an inaugural ceremony on Saturday.

He said St. Lucia has been of strategic interest to the airline, which stepped up its intra-regional flights following the entry of the Barbados-based carrier, RedJet. Caribbean Airlines has also used the launch to mount a campaign to win students attending the region’s major university campuses in Jamaica, Barbados and Trinidad.

“Our current offer for students along with added benefits of frequent flyer miles and complimentary bags will add value and exceed service expectations,” he noted. RedJet, billed as a low-cost, no-frills carrier, currently charges a minimum 10 US dollars per bag.

Caribbean Airlines’ St. Lucia service also paves the way for direct connections to South America, with a daily connection to Caracas via Trinidad for passengers whose travel originates in St. Lucia, along with four weekly connections to Paramaribo, Suriname and daily connections to Guyana, Corbie said.

“Our added value entitles all customers on our new St. Lucia route to frequent flyer miles, one complimentary checked bag up to 50 pounds and, up to 10 per cent discount is offered to senior citizens and students attending universities within the Caribbean.”

He said Caribbean Airlines continues to work closely with St. Lucia Tourist Board to ensure a consistent value-added service.

For the island’s part, minister for tourism, Lorne Theophilus, said the new service provides more access to its carnival, jazz and Creole Heritage festivals and further links the Windward Island to the southern Caribbean republic.

“We hope that this service succeeds as this will be one more bridge built in making the dream of Caribbean economic, social and cultural integration a reality,” the minister said.

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