

# 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 and Tobago

### **Kiss puts 27 workers on the breadline**

Local manufacturer Kiss Baking Company has laid off 27 workers as it increased prices on several of its snack cake products and discontinued others which were not selling well. The employees were sent home late last week and were offered severance packages, sources familiar with the operations of the Chaguanas-based company told the Express.

### **Govt gets \$134m from EU for sugar revamp**

THE European Union (EU) handed over a cheque for 16.585 million euros (TT\$134.2 million) to the Government yesterday to aid in restructuring the country's sugar industry. The State-controlled sugar industry was disbanded in 2007 with the closure of Caroni (1975) Ltd and the then PNM administration approached the EU to help facilitate a National Adaptation Strategy for former sugar workers to promote life after sugar.

### **How will T&T stocks perform in 2012?**

A little over one year ago, I wrote a column headlined "Is the PP bad for the stock market?" in which I disagreed with the projections made by one of the nation's brokerage houses that the composite index of the T&T Stock Exchange would decline by five to ten per cent in 2011.

### **Gregory McGuire: NGC bears all natural gas risks**

T&T will have to consider if the National Gas Company (NGC) will have to change the way in functions to reduce the overall risk of the company and ensure that those involved along the natural gas value chain share the risks.

### **CariCRIS: SME rating could renew line of credit**

The owner of a small and medium enterprise (SME) could use the Caribbean Information and Credit Rating Services Ltd (CariCRIS) SME rating to obtain financing from banks and possibly negotiate a lower interest rate.

### **American energy expert: US likely to export natural gas by 2016**

A warning that T&T could be negatively impacted by the increased production in the United States of natural gas from shale rocks. It comes from Amy Myers Jaffe, head of energy programme at Rice University's James A Baker III Institute for Public Policy, who said it has become increasingly apparent that the US has significant natural gas reserves in shale rocks which, in the next five years, could lead to the country becoming an exporter of natural gas.

## **Trinidad and Tobago cont'd**

### **Chamber president Roger Packer advises: Lift local standards**

#### **The right incentives**

Colombia is an example of a model T&T can follow in how it attracts foreign investment, says Roger Packer, president, Energy Chamber of T&T. "Our close neighbour, Colombia, presents an interesting example of how institutions restructuring can foster investment into the oil and gas industry.

### **e-TecK to develop call centres through Nearshore Americas**

InvesTT, a subsidiary of Evolving Technologies and Enterprise Development Company Ltd (e-TecK), is seeking new and creative ways to encourage more foreign investments into T&T. InvesTT, according to its Web site, is the first line investment agency for T&T.

## **Jamaica**

### **JAS president calls for greater financial aid**

PRESIDENT OF the Jamaica Agricultural Society Glendon Harris is calling for a review of the procedures which govern how funds are disbursed to farmers to assist them with crop production.

### **Banana industry still suffering from Tropical Storm Nicole**

THE LOCAL banana industry continues to reel from the devastation caused by Tropical Storm Nicole in 2008, with Jamaica having to import US\$8.3 million worth of the fruit last year to meet the demands of banana-chips processors. This was necessary, with most of the fruit coming out of Ecuador and the Dominican Republic, as farmers are yet to get the much-needed financial assistance to put their fields back into production, according to Gethel Sessing, president of the All-Island Banana Growers' Association (AIBGA).

### **Newport Mills boasts int'l safety rating**

"THE SAFE feed we are offering Jamaican farmers and consumers is helping to secure the future of our livestock sector," says Dr Velton Gooden, quality systems manager at Newport Mills Ltd, which manufactures the Nutramix line of animal feeds. "We believe this is of critical importance in ensuring our producers and consumers can be integrated members of the safe-food chain," he adds.

### **Jump-start for JEEP**

The Government says it has identified at least \$4 billion to fuel its much-touted Jamaica Emergency Employment Programme (JEEP). However, the source of the money is not clear despite an attempt at an explanation yesterday by Finance Minister Dr Peter Phillips. A small part of JEEP, in which 700 jobs are to be created, will be launched on Wednesday.

## **Jamaica cont'd**

### **Jamaica pays dearly for youth crime, says UN report**

Youth crime is costing Jamaica billions of dollars each year and choking the life out of the economy. That is one of the major findings of a new study by the United Nations Development Programme (UNDP), which has confirmed that crime is having a devastating impact on the economies of Jamaica and other Caribbean states.

## **Barbados**

### **Closing Down**

After almost 135 years in Bridgetown, one of The City's iconic businesses is closing its main facility on Broad Street. Knights Pharmacy, a member of the Barbados Shipping & Trading (BS&T) group of companies, will close its operations on Lower Broad Street as well as the branch in sleepy Speightstown, St Peter, at the end of this month.

### **Sick-out hits LIME outlets**

AN APPARENT SICK-OUT by more than 100 staff at telecommunications company LIME forced the closure of two branches and curtailed operations at others.

### **Sealy lauds group's Spirit**

Maritime offerings are underutilized in Barbados and have been so for far too long. That's according to Minister of Tourism Richard Sealy, who has challenged more businesses to attract visitors to these shores and sustain their interest. His comments were made on Saturday night at the launch of the new luxury catamaran Spirit Of Barbados at the Shallow Draught.

### **Vending pressure**

LIFE ON BARBADOS' STREETS is not an easy one, just ask any street vendor. The MIDWEEK NATION did just that, speaking to produce vendors selling on the island's roadsides, specifically in St Michael and St James. Clifton Garrett used to work at an air conditioning firm but he said the economic crisis hit him.

### **FSC firm on regulation**

The Financial Services Commission (FSC) is moving to strengthen monitoring and regulation of companies within its purview. According to chief executive officer Ian Carrington, the regulatory body's plans include greater online functionality with regard to data submission and analysis and more attention to the solvency of banking and non-banking financial entities.

### **TOURISM MATTERS: Start by cleaning The City**

I fundamentally believe that any new planning or policy directive must be based on fact and thorough research. This becomes even more critical when allocated budgets are under severe pressure while "we" as a country are looking to maximize our tourism earnings.

## **Barbados cont'd**

### **New name for BNB, effective July 2012**

COME July this year, the Barbados National Bank Incorporated (BNB) will be renamed Republic Bank (Barbados) Limited. This has been announced by Chairman of the BNB, Ronald Harford in a recent review of the bank's operations for the three months ended December 31, 2011.

### **Upper income bracket most affected by the economic recession**

IN terms of job losses in Barbados from the current recession, these have not impacted too much on persons in the lower income bracket. Rather, says a local economist, the impact has been greater among those earning above \$1 300 a week.

### **Is a downgrade in the future for Barbados?**

IT was only last month that the Governor of the Central Bank of Barbados (CBB), Dr. Delisle Worrell projected Barbados' rating outlook to remain stable by international rating agencies.

## **Guyana**

### **Chopper, plane to boost piracy fight**

- \$212M spent to refurbish aircraft
- More boats for police

The government will throw a refurbished chopper and airplane into the battle to stop increasing incidents of piracy on the high seas, Head of the Presidential Secretariat, Dr Roger Luncheon announced yesterday.

## **Bahamas**

### **BTC and Cable Bahamas oppose URCA's publication of accounts**

THE publication of separate accounts and cost accounting information is being opposed by the Bahamas' two leading communications providers who described the requirement as "disproportionate" and "not fit for purpose."

### **Rolle: Bahamian unemployment rate 'not out of the doldrums yet'**

THE Bahamian unemployment rate now at 15.9 per cent is a clear indication that the economy has "not turned out of the doldrums yet," Bahamas Chamber of Commerce and Employer's Confederation Winston Rolle said yesterday.

### **Revisions to \$1.8 billion I-group project a 'win-win'**

REVISIONS to the \$1.8 billion Mayaguana-based I-Group project provide a "win-win" for all Minister of Tourism and Aviation Vincent Vanderpool-Wallace said yesterday, telling Tribune Business that work would start immediately on the redevelopment of that island's airport with an estimated cost of between \$5-\$7 million.

## **Bahamas cont'd**

### **Jobless youth up by a third**

THE NATIONAL unemployment rate has risen 2.2 per cent in five months and youth unemployment is up by more than 30 per cent, according to the latest labour survey released by the Department of Statistics yesterday.

### **Land recovery deal signed**

THE Government yesterday recovered 5,825 acres of land with the signing of a revised Heads of Agreement with the I-Group for its Mayaguana development project.

### **Grant rejects BEC claim**

MINISTER of Works Neko Grant dismissed North Andros and Berry Islands MP Vincent Peet's claim that the New Providence Road Improvement Project has failed to properly install BEC infrastructure.

### **Investment talks high on agenda as Haitian president visits Bahamas**

Haitian President Michel Martelly arrived in The Bahamas on Tuesday night, hours ahead of a series of meetings with government officials and business persons to discuss investment opportunities in his country.

## **Saint Lucia**

### **St Lucia Looks to Costa Rica for Help in Fight to Save Banana Industry**

St Lucia is continuing to look for solutions in its fight against the Black Sigatoka disease, which has been ravaging the country's agricultural sector and its banana industry in particular.

## **St. Kitts and Nevis**

### **St Kitts-Nevis-Anguilla National Bank Reports Increase in Assets**

The St Kitts-Nevis-Anguilla National Bank is reporting a growth in total assets from \$840.7 million to \$918.5 million as of the end of June.

## **Haiti**

### **Investment talks high on agenda as Haitian president visits Bahamas**

Haitian President Michel Martelly arrived in The Bahamas on Tuesday night, hours ahead of a series of meetings with government officials and business persons to discuss investment opportunities in his country.

## Haiti cont'd

### **Ways sought to improve effectiveness of international aid to Haiti**

The secretary general of the Organization of American States (OAS), José Miguel Insulza, met on Wednesday with the prime minister of Haiti, Garry Conille, with whom he spoke about the importance of ensuring that the international community's assistance is in line with the plans established by the Haitian government.

## Montserrat

### **Montserrat invites expressions of interest for geothermal development**

The government of Montserrat is inviting expressions of interests for the development of geothermal resources in the island.

## Belize

### **S&P downgrades Belize over Barrow super bond statement**

A report coming out of New York today said that Standard & Poor's Ratings Services has downgraded Belize's credit ratings, over suggestions from Prime Minister Dean Barrow last week that the government would like to restructure the billion-dollar super bond.

## Regional

### **ALBA is 'wake-up call' for CARICOM - Girvan**

Development economist, Professor Norman Girvan, has urged the Caribbean Community (CARICOM) to sit up and pay attention as the Hugo Chávez-led Bolivarian Alliance for the Peoples of Our America (ALBA) continues to make rapid advances.

### **Budget approved for CARICOM Secretariat**

Caribbean Community (CARICOM) Council of Ministers on Tuesday, was the approval of the work programme and budget for the CARICOM Secretariat for 2012.

Secretary General, Irwin LaRoque, at the opening of the meeting had revealed that the budget of the Secretariat had been frozen from 2008 through 2010 and then further reduced in 2011.

# International

## United States

### **U.S. Stock Futures Decline Before ECB**

U.S. stock futures dropped, indicating the Standard & Poor's 500 Index will snap two days of gains, as the euro area's finance ministers prepared for talks on a bailout for Greece.

## United Kingdom

### **BOE Adds 50 Billion Pounds to Stimulus**

Bank of England officials pumped another 50 billion pounds (\$79 billion) into the U.K. economy to protect a nascent recovery from the threat posed by Europe's debt crisis.

## China

### **China inflation spike pricks policy easing expectations**

China's annual inflation spiked to a consensus-busting 4.5 percent in January as spending jumped during the Chinese Lunar New Year holiday season, breaking a five-month softening trend and forcing a market rethink of policy easing expectations.

## Other - International

### **Global Corporate Default Rate to Increase, Moody's Reports**

The global corporate default rate increased to 2 percent in January from 1.8 percent a month earlier, Moody's (MCO) Investors Service said in a report.

### **Oil rises above \$99 in Asia as weak US crude demand offsets improving overall economy**

Oil prices rose slightly higher to above \$99 a barrel Thursday in Asia as U.S. crude demand lags the overall improvement in the world's biggest economy.



**\* FULL ARTICLES \***



## JAS president calls for greater financial aid

Thursday 9th February, 2012: The Gleaner

PRESIDENT OF the Jamaica Agricultural Society Glendon Harris is calling for a review of the procedures which govern how funds are disbursed to farmers to assist them with crop production.

Harris told The Gleaner in a recent interview that the inordinate delay has been stifling the ability of the farmers to produce their crops in a timely manner.

"The process of getting the funds is long and tedious and if they (farmers) are approved for the loan, by the time they receive the money, the planting season is far gone. So what we find is that all the crops become ready for harvesting at the same time, thereby creating a glut. This situation is far from ideal," Harris said.

He noted that while the former administration had initiated the farmers' market to mop up the excess agricultural produce, it was not the ideal measure as it was stifling some farmers.

"The solution is to have the production spread over the period, whether it is rainy or dry, so we do not experience a shortage of any produce or a glut - neither of the extremes will come into play," Harris argued.

The JAS president also pointed to what he said had become a chronic problem - lack of water, which is required to keep the farms alive year round. "We have the other problem of not being able to plant all year round because of a lack of water. We would want the Government to look at being able to offer pond liners at affordable cost to farmers so that they can harvest rainwater and store it for use in the drier periods," he said.

Harris insisted that this would go a far way in ensuring that demand is met year round, and significantly reduce the need to import agricultural produce.

Warehouse space

Speaking to the issue of food security, the JAS president said Jamaica is not yet ready for that as the country does not have the warehousing capacity. "If Jamaica is going to be serious about food security, we would have to establish significant warehouse space for agricultural produce and put measures in place for grading and packaging. We could look at tomatoes, in the first instance, where they could be stored for six to eight weeks under the right conditions," Harris suggested.

He said the zoning of crops and data-driven production would have to be introduced to ensure that the agricultural products which are demanded are produced in the correct quantities and on time.

"We need to have sustainable vegetable production including lettuce, cabbage, cauliflower, carrots, Irish potato and tuber crops, tomatoes, egg-plant and some fruit-tree crops," Harris advised.

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## Banana industry still suffering from Tropical Storm Nicole

Thursday 9th February, 2012: The Gleaner

THE LOCAL banana industry continues to reel from the devastation caused by Tropical Storm Nicole in 2008, with Jamaica having to import US\$8.3 million worth of the fruit last year to meet the demands of banana-chips processors. This was necessary, with most of the fruit coming out of Ecuador and the Dominican Republic, as farmers are yet to get the much-needed financial assistance to put their fields back into production, according to Grethel Sessing, president of the All-Island Banana Growers' Association (AIBGA).

She told AgroGleaner that despite the ongoing lobbying of the AIBGA, Government has been slow to help and the European Union (EU) funding project is still in the pipeline, while the delay is hurting local production. In fact, some farmers have thrown up their fields.

### Partnership

Sessing noted that, whereas in 2008 there were about 6,000 persons employed in the banana trade, that number has fallen by about one third. With the onus on her organisation to get fields back into production, the AIBGA has signed a memorandum of understanding/partnership with local banana-chips processor Chippies and Jamaica Producers (JP), the Peoples Co-operative (PC) Bank and the Banana Board, to get banana production back on track.

The AIBGA is working to provide inputs for the farmers from whom the processors have agreed to take the fruit at an agreed economically viable price (for farmers), while the Banana Board will provide administrative support for the project, with the PC banks making loans available.

Another priority for the AIBGA is the setting up of a structured marketing programme for small farmers. JP, which started exporting bananas to Cayman last September, does its own marketing, but the EU is to provide funding to kick-start the much-needed marketing project.

With the cessation of exports to the United Kingdom in 2008, farmers have turned to marketing their produce to hotels, schools, hospitals and other institutions which purchase the fruit in bulk to use in the green and ripened state. However, for the most part, farmers' actions have been undermining each other.

Sessing explains: "The AIBGA is looking at wholesale marketing of bananas because the current system is unstructured, which results in fluctuation in supply (gluts and shortages). Everybody tries to sell to the same persons, with one playing off against the other, resulting in reduced prices."

## Exploitation

Then, there are hagglers who exploit this individual approach by taking fruit from one farmer this week with a promise to pay and moving to a next farmer the following week, without having paid the first farmer.

Convinced that collective marketing is the way to go, the AIBGA has sought financial help from the EU to set up a centralised system in much the same way it has established two ripening houses in Kensington, St James and Pembroke Hall, St Mary.

The facilities are owned by the AIBGA and farmers take their fruit to them where it is ripened for a small cost and the farmers collect and transport it to their various markets. However, some of the EU funding is earmarked for the purchase of refrigerated trucks which the AIBGA will use to pick up the fruit from farmers and take it to the ripening houses. Thereafter, it will also transport the ripened fruit to market for the farmers.

"This way, we will be able to ensure that bananas get to the houses and markets in much better condition than now happens," the AIBGA president told AgroGleaner.

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## [Newport Mills boasts int'l safety rating](#)

Thursday 9th February, 2012: The Gleaner

"THE SAFE feed we are offering Jamaican farmers and consumers is helping to secure the future of our livestock sector," says Dr Velton Gooden, quality systems manager at Newport Mills Ltd, which manufactures the Nutramix line of animal feeds. "We believe this is of critical importance in ensuring our producers and consumers can be integrated members of the safe-food chain," he adds.

Gooden's comments come against the background of the company having just completed its first full calendar year of supplying Jamaica and the Caribbean with quality feeds from Jamaica's only feed mill to boast a combination of top international quality and safety certifications. These are the ISO Quality Management Systems (ISO 9001:2008), Hazard Analysis & Critical Control Points (HACCP) and Good Manufacturing Practice (GMP).

"At a time when Jamaican companies are grappling with several export-related challenges, this is a significant achievement," Gooden notes.

This is as a result of rigorous enforcement of a strong quality-management system involving the entire team at Newport Mills, and investments totalling more than US\$10 million over the last five years, which ensure that Nutramix feeds are produced in an ultra-modern, ultra-safe facility. This is a vitally important step in the process to provide safe food 'From Farm to Fork' which saw the company receiving the coveted Bureau of Standards Jamaica's Quality Award for 2011 for Excellence in Process Management. Dr Gooden underscores the importance of this achievement: "International food-safety standards are becoming more and more demanding. Very soon, we will only be able to market livestock products such as milk, eggs and meats from farms and processing plants that can guarantee that the entire production process is safe."

Stringent regulations

In fact, the United States, one of Jamaica's most important trade partners, is this month implementing new, more stringent regulations under its Food Safety Modernisation Act (FSMA). Signed into law in January 2011, the FSMA includes increased inspections to be carried out by the United States Food and Drug Administration whose representative are now in the island.

The Newport Mills food-safety drive has been achieved following major investments in infrastructure and equipment to upgrade its feed mill, continuous in-depth sensitising and training of staff, and the implementation of numerous quality-management systems. The final critical step involved an exacting process of auditing and certification at local and international levels. This standard of food-safety achievement is a first for a Jamaican agriculture-based company. Having achieved all three ISO 9001, HACCP and GMP certifications, Newport Mills actually has exceeded the new US Food Safety Modernisation Act's requirements, according to Gooden.

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## [ALBA is 'wake-up call' for CARICOM - Girvan](#)

Thursday 9th February, 2012: The Gleaner

Development economist, Professor Norman Girvan, has urged the Caribbean Community (CARICOM) to sit up and pay attention as the Hugo Chávez-led Bolivarian Alliance for the Peoples of Our America (ALBA) continues to make rapid advances.

Over the last 72 hours, the eight-nation bloc approved a new economic integration system dubbed ECOALBA, and opened its doors to welcome another three CARICOM member states.

At ALBA's 11th summit in Venezuela ending on Sunday, Haiti was granted permanent observer status and Suriname and St Lucia were made "special guest members", as a prior step to their full entry.

The two countries also indicated they intended to join another Chávez integration initiative, PetroCaribe, Venezuela's preferential credit oil scheme.

They are set to join Dominica, Antigua & Barbuda and St Vincent & the Grenadines, as well as five Latin American member nations - Venezuela, Cuba, Bolivia, Ecuador and Nicaragua.

Describing ALBA as a dynamic integration grouping, Professor Girvan told the Caribbean Media Corporation that ALBA's growth must be a wake-up call for CARICOM.

"(ALBA) poses the urgency of revitalising CARICOM, and if CARICOM continues to be relatively moribund in its economic integration aspect, then inevitably ALBA will become an attractive alternative for more and more CARICOM states," Girvan said.

Chávez announced that each member state agreed to contribute one per cent of its foreign exchange reserves to the proposed Bank of the ALBA. He said that in the case of Venezuela, this represented \$300 million, an amount that will be used to create a common development fund that would pave the way for greater financial independence in the region.

Girvan said ALBA is proving to be a "more dynamic" grouping than CARICOM is at the moment.

"They are mobilising resources on a much more significant scale," he told CMC. "The ALBA bank and PetroCaribe funding are much larger than those mobilised by the CARICOM Development Fund, and as ALBA is moving ahead they keep launching into new projects, for example, food security and agriculture that CARICOM has been talking a lot (about) but doing very little."

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## Jump-start for JEEP

Thursday 9th February, 2012: The Gleaner

The Government says it has identified at least \$4 billion to fuel its much-touted Jamaica Emergency Employment Programme (JEEP).

However, the source of the money is not clear despite an attempt at an explanation yesterday by Finance Minister Dr Peter Phillips.

"Remember that the Government spoke about reorienting expenditure while in Opposition ... including the JDIP (Jamaica Development Infrastructure Programme), and there are other expenditures. So it is from that reorientation of expenditure (that the JEEP money will come)," Phillips said yesterday as he responded to questions about how the programme would be financed.

"There were overcommitments (under the JDIP), but not all of those commitments were at the point where they could not be retrieved, and so there is that, and there are other capital commitments that were not drawn down in the current fiscal year ... which we think can be reviewed and focused on employment intensive implementation," added Phillips.

Details coming soon

He said Transport and Works Minister Dr Omar Davies would shortly give Parliament the details of the JEEP and its implementation schedule, which would extend over more than one fiscal year.

Phillips said, however, the implementation of the emergency employment programme could begin this fiscal year, which ends on March 31.

But even as he indicated that the Government has found the money to spend on the JEEP, Phillips repeated his warning of pending sharp cuts in the Government's spending plan for the year.

J\$10-billion fiscal gap

He charged that the fiscal programme the Portia Simpson Miller administration inherited from the previous government went disastrously off track in the second quarter of the fiscal year.

"As a consequence, there is now a fiscal gap of some J\$10 billion for the current fiscal year and the Cabinet has agreed to measures and adjustments which will be reflected in the supplementary Budget that I will be tabling in Parliament later this month."

According to Phillips, the majority of the expenditure cuts will take place on the capital side of the Budget, but Jamaicans will have to wait until the Supplementary Estimates is tabled to find out exactly which programmes will be cut.

"The fact is, there will be cuts and they will be substantial," said Phillips.

"I told you the extent of the gap and you know that we intend to deal with the problem, and I have indicated that we have focussed on the project side, and we believe that those cuts, based on where we are in the fiscal year, can be undertaken without too much damage to the projects ... from which the money will be taken."

Phillips was addressing a media briefing on the decisions coming out of the just-concluded Cabinet retreat.

He said the administration was committed to keeping Jamaicans informed of its plans and programmes as it moves to create the macroeconomic framework for sustained growth.

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## [Jamaica pays dearly for youth crime, says UN report](#)

Thursday 9th February, 2012: The Gleaner

Youth crime is costing Jamaica billions of dollars each year and choking the life out of the economy.

That is one of the major findings of a new study by the United Nations Development Programme (UNDP), which has confirmed that crime is having a devastating impact on the economies of Jamaica and other Caribbean states.

According to UNDP Caribbean Human Development Report 2012, launched in Trinidad yesterday, Jamaica has the highest number of youth convicted of crime in the region.

The report noted that Jamaica spends more than US\$529 million (J\$46.5 billion) every year as a direct public and private cost to fight youth crime.

This is calculated based on direct expenditure to fight crime and potential revenue which stays away from Jamaica because of the criminals.

It is estimated that because of youth crime, Jamaica loses US\$4.3 million in potential investment each year while a further US\$95 million, which would flow into Jamaica through tourism, goes elsewhere.

The UNDP report estimates that youth crime in Jamaica is costing the country as much as 3.21 per cent of its gross domestic product (GDP).

### Threatening livelihoods

According to the report, "Crime has become one of the main challenges threatening economies and livelihoods in Caribbean countries, but the right mix of policies and programmes can halt the problem."

"Overall, youth crime is costing CARICOM countries between 2.8 and four per cent of GDP," stated the report, as it noted the number of criminal gangs operating throughout the region.

According to the report, with the exception of Barbados and Suriname, homicide rates - including gang-related killings - have increased substantially in the last 12 years across the Caribbean, while falling or stabilising in other parts of the world.

The report also noted that gang-related homicides in Jamaica and Trinidad and Tobago are "substantial and increasing".

In 2006, Jamaica experienced 1,303 homicides, of which 32.5 per cent were gang-related. By 2009, the number of homicides had increased by 377 with 48.1 per cent gang-related.

In 2006, Trinidad and Tobago experienced 371 homicides with 26.4 per cent gang-related. By 2009, the twin-island republic reported 506 homicides with 34.8 per cent gang-related.

Need to rethink approach

"This report stresses the need to rethink our approaches to tackling crime and violence and providing security on the ground," said Helen Clark, UNDP administrator, during the launch yesterday.

"We need to follow approaches that are centred on citizen security and address the causes of this recent increase in violent crime, including social, economic, and political exclusion," added Clark.

The report recommended that Caribbean governments implement youth crime prevention through education, as well as provide employment opportunities that target the marginalised urban poor.

It stated that a shift in focus is needed from a state protection approach to one that focuses on citizen security and participation, promoting law enforcement that is fair, accountable, and more respectful of human rights.

Among the recommendations in the report is for Jamaica and other regional states to achieve a better balance between legitimate law enforcement and preventive measures, with a stronger focus on prevention.

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## [Investment talks high on agenda as Haitian president visits Bahamas](#)

Thursday 9th February, 2012: Caribbean News Now

Haitian President Michel Martelly arrived in The Bahamas on Tuesday night, hours ahead of a series of meetings with government officials and business persons to discuss investment opportunities in his country.

During his visit it is expected that the government will resume stalled talks over mango imports from Haiti, and will hold discussions about illegal immigration and smuggling.

The government was previously engaged in discussions with Haiti to import mangoes from that country, but those talks fell through after the 2010 earthquake.

"Before the earthquake we were talking about the whole question of agricultural products, and the sanitary labeling of these products in the case of mangoes so we can have them exported here to The Bahamas," Foreign Affairs Minister Brent Symonette said on Tuesday night.

He added that the two countries were on their way to establishing a great trade link before the disaster.

Haiti is "open for business" and looking for foreign investment, not handouts, Antonio Rodrigue, the country's ambassador to The Bahamas, said on Tuesday night as he waited with other officials for Martelly's arrival at the Odyssey Aviation airport.

"The president [has] said he doesn't want international assistance, he wants investment. With investment people can come, open businesses and create jobs. That's what is important for the country now, jobs so people can have some dignity. That's the new direction of the government, to look at investment."

Rodrigue said the two-day visit was not only meant to enhance the relationship between the two countries, but to show The Bahamas investment opportunities in Haiti.

"There are so many things available for investors in Haiti, so we are here to [explain] to Bahamian investors a place where they can go and make some money," he said.

The trip is Martelly's first official visit to The Bahamas since he was elected president last April. However Martelly, a former singer, has toured the country before during his time as an entertainer.

Martelly is traveling with his ministers of foreign affairs, national security and tourism.

The president was to meet with the local Chamber of Commerce on Wednesday to discuss mutually beneficial business opportunities. He was also due to meet with the governor general, the prime minister and leader of the opposition.

Martelly also had a scheduled meeting on Tuesday night with members of the Haitian community in The Bahamas.

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## [Ways sought to improve effectiveness of international aid to Haiti](#)

Thursday 9th February, 2012: Caribbean News Now

The secretary general of the Organization of American States (OAS), José Miguel Insulza, met on Wednesday with the prime minister of Haiti, Garry Conille, with whom he spoke about the importance of ensuring that the international community's assistance is in line with the plans established by the Haitian government.

At the meeting, held at OAS headquarters in Washington, DC, Conille highlighted the support that the OAS has provided to his country in electoral issues, development, civil registration and consolidation of democracy. He furthermore recognized the organization's leadership and will to work hand in hand with the government to coordinate regional and international support.

Insulza reiterated that the Organization he leads is highly committed to working with the Haitian government.

"The best way to make an effective contribution to Haiti is by channeling aid through the authorities that the people have elected to be governed by," he said and recalled that "there is great hope in the new government" and that it is a good time for the country to start showing progress.

"It is important to consider that, despite all the difficulties, Haiti has maintained its democracy," stressed Insulza, who also added that in the region there is an obvious effort to broaden community participation in which people are part of change and progress, and "this is achieved by strengthening and making government more efficient."

The OAS head also reiterated that "the Organization will continue to do everything necessary to support the government of the Caribbean country," and promptly referred to the OAS will provide in assisting with the conduct of the parliamentary and local elections to be held this year, and also in the creation of a Permanent Electoral Council.

At the meeting, members of the Haitian delegation referred to the importance of involving all branches of government to work as partners with the OAS, and stated that the relationship between the agency and Haiti has always been important, especially in times of crisis.

They also reported their objective of finding a more coordinated cooperation at the highest level within organizations and entities that support the country in order to respond to the demands and expectations of the Haitian people.

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## [St Lucia Looks to Costa Rica for Help in Fight to Save Banana Industry](#)

Thursday 9th February, 2012: Caribbean Journal

St Lucia is continuing to look for solutions in its fight against the Black Sigatoka disease, which has been ravaging the country's agricultural sector and its banana industry in particular.

Agriculture Minister Moses Jean Baptiste is now in Costa Rica on an official visit, looking to discuss the issue with authorities in that country, which has had success in combating Black Sigatoka, according to Jadia Jean Pierre Emmanuel, press secretary to St Lucian Prime Minister Dr Kenny Anthony.

Baptiste has previously called the disease a "national crisis."

"We all know that in St Lucia, our agriculture sector, particularly our bananas, are being severely affected by the Black Sigatoka," she said. "Minister Baptiste has outlined some of the plans the government of St Lucia hopes to implement in the coming weeks to deal with this problem, but as part of moving forward, there will need to be consultation with our various partners in the region."

Baptiste is in Costa Rica at the invitation of the Director General of the Inter-American Institute for Cooperation on Agriculture.

"This is one issue the Minister will be discussing while in Costa Rica and upon return to the island he will be giving a report to the public," she said.

During the visit, the Minister will also pay a courtesy call on Costa Rica's Agriculture Minister and visit a number of farms in the country.

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## [St Kitts-Nevis-Anguilla National Bank Reports Increase in Assets](#)

Thursday 9th February, 2012: Caribbean Journal

The St Kitts-Nevis-Anguilla National Bank is reporting a growth in total assets from \$840.7 million to \$918.5 million as of the end of June.

Net income before and after tax also increased in that period, the banks aid.

National Bank Chairman Walford Gumbs said the asset increase was a “commendable” achievement for the bank, but that the continued economic slowdown did not bode well for the region.

“This is certainly not good news for us in small developing economies in the Caribbean that suffer fallout from downturns in the developed countries,” he said.

Gumbs said the bank would continue to develop new products and seek to improve efficiency.

“These measures are necessary to enable the Bank to stay on course and stem the tide of uncertainty brought about by a worldwide financial crisis,” he said.

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## [Chopper, plane to boost piracy fight](#)

Thursday 9th February, 2012: Kaieteur Online

- \$212M spent to refurbish aircraft
- More boats for police

The government will throw a refurbished chopper and airplane into the battle to stop increasing incidents of piracy on the high seas, Head of the Presidential Secretariat, Dr Roger Luncheon announced yesterday.

He said that the old Bell 412 helicopter, along with a Cessna aircraft, which were being put back into operation, would be used to beef up patrols along the high season as part of a sustained plan to protect fishermen.

Over the last weekend, pirates attacked an estimated 15 fishing vessels off the Essequibo Coast, putting at risk the lives of 19 fishermen. The men have all been rescued.

However, five fishermen who joined the rescue effort without their life-jackets were washed away by rough waters. One of the men survived, while two bodies have been recovered over the past two days. The search is still on for the other two men.

Yesterday, Luncheon admitted that the effort to beef up the army's air corps did not go ahead with the speed and scope the administration intended, but he said there is now a renewed effort to do so. As a result, mid-last year, the government committed resources to refurbish the Bell 412 and the Cessna. Luncheon told Kaieteur News that an estimated \$212 million has been spent thus far on the refurbishments.

In addition, he said that more boats will be acquired for the marine section of the Guyana Police Force so that there could be routine patrols.

According to Luncheon, the fight against piracy also underscores the need for "profound, solid" intelligence gathering, which the law enforcement agencies would also be working towards.

On Monday, a delegation of fisherfolks who were led by Region Two's Member of Parliament, Cornel Damon, met President Donald Ramotar.

The group that met the President represented the shareholders of the damaged vessels of the weekend pirate attacks, but according to Damon about 60 persons including employees have been affected by the criminal act committed.

Minister of Public Works, Robeson Benn on Saturday last, after reports of the incident surfaced, activated the Maritime Rescue Coordinating Centre (MRCC) which comprised the Coast Guard, which worked in conjunction with the police to conduct the search and rescue and commenced investigations into the incident, after which a helicopter reconnaissance flew over the area where three persons were later rescued.

The MRCC in continuing its efforts later provided the coordinates of their mission to the police and Coast Guard teams who were dispatched over land, and on Sunday morning last, the team rescued another 15 fisherfolks who were left drifting in the Pomeroon River area after the attack.

The MRCC is said to be continuing their investigations into the pirate attacks.

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## Budget approved for CARICOM Secretariat

Thursday 9th February, 2012: Kaieteur Online

Caribbean Community (CARICOM) Council of Ministers on Tuesday, was the approval of the work programme and budget for the CARICOM Secretariat for 2012.

Secretary General, Irwin LaRoque, at the opening of the meeting had revealed that the budget of the Secretariat had been frozen from 2008 through 2010 and then further reduced in 2011.

He disclosed that while the Secretariat has been able to maintain a level of service, “we have had to undertake cost cutting measures, including not filling posts as they become vacant, some of which are necessary for the efficient management of our institution and the delivery of its work programme.”

The Ambassador further pointed to the fact that “should we endure any further cuts in real terms without prioritizing mandates and an already over ambitious work programme, we will become that more inefficient, given the resources that are available to us.”

The Secretariat, he said, is threatened by the rising arrears which restrict its cash flow and further limit its ability to perform. This state of affairs, he warned, should not be allowed to continue even as he pointed out that in the process of change, reform and restructuring the Secretariat must be equipped to be the change agent that it is required to be.

His remarks undoubtedly charted the way forward for the Council to make the crucial decision to approve the body’s work programme and budget for this year, according to a statement issued by the CARICOM Secretariat yesterday.

The one-day meeting, which was venued at the Turkeyen, East Coast Demerara, CARICOM Secretariat, also saw the Council of Ministers agreeing to establish a Working Group to look at issues pertaining to Associate Membership of CARICOM. The Council also sought to appoint Saint Lucia to head the Working Group with other members being Antigua and Barbuda, Dominica, Guyana, Jamaica, Suriname and Trinidad and Tobago.

The Ministers were tasked with discussing proposals for enhanced participation of and criteria for Associate Membership as well as the expression of interest by the Dutch-speaking islands of St. Maarten and Curacao in becoming Associate Members of the Community. Currently, Anguilla, Bermuda, British Virgin Islands, Cayman Islands and Turks and Caicos Islands are Associate Members.

The Council, under the Chairmanship of Winston Lackin, Foreign Minister of Suriname, also recommended for approval by Heads of Government, the “Implementation Plan for the Regional Framework for Achieving Development Resilient to Climate Change”.

The plan, prepared by the Caribbean Community Climate Change Centre (CCCCC), was developed following approval of the Regional Framework by Heads of Government in 2009.

The CCCCC, with support from the Climate and Development Knowledge Network and the Department for International Development (DFID) of the United Kingdom, conducted extensive consultations throughout the Community with various stakeholders. The Plan seeks to guide the identification and prioritisation of actions regionally and nationally within the Framework.

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## [Kiss puts 27 workers on the breadline](#)

Thursday 9th February, 2012: Trinidad Express

Local manufacturer Kiss Baking Company has laid off 27 workers as it increased prices on several of its snack cake products and discontinued others which were not selling well.

The employees were sent home late last week and were offered severance packages, sources familiar with the operations of the Chaguanas-based company told the Express.

The workers were laid off on a 'last in, first out' basis.

Two former workers, who did not want to be identified, said they were given no notice that their positions were no longer available.

They said they were told the company was streamlining the operations of its snack cake division and had no choice but to cut some jobs.

Company officials authorised to speak about the lay-offs at Kiss could not be immediately reached for comment yesterday.

Kiss has also discontinued some of its baked products, including its peanut butter and jelly filler sandwiches, its croissants and doughnuts because of underperforming sales, sources close to the company said.

The company recently increased prices on its Goodie, cupcake and iced cupcake treats.

Lisa Morales, business unit head, Cakes Division at Kiss, told the Express by phone last week there was a 50-cent increase on a number of its snack cake products.

"We haven't had a price increase since 2008 and, like everywhere else, we are faced with higher raw material costs like cocoa and oils as well as higher labour costs. We held out for as long as we could," Morales said.

In July 2011, the Chaguanas-based baking company increased prices on its bread products.

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## [Govt gets \\$134m from EU for sugar revamp](#)

Thursday 9th February, 2012: Trinidad Express

THE European Union (EU) handed over a cheque for 16.585 million euros (TT\$134.2 million) to the Government yesterday to aid in restructuring the country's sugar industry.

The State-controlled sugar industry was disbanded in 2007 with the closure of Caroni (1975) Ltd and the then PNM administration approached the EU to help facilitate a National Adaptation Strategy for former sugar workers to promote life after sugar.

To date, the total contribution from the EU has totalled 31.9 million euros (TT\$276.1 million).

The Government will decide how the money is used to revamp the industry.

Newly appointed chargé d'affaires for the EU Daniela Tramacere said that despite the recent economic problems among member states, the EU remained committed to the development of a sustainable agricultural sector in Trinidad and Tobago.

She was speaking yesterday during a press conference at the International Waterfront Centre, Port of Spain.

The Food Production, Land and Marine Affairs and Planning ministries will be responsible for the disbursement of the funds.

Food Production Minister Vasant Bharath said receipt of this latest grant was a result of the Government having successfully satisfied all the stringent performance indicators required by the EU.

Since 2003, the restructuring programme for the former sugar workers has included \$82 million to more than 3,000 cane farmers as traditional support; leases for agricultural land to former Caroni workers; compensation to 9000 former employees of Caroni (1975) Ltd; and construction of access roads for 17 agricultural estates.

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## [How will T&T stocks perform in 2012?](#)

Thursday 9th February, 2012: Trinidad Guardian

A little over one year ago, I wrote a column headlined “Is the PP bad for the stock market?” in which I disagreed with the projections made by one of the nation’s brokerage houses that the composite index of the T&T Stock Exchange would decline by five to ten per cent in 2011. In my commentary about 13 months ago, it was stated: “That analysis does not conform with my view of the local stock market as it assumes that the current situation of economic stagnation, policy paralysis and bad decision-making on some key issues will continue for the rest of this year. I prefer to view 2011 as the year in which the dark cloud of self-interest that hangs over T&T will be blown away, unleashing the sunlight of rationality, caring, service and delivery.”

The column, which was published on January 13, 2011, stated that I was “very bullish about the prospects of 2011 being the best year for owning stocks since 2004, which was the last full year before the impact of the Central Bank decision to limit the investment by pension plans in local equities.” The commentary referred to the fact that the Central Bank was “certain to cut the reserve requirement and put a serious dent in the cost of money in order to kick-start the local economy,” that the yields on money market accounts would remain below two per cent and the rates on deposit accounts are below one per cent. While the verdict remains to be given on whether the dark cloud of self interest has been blown away, it is clear that, as predicted in this space, 2011 was the best year for owning stocks on the T&T Stock Exchange in many years. The Composite Index added 177.23 points or 21.21 per cent to end the year at 1,012.87, which placed local stocks within the top five performing stock markets in the world last year.

Statistics sourced from the WISE annual report indicate that 564,087,946 shares were traded in 2011 compared with 77,562,527 shares in 2010 and that the value of shares traded rose a considerable 19.02 per cent from \$864.5 million in 2010 to \$1.02 billion in 2011. Three of the top five advancing stocks on the local market in 2011 were Jamaican: JMMB; CCFG and NCBJ, while two of T&T-domiciled stocks—National Enterprises Ltd, which advanced by 46 per cent from \$10.28 to \$15 and Prestige Holdings Ltd, whose value increased by 48 per cent from \$4.27 to \$7.

What about 2012?

The same factors that contributed to the performance of local stocks in 2011 are still in play this year.

Interest rates are expected to remain low, as the Central Bank is not expected to increase the repo rate in advance of moves by the US Federal Reserve to hike the cost of money in the US. This means that people who leave their investments in money market funds or on deposit are going to see a depreciation in the value of their savings or investments in 2012 as a result of the rate of inflation, which is not expected to go above seven per cent this year. One issue to note is this: because share prices for many local stocks increased last year, many of the companies on the T&T Stock Exchange are trading at or near their five-year price/earnings multiples. This means, in my view, that in the absence of outstanding results, many of the shares are fairly valued with little upside potential. As was the case last year, the best possibilities for investors with long-term horizons would be the local stocks that pay out a significant percentage of their earnings as dividends.

The outstanding shares in this regard are National Enterprises Ltd, The West Indian Tobacco Company and Uniliver Caribbean. The dividend yield on these shares exceed money market and deposit rates and there is a distinct possibility that all will experience capital gains this year. In terms of the combination of dividends and capital gains, Republic Bank, Scotiabank and ANSA McAL are also likely to be good investments for 2012.

There is one share for which I have great expectations this year. The stock is Angostura Holdings and it is in my portfolio because, in my view, it is quite likely to be the most under-valued share on the local market.

Angostura is also likely to report a significant one-off gain when it reports on its 2011 financial performance in April as a result of the depreciation of the euro at the end of last year. And it may start paying dividends in 2012—a move which was signalled by the company's former chief executive office, Wayne Yip Choy, at the Angostura annual meeting last year.

What about First Citizens?

Everyone in the small, local investment market is waiting patiently for the initial public offering (IPO) of First Citizens, which may turn out to be as eagerly anticipated in T&T as Facebook is in the US. As someone who has lobbied on behalf of local stock ownership for years, I am looking forward to the IPO and hope that the distribution criteria in the event of over-subscription is fair and encourages the widest possible participation by the population of T&T and the T&T diaspora. Let me conclude by quoting the end of the January 2011 piece, which was referenced at the top of this column: "If the Government were to place state-owned bank, First Citizens, the Unit Trust Corporation, Phoenix Park Gas Processors, the National Gas Company and its stake in Government-controlled enterprises such as Republic Bank, Methanol Holdings, Angostura and Lascelles deMercado, it would reverse the demand for US dollars from investors seeking inflation protection and it would advance the solution of the Clico policyholders issue."

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## [Gregory McGuire: NGC bears all natural gas risks](#)

Thursday 9th February, 2012: Trinidad Guardian

T&T will have to consider if the National Gas Company (NGC) will have to change the way in functions to reduce the overall risk of the company and ensure that those involved along the natural gas value chain share the risks. This is the view of Gregory McGuire, NGC's senior manager, office of strategy management, who said the reality is that the NGC bears all the risk. McGuire was speaking on Monday at the Energy Chamber's annual conference at the Hyatt Regency Trinidad hotel, Port-of-Spain. "We will have to decide if we want to continue with the NGC bearing all the risks. The NGC takes the supply risk because operators do not want to share the market risk, and the downstreamers are happy not to take the supply risk and, we at the NGC as the middleman, as it were, takes all the risks.

"We need to decide if we should not have a situation where all the players along the value chain take the risks, as happens in LNG where the upstreamers, the plant and the transport and marketing, share the risks and reward." McGuire's concern was echoed by Andrew McIntosh, president of NGC, who said the NGC took the risk by having take or pay contracts with the upstream companies, which is higher than the take or pay contracts that they have with the downstream companies. McIntosh argued it is one of the reasons that the NGC had to be fairly tight in the way it books gas reserves. He said the company was not in a position to ask for more reserves than it expected to need because it would have to pay for any shortfall in use. Charles Percy, president of Methanex Trinidad Ltd, suggested there was a need for the NGC to contract spare capacity, but McIntosh said that was not possible.

Downstream companies have been complaining bitterly about the losses in potential revenues they have had to give up due to the shortage of gas at the Pt Lisas industrial estate. McIntosh said he felt their pain, but there was little that the NGC could do until it secured the additional supplies. Norman Christie, president of bpTT, also spoke on Monday on the challenges facing the downstreamers, saying that from bpTT's perspective, it could not continue to be the producer that consistently provides more than its contracted amount of gas to the National Gas Company. BP has been involved in significant upgrades of its facilities, which have negatively impacted its ability to increase natural gas production. McGuire said the issue of energy efficiency was also crucial and there is an issue of plant obsolescence. He said there were some plants that have been paid off for several times and which use a lot more energy to produce the same amount of product as a newer plant and the country needed to decide if that was the best use of natural gas.

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## [CariCRIS: SME rating could renew line of credit](#)

Thursday 9th February, 2012: Trinidad Guardian

The owner of a small and medium enterprise (SME) could use the Caribbean Information and Credit Rating Services Ltd (CariCRIS) SME rating to obtain financing from banks and possibly negotiate a lower interest rate. The SME rating could also be used to negotiate credit from local and international suppliers, as a marketing tool to attract new clients, and by contractors to include in their tender documents, as the rating report contained all the information on the firm that the awardee of the contracts needed. Wayne Dass, chief executive officer of CariCRIS, explained the concept of the SME rating to bankers and SME owners was selected by the Bankers Association of T&T and the Inter-American Development Bank to develop and implement a credit rating model for SMEs.

At the SME Credit Rating Public Sensitisation Forum held at the conference hall of the T&T Chamber of Industry and Commerce on January 31, Dass explained that the overall objective of developing the SME rating product was to contribute to the growth and development of the SME sector, by enhancing the ability of small firms to access appropriately-priced financing. He explained this would facilitate diversification of the economy and create sustainable employment. Dass said a second objective of the SME ratings was to assist the banks to set lending rates to SMEs on a more structured and scientific basis, based on the underlying risk of each SME. The SME rating, he explained, measures the SME's business and financial performance and its ability to sustain or improve its performance. Each rating is accompanied by a comprehensive rating report that highlights the firm's key strengths and areas for improvement. Dass clarified that the SME ratings were done using a different framework from that used for the larger corporates, which thereby ensured that these small firms were not unfairly compared with their larger well-established counterparts with their more formal structures and support.

### Evaluate loan requests

Most importantly, Dass said, the report accompanying the rating serves as an important independent diagnostic of the business, which the company could use to improve itself and make itself into a stronger organisation. Dass explained that an important component of the project was to train officers from the various banks on the use and interpretation of SME ratings. He said that of the 50 credit officers trained, 96 per cent of them saw value in the SME rating by way of helping them to evaluate new and existing loan requests, and helping them to turn around the loan request in a shorter time, as almost all the information required by the bank was included in the SME rating report. Further, of the 25 SMEs that had completed the rating, many had already utilised the rating to either improve their business operations, renew an existing line of CariCRIS credit from the bank, access a new bank loan, negotiate a lower interest rate, attract a new joint venture partner, negotiate terms from suppliers, or in contract procurement.

### Lower interest, higher profits

Dass showed how the SME rating could be used in risk-based pricing of loans, with the better performing SMEs (SME 1, 2) receiving a lower interest rate than their riskier counterparts (SME 3,4). He advised that the local banking system needed to move to so as to properly measure their risk-adjusted return on capital and prepare for the Basel regulatory framework. Dass pointed out that any reductions in interest rate was important and that a one per cent reduction in a SME's interest rate could lead to a 17 per cent increase in profits, which could then be reinvested into the firm for new plant and equipment. He said the SME ratings were well-accepted internationally, that in India, 17 banks actually provided interest rate concessions to SMEs that came to the bank with a SME rating.

He said the government played a key role in the development of the sector in India by subsidising 75 per cent of the cost of the rating, and suggested that the Government of T&T should consider a similar SME ratings programme, given this country's urgent need to encourage innovation and diversification away from the oil and gas sectors. Sherry Ann Persad, CariCRIS' manager responsible for the SME ratings, took participants through the detailed methodology used to evaluate SMEs and demonstrated how the scores were computed to arrive at the actual SME Rating, which ranged from SME 1 (excellent) to SME 5 (weak/vulnerable). Persad said the key risk parameters used to arrive at the rating came under the categories of industry risk, business risk, management risk, financial risk and environmental and social risk.

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## [American energy expert: US likely to export natural gas by 2016](#)

Thursday 9th February, 2012: Trinidad Guardian

A warning that T&T could be negatively impacted by the increased production in the United States of natural gas from shale rocks. It comes from Amy Myers Jaffe, head of energy programme at Rice University's James A Baker III Institute for Public Policy, who said it has become increasingly apparent that the US has significant natural gas reserves in shale rocks which, in the next five years, could lead to the country becoming an exporter of natural gas. Speaking on Monday at the Energy Chamber's annual conference Myers Jaffe said; "There is no doubt that shale gas will affect you. Its advent not only in the US, but also in Argentina, Mexico and Canada, all in this hemisphere, will have an impact on T&T." She pointed out that shale gas had already led to the collapse of natural gas prices in the US and is likely to be kept at a low price for the foreseeable future.

Shale gas refers to natural gas that is trapped within shale formations. Shales are fine-grained sedimentary rocks that can be rich sources of petroleum and natural gas. Myers Jaffe's view appears to be borne out by the latest BP statistical review in which the company noted that over the past decade, the combination of horizontal drilling and hydraulic fracturing has allowed access to large volumes of shale gas that were previously uneconomical to produce. According to BP, the production of natural gas from shale formations has rejuvenated the natural gas industry in the US. "Liquefied natural gas (LNG) is not a growth area for you in the US." T&T once supplied at much as 70 per cent of all the LNG imported into the US, but that figure has been reduced to 22 per cent due to the diversion of cargoes. Derek Hudson, president and asset general manager at BGTT, pushed back saying that while shale gas will negatively impact the price of LNG in the US, the commodity was becoming an increasingly internationally traded product, as is being shown now while the LNG prices are low in the US diversion of cargoes, can lead to strong prices for local LNG. Myers Jaffe said while the Asian market has been strong led by China, there was the possibility that China could also be impacted by the discovery of shale gas and its production, so the buoyant LNG prices may not necessarily continue in the long-term.

Myers Jaffe said that shale gas supplies, along with accompanying liquids, could lead to close to two million barrels in additional crude produced in the US, which could also subsidise the gas and lead to prices remaining cheap in the long-term. She said it had enormous geopolitical implications, a large swath of the world taking in North and South America would see its dependence on oil imports from potentially volatile countries in the Middle East and elsewhere disappear. BP's statistical reported noted that growth in unconventional energy sources, "including US shale oil and gas, Canadian oil sands and Brazilian deepwater, plus a gradual decline in demand, that would see the western hemisphere become almost totally energy self-sufficient" in two decades. BP's chief executive, Bob Dudley, said: "Our report challenges some long-held beliefs. Significant changes in US supply-and-demand prospects, for example, highlight the likelihood that import dependence in what is today's largest energy importer will decline substantially."

The report said the volume of oil imports in the US would fall below 1990s levels, largely due to rising domestic shale oil production and ethanol replacing crude. The US would also become a net exporter of natural gas. Dudley said US oil imports “are likely to be half of today’s level in 2030.”

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[Chamber president Roger Packer advises: Lift local standards  
The right incentives](#)

Thursday 9th February, 2012: Trinidad Guardian

Colombia is an example of a model T&T can follow in how it attracts foreign investment, says Roger Packer, president, Energy Chamber of T&T. “Our close neighbour, Colombia, presents an interesting example of how institutions restructuring can foster investment into the oil and gas industry. Over the past seven years, Colombian oil production has increased by 43 per cent on the back of a fundamental reform of their state oil company and the regulatory and investment promotions functions of the state.” A January 26 Bloomberg report quoted Colombia’s Mines Minister Mauricio Cardenas as saying that Colombia, South America’s third largest oil producer, expects about US\$10 billion in international investment in crude, mining and energy projects this year. The amount is similar to last year’s foreign direct investment, said Cardenas, who was interviewed at the World Economic Forum’s annual meeting in Davos, Switzerland. President Juan Manuel Santos has lured companies owned by billionaires Carlos Slim and Eike Batista to Colombia, where production of crude rose to a record last year. Foreign direct investment in Colombian coal mines and metals and oil projects climbed to US\$6.5 billion in the first nine months of 2011 from US\$3.6 billion a year earlier, according to the South American country’s central bank figures.

Oil production will increase 18 per cent to an average of 1.1 million barrels a day in December from a year earlier, Cardenas said in a January 12 interview. Colombia is the third-largest crude producer in South America after Venezuela and Brazil. Packer was speaking on Monday at the opening ceremony of the Energy Chamber’s annual conference at the Hyatt Regency Trinidad hotel, Dock Road, Port-of-Spain. He said it is important that T&T attracts foreign investment to sustain its energy sector. “Clearly, we need to be competitive if we are to attract the investment dollars needed to develop our industry. This is not just about fiscal terms, it is also about getting the right institutional structure and one that is responsive to change and able to adapt and change the strategy as the external market evolves. “We need to significantly strengthen the state institutions that promote investment across the entire value chain. And we must deepen the collaboration and integration between investment in the upstream and downstream sectors,” he said.

### Raising the bar

He called for high standards among local companies in the energy sector. “Ensuring that local companies are operating at the highest standards is a crucial element of local content. This is why initiatives of the Energy Chamber, such as the Energy Industry Competency Development Initiative and Safe To Work Initiative, are so important for local content.” South-South co-operation is important, Packer said. “We also believe that these programmes are important for us to partner with and work in close collaboration with industry associations and chambers in some of the newly emerging energy provinces in Africa and in the Caribbean region. We believe that this can foster genuine South-South technical co-operation at the same time as building the business-to-business relations that are so important to the service industry.” Energy Minister Kevin Ramnarine, who spoke at the conference, signalled his intention to attract smaller upstream companies, and referred to local company Trinity. “It is in the national interest to attract smaller companies who have more manageable cost structures and are more nimble. A number of these companies are doing exciting things, like Bayfield, Range, Leni, Parex, Niko and Fram, and our very own Trinity. In this regard, it should be noted that the lease operatorships and farmouts produce approximately 30 per cent of land oil production at present.”

### Seeking BRIC investors

Packer said it is urgent that T&T attract new investors to its energy sector. “We need to have institutions that are able to secure investment not just from our traditional partners in North America and Europe, but new investors from the rapidly growing BRIC countries: Brazil, Russia, North America and Europe as well as Saudi Arabia and the Gulf States. Often this will mean working with majority state-owned companies. “And highlights the importance of having foreign policy framework to attract investment as well as promote our services globally,” he said. T&T requires significant continued investment in T&T’s upstream sector, Packer said. “If we are to ensure a rebound in oil production and consistent delivery of gas to our diverse downstream plants, it is just not about exploration and new developments. As the offshore infrastructure ages, it is important that operators invest heavily in preventative maintenance, if we are to safely and consistently deliver oil and gas.” Aleem Hosein, deputy chairman, Petrotrin, said workers need to be continuously educated about the value of foreign investment in the industry. “We must educate unions as to why multinationals are needed to invest in the sector. Many of them are still thinking in the 1970s when foreign companies were nationalised,” he said.

Packer gave “good news” about the fiscal regime. “Clearly, getting the right incentives in place is crucial if we are to turn around the declining oil production. On this score, there is good news to report. The fiscal incentives for onshore oil introduced in 2012 resulted in a significant return to drilling activity in 2011.

“Last year showed a significant return to drilling activities in Trinidad, with the total footage drilled bouncing back above 35, 000 feet drilled. This return to the drill bit was led by development drilling by the small operators in the lease-out and farm-out sector, who collectively drilled well over 100,000 feet—the highest ever figures ever in this sub-sector.” He said if T&T is to see increased oil production, the smaller independent operators have a “crucial role” to play. “However, if we are to increase oil production, we cannot just look onshore. Increasing production from the mature near-shore off both reservoirs, off both the west and east coasts of Trinidad, is the key to increasing overall national production in the short to medium term.

“While the emphasis has been on getting the right fiscal structure for onshore oil and to attract exploration activity into new areas, we have perhaps forgotten the crucial near-shore oil sub-sector. This is an area where we need to rethink the fiscal terms and, in the case of the Trinmar acreage, the organisational and equity structure for the assets.” He also said a mechanism needs to be found to stimulate the offshore gas sector. “In the case of the gas sector, it is not just the fiscal terms that we need to consider, but the contractual terms for gas sales. Without a fair market for gas, no investment will take place.” He also spoke about “significant fiscal reforms.” “With the newly reprocessed seismic data in hand we all hope that the upcoming March 2012 bid round will get a very positive response. The Minister of Energy and Energy Affairs must ensure that it closes off in the deepwater production sharing contracts (PSC) already under negotiation. We have seen in recent past how long and drawn out negotiations can lead to T&T missing the opportunity to get exploration acreage into the hands of companies with good track records.”

#### Open economy

Energy Minister Kevin Ramnarine described the T&T economy as open. “The emergence of Brazil, India, China, Russia and the emergence of new players in energy in Africa has not gone unnoticed. On the regional front, we here in T&T are looking on with great interest as exploration for oil takes place off the coast of Guyana.” He added that over the last 21 months, the Government has built bridges with India, Brazil, Ghana, Tanzania and Mozambique. “The vision of Prime Minister Kamla Persad-Bissessar is that we strengthen South-South co-operation. The United Nations Conference of Trade and Development in its 2011 report has noted that in 2010, developing countries absorbed close to half of the global foreign direct investment. The world has changed and its consequences for the way we do business in T&T.”

Ramnarine said Petrotrin is important in increasing oil production. “The main player in any strategy to increase national oil production is Petrotrin. The licence for Trinmar expires in July 2012. This is a once in a lifetime opportunity to get things right in Trinmar where much of the potential for increasing oil production resides. It is a time for bold, innovative and game-changing decisions.”

#### 2012 upstream/downstream activity

Ramnarine outlined his optimism about the energy sector. “In 2012, exploration will again spring to life after four years of moderate activity. This year will see a total of 15 exploration wells drilled in T&T. The majority of exploration activity centres on the efforts of Parex Resources of Canada, Bayfield of the United Kingdom and Niko of Canada. All this exploration will lead to an increase in demand.” In the downstream sector, Ramnarine said there are the National Gas Company (NGC) and National Energy Company (NEC), which will hold discussions with Methanol Holdings Trinidad Ltd on February 14 to determine the “obstacles” to the commencement of work on the much-anticipated AUM 2 plant. “Cabinet also has before it matters related to other major investments in the mid-stream and downstream sectors.”

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## [e-TecK to develop call centres through Nearshore Americas](#)

Thursday 9th February, 2012: Trinidad Guardian

InvesTT, a subsidiary of Evolving Technologies and Enterprise Development Company Ltd (e-TecK), is seeking new and creative ways to encourage more foreign investments into T&T. InvesTT, according to its Web site, is the first line investment agency for T&T. Its mandate is to grow T&T's non-oil and gas sectors significantly and sustainably and deliver customised investor solutions through its unique combination of knowledgeable sector experts, strategic alliances and extensive network of real estate and technology parks.

In an interview with the Business Guardian last week, Sekou Alleyne, InvesTT's manager of investor sourcing, said the company would be using the concept business process outsourcing (BPO), as a strategic approach to promote and market T&T's key services.

He said the agency has chosen five areas to encourage investment in T&T:

1. information communication technology (ICT)
2. light manufacturing
3. creative industries
4. logistics
5. merchant marine

The main area of focus, Alleyne said, was the ICT sector. InvesTT would be sourcing foreign investment in the ICT area in the BPO space. "That means engaging BPO operators through the company Nearshore Americas to locate operations in T&T, employing citizens as staff.

### Untapped market

Alleyne explained that InvesTT is currently doing its research to determine how many BPOs would be required in T&T. The research is geared towards finding out how many locals would be interested in this area and how lucrative the initiative would be to encourage and establish these BPO call centres and operations in T&T. Using the survey method, targeted specifically at ICT sector, Alleyne said they would be able to determine locals' willingness to work in the sector, salary expectations, their level of skill and technical ability. This information, he said, is based on how many persons respond to the survey. The research and analysis should be completed by month end. Alleyne said this was an untapped market in T&T and locals should take the opportunity to grow the ICT call centre service. He stated that the Telecommunication Services of T&T was outsourcing some of its call centres to Central America and Honduras. Late last year TSTT decided to turn its focus on the domestic market by putting out a request for proposals to offer those contracts to local suppliers.

Alleyne said there are no international players currently operating any BPO ICT call centres in T&T.

## Benefits of BPO

Countries like India has been using business process outsourcing (BPO) for the last 15 years to encourage investments. The Business Guardian sat down with Kirk Laughlin, founder and editorial director of Nearshore Americas last week Wednesday at the Hilton Trinidad, St Ann's, along with Alleyne and Kelvin Mahabir, president of e-TecK and InvesTT, to highlight and understand the benefits of BPO. Alleyne indicated that T&T would be using Nearshore Americas as the medium to facilitate the entire initiative. Laughlin explained that his company acts as a consultant providing key information about the intended country of interest to potential international investors. Nearshore Americas, which operates as an online newspaper/editorial, was established in 2009.

The initial concept of the company, Laughlin said, was to educate American businessmen, executives and corporate decision-makers about the opportunities in investing in Latin America and the Caribbean. "It's a guide to assist them in locating centres for business outsourcing (call centres) either through a third party, who may have operations in that country or establish their own operation in that country." He explained the concept BPO was there before, but there wasn't any Web site or brand where he could locate information or be educated on the country to which he wanted to invest. For example, what is the cost of hiring locals in that country, who are the leaders in the market, population figures, gross domestic product, etc? "I realise that there was a good opportunity to create that facility for Nearshore Americas."

## Business on the move

"The timing is right for T&T," Laughlin said. "BPO in Latin America and the Caribbean is growing to about 18 to 20 per cent a year, so there is very strong growth." He noted several investors are looking to Latin America and the Caribbean. Laughlin came on a five-day visit to T&T to gather information on the country and its investment potential. He met with several key business owners, ministers and other stakeholders seeking relevant information about T&T that would guide investors. He pointed out that the reason why the interest is moving towards Latin America and the Caribbean are:

- India fatigue as many executives are growing tired of travelling all the way to India, so if they have a better option closer to home, they would embrace the opportunity.
- The image of Latin America and the Caribbean is improving: stable democracies, economies are strong and an educated workforce
- There is a growing reliance on the Internet to do business. There are more and more opportunities in the ICT outsourcing industry.
- The call centres are now growing into total information technology package inclusive of software development, trade BPO and financing/accounting outsourcing.

Laughlin said his company is well poised to facilitate T&T in the process of searching for right ICT investors.

He stated that the outsourcing industry is “pretty new” and many people are struggling to understand how they do business. “In the last three years, our brand has emerged as the number resource for this community and the community includes everyone from investing responsibilities or an executive that wants to expand through to trade or an investment agency, such as InvesTT, looking for investors.

#### e-TecK lures India

Meanwhile, e-TecK’s Kelvin Mahabir spoke about the several projects and initiatives e-TecK would be embarking on in 2012. Most of these initiatives evolved from business meetings held during the two-week India trade mission. He outlined India’s interest in the following areas:

- ICT

An InvesTT team met with seven companies covering research and development, data centres, fiber to home networks, where two memoranda of understanding were signed.

- Light manufacturing

InvesTT met with six companies in rare metals processing, advanced plastics manufacturing and medical device manufacturing: one MoU was signed. He said two reciprocal visits are expected in the coming weeks.

- Logistics/merchant marine

InvesTT met with six leading companies in shipyards and drydocks, port facilities and marine infrastructure and shipbuilding

- Clean technology

InvesTT met with seven companies in renewable energy: recycling Photovoltaic manufacturing, waste management—two MoUs were signed. He said two reciprocal visits are expected in the coming weeks.

Mahabir said Indian ICT companies are looking to expand their operations, which would be a great benefit to T&T.

#### Benefits include:

Increased investment, revenues and exchange earnings, increased employment, increased R&D and the development of talent pool.

“About two per cent of the industry revenue is spent on training employees in the IT-BPO sector, while 40 per cent of the total spend on training is spent on training new employees. As a result, a number of firms has forged alliances with leading education institutions to train their employees,” Mahabir said.

Nearshore Americas' services include:

1. Its online editorial carries discussions on IT call centres.
2. Twenty-five per cent of its content is focus on information to a specific country regarding investor interest.
3. Other informative articles on how to conduct outsourcing effectively.
4. What investors looking for.

What is BPO?

Business process outsourcing is a subset of outsourcing that involves the contracting of the operations and responsibilities of specific business functions (or processes) to a third-party service provider.

BPO is typically categorised into back office outsourcing which includes internal business functions such as human resources or finance and accounting, and front office outsourcing which includes customer-related services such as contact centre services.

BPO that is contracted outside a company's country is called offshore outsourcing.

BPO that is contracted to a company's neighboring (or nearby) country is called nearshore outsourcing.

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## Closing Down

Thursday 9th February, 2012- Nation News

After almost 135 years in Bridgetown, one of The City's iconic businesses is closing its main facility on Broad Street.

Knights Pharmacy, a member of the Barbados Shipping & Trading (BS&T) group of companies, will close its operations on Lower Broad Street as well as the branch in sleepy Speightstown, St Peter, at the end of this month.

Rapidly falling sales in Bridgetown and Speightstown over the past five years forced the drastic action, the company said. However, for City customers, Knights will maintain an outlet at Cave Shepherd.

David Neilands, managing director of Super Centre Limited, under whose management the Knights Division falls, told the DAILY NATION: "While regrettable, these closures are due to the significant contraction in sales at both of these locations for the past three to five years, a financial fallout that we cannot continue to sustain."

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### [Sick-out hits LIME outlets](#)

Thursday 9th February, 2012- Nation News

AN APPARENT SICK-OUT by more than 100 staff at telecommunications company LIME forced the closure of two branches and curtailed operations at others.

Corporate communications officer Sonji Phillips said LIME closed its stores at Sheraton, Christ Church, and Warrens, St Michael, to concentrate on a full complement at Carlisle House and a reduced number at Windsor Lodge for bill payment transactions.

“There was not enough personnel to man all the outlets. This morning we had about 130 people calling in sick. Those [people] would have come from throughout the business. The particular impact would have been felt in the retail stores and also in service delivery, which would be the outside plant technicians,” Phillips explained.

When queried whether yesterday’s high absence of staff was related to an alleged breakdown in wage negotiations, Phillips said the company met with the union on Tuesday and left with the understanding that the talks would resume today.

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## [Sealy lauds group's Spirit](#)

Thursday 9th February, 2012- Nation News

Maritime offerings are underutilized in Barbados and have been so for far too long.

That's according to Minister of Tourism Richard Sealy, who has challenged more businesses to attract visitors to these shores and sustain their interest.

His comments were made on Saturday night at the launch of the new luxury catamaran Spirit Of Barbados at the Shallow Draught.

Sealy, while applauding the Foster & Ince group for making such an investment at this tough economic time, underscored the importance of the venture at this juncture, especially with the Harbour Master moving to Trinidad.

"Often we forget to realize that businessmen are people who have real blood flowing through their veins; they feel everything we feel," he said.

Sealy also commended the group for the merchandising aspect added to the business.

"Too many attractions haven't exploited the merchandising aspect as they should," he lamented. "When you have an attraction, you need to provide as many attractions to extract dollar bills from the customers."

Sealy said it was also important for mature destinations to offer something different in the market.

"It is good to see that what we are celebrating today is 100 per cent Bajan. That is to be saluted," he said.

Foster & Ince chief executive officer Martin Ince told the small gathering: "Despite the figures projected in the future for the tourism industry, we continue to be excited about the future of Barbados as a premium destination. We are confident that we have in this new unique catamaran product what it takes to appeal to the luxury and higher end of the market."

He added: "We are plain old hard-working Bajans with a vision."

Ince reported that cruises on this new catamaran had started two weeks ago with some charters.

He said the group will be offering a sushi and champagne sunset cruise, along with a luxury luncheon cruise, as well as private cruises. Moonlight cruises are also planned.

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## Vending pressure

Thursday 9th February, 2012- Nation News

LIFE ON BARBADOS' STREETS is not an easy one, just ask any street vendor.

The MIDWEEK NATION did just that, speaking to produce vendors selling on the island's roadsides, specifically in St Michael and St James.

Clifton Garrett used to work at an air conditioning firm but he said the economic crisis hit him.

"Things got rough so I decided to start selling coconuts in Kendal Hill. That was really good; you could make a living but finding a picker was a problem," he said.

From there, Garrett decided to get into the produce business and has been selling vegetables along My Lord's Hill, St Michael, for the past three years.

"I wanted to get into a business where I could get my own things. I dig my own ginger, turmeric, potatoes and yams from plantations."

Even so, he said, the economic crisis had followed him to his new career.

"[The crisis] have it a li'l down but I can still make ends meet. As a hustler, you don't give up; you stay put, put God first and everything will come your way.

I am hoping things will turn around soon," he said.

In Sunset Crest, St James, four women – Mintha Hoyte, Nola Hinds, Marvo Francis and Debbo Rice – operate side by side. They have all been there for more than 30 years. Francis told their story.

"We all came here about the same time. I used to sell on the road but was told I couldn't sell on the lawn. There were more vendors here [then], some used to sell from December to April, then leave, but we [four] used to sell year-round so this shed was built for us," she said.

As for business, Francis said it was "up and down" but remained thankful for whatever she made.

"In everything give Jehovah praise. When I can buy five pounds [of produce], I buy; ten pounds, I buy, so I try to make ends meet as the only thing going down is rain," she said.

## Vending family

Hoyte first started vending in an effort to raise her children. She said she came from a vending family as her grandparents and parents were also vendors. As for how business is going, she said: “Everything is down; there are more sellers now than buyers. We are not selling as before; the supermarkets got everything.

Still, I have loyal customers although some have died.”

Hinds agreed the public was more interested in going to the supermarkets as “they have everything we sell”. Still, she was thankful for whatever business she received.

Rice agreed with Francis, saying “business is like a scale, up and down”.

She said business was usually good in December but had cooled off due to the high cost of living.

“Everything is up the ladder,” she said.

Francis Joseph has been selling along Hinds Hill, St James, for around 14 years. He said he cleared the land himself after getting permission to sell there.

“It’s going kinda slow but I got to survive. Every day don’t brek de same way but I have my family to support,” he said.

Joseph sells a wide variety of food, from corn, coconut, red figs, to yams, sweet potatoes, onions, red apples and more. He said he got into the work after recovering from a stroke.

“I was a well-digger for 30 years and suffered a stroke while in a well. After I recovered, I had bills backing up so one day I decided to beg the landowner for a spot to sell a little things.”

Joseph said he was not one to accept defeat.

“There is no sense complaining; as long as you get up with strength, never give up. I will do whatever I have to do to make sure my children survive,” he said.

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## [FSC firm on regulation](#)

Thursday 9th February, 2012- Nation News

The Financial Services Commission (FSC) is moving to strengthen monitoring and regulation of companies within its purview.

According to chief executive officer Ian Carrington, the regulatory body's plans include greater online functionality with regard to data submission and analysis and more attention to the solvency of banking and non-banking financial entities.

Speaking recently during the launch of the Central Bank of Barbados' inaugural Financial Stability Report, Carrington said the FSC was currently engaged in an information technology diagnostic and strategic plan that would emphasize online filing.

However, he said online capabilities would also include the computation of companies' levels of solvency.

"We are also engaged in the process of relooking the whole question of what should be the basis in terms of computing solvency and we are essentially moving from the current very simple approach to computing solvency to not only adopting solvency standards but also in terms of addressing solvency from the point of view of the nature and the size of the company . . .," Carrington said.

The former director of the National Insurance Scheme noted that the FSC, which was established on April 1, 2011, had brought "a significant portion" of the data on the insurance industry up to date.

Noting that this data had been in arrears for some time, he expressed concern about the length of time it takes to collect data in the financial services sector.

"We need to be able to gather that data in a more timely manner so that it can be used in a proactive as opposed to a reactive manner.

"I think what we have been doing . . . is reacting as opposed to making forward plans. . .," he said.

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## TOURISM MATTERS: Start by cleaning The City

Thursday 9th February, 2012- Nation News

I fundamentally believe that any new planning or policy directive must be based on fact and thorough research.

This becomes even more critical when allocated budgets are under severe pressure while “we” as a country are looking to maximize our tourism earnings.

Gut feeling, intuition or speculation may work for some small enterprises but it surely cannot be a prominent factor when spending an annual budget close to \$100 million.

What prompted these thoughts was an article in this publication last week entitled Night Shopping Can Give Boost.

Store owners in Bridgetown have been urged to consider opening their businesses to allow night shopping. It was indicated that “such an initiative would be a fillip for tourism, especially the cruise ship industry”.

In theory it’s a laudable idea, but wait a minute – using February as an example and carefully going through the cruise ship schedule so ably posted on the Bridgetown Port website, a small amount of research indicates there is not necessarily the opportunity portrayed.

In fact, the vast majority of ships leave Barbados between 5 p.m. and 6 p.m.

These include the following vessels with the number of visits, during this month and passenger capacity shown in brackets: Carnival Victory (2 758 passenger capacity x 5 visits), Serenade Of The Seas (2 490 x 2 visits), Celebrity Constellation (2 034 x 2 visits), Celebrity Summit (2 034 x 2 visits), Crystal Symphony (933), Massdam (1 258), and Noordam (1 924) at 5 p.m., Norwegian Dawn (2 224 x 2 visits), Emerald Princess (3 080), Thomson Dream (1 132 x 4 visits), Mein Schiff 2 (1 886 x 2 visits), Celebrity Equinox (2 850 x 2 visits), Aida Luna (2 100 x 2 visits), Caribbean Princess (3 080 x 2 visits), and Costa Mediterranea (2 114 x 2 visits) at 6 p.m.

Joining passengers would certainly not leave it to the last minute, so further time has to be given to journey from the centre of Bridgetown and undergo any security checks before disembarkation.

The ships that tend to stay longer, with very few exceptions – Braemar, Azura, Ventura and maybe Kristina Katarina (450 passengers) – are the much smaller vessels that include Sea Dream 2 (112 passengers), Silver Cloud (296), Wind Spirit (148 ), Club Med 2 (386), and Royal Clipper (227).

One other ship, the Marco Polo (800), departs at 8 p.m.

So when you eliminate all the passengers that leave Barbados late afternoon, then discount the remainder that may not be prepared to forgo their included dinner or dine very late, I wonder exactly what sort of numbers are left that would be attracted by “late night shopping”?

Please let me add that I am totally for revitalizing Bridgetown. Frankly I was ashamed last Sunday when leading an early morning walk with 25 of our guests. However, we have to start with the basics and known facts rather than speculating.

Clean up the capital, get the homeless people off the streets and give some simple incentives to property owners to maintain and enhance their buildings.

These first elementary steps just might give real reasons for visitors and locals alike to frequent Bridgetown at night. If this happens, then just maybe longer trading hours would follow.

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## [New name for BNB, effective July 2012](#)

Thursday 9th February, 2012- Barbados Advocate

COME July this year, the Barbados National Bank Incorporated (BNB) will be renamed Republic Bank (Barbados) Limited.

This has been announced by Chairman of the BNB, Ronald Harford in a recent review of the bank's operations for the three months ended December 31, 2011.

Harford explained that the decision to change the name of the BNB was taken at the annual general meeting of shareholders last December. He added that the change will allow the Bank to realise the benefits of standardisation of marketing and communication activities across the Republic Bank Group.

Republic Bank, a Trinidadian bank, acquired the majority stakes in the BNB, which had been fully owned by the Barbados Government. Currently, Republic Bank Limited owns 62.5 million or 65.13 per cent of the BNB shares; the Barbados Government owns 17.4 million or 18.17 per cent of them; and the National Insurance Board 9.6 million or 10 per cent of the shares.

Suggestions have been made for Government to sell its shares, but one Government official had said at the time that once the price was right the State would be willing to divest itself of them.

The share price of the BNB, which is listed on the Barbados Stock Exchange, is quoted at \$5.50 a share. Total assets of the BNB Group amounted to about \$2.24 billion at the end of December 31, 2011.

Many Barbadians had voiced disapproval of the decision to sell the BNB. Late Prime Minister David Thompson had stated his Government would have been keen to buy it back, but nothing became of that as the Barbados economy slipped into recession.

Commenting on the performance of the BNB in the three months, Harford said the financial institution recorded a consolidated net profit of \$7.2 million – an increase of \$1.1 million or 18 per cent when compared with the corresponding period in 2010.

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## Upper income bracket most affected by the economic recession

Thursday 9th February, 2012- Barbados Advocate

IN terms of job losses in Barbados from the current recession, these have not impacted too much on persons in the lower income bracket. Rather, says a local economist, the impact has been greater among those earning above \$1 300 a week.

Economist Dr. Winston Moore also said that once the economy picks up, the employment numbers will not increase as quickly.

Dr. Moore, a lecturer in Economics at the University of the West Indies, Cave Hill, made the comments during a presentation to a function of the Barbados Association of Insurance and Financial Advisers. He spoke on Labour market issues and conditions in Barbados.

“When you look at the category of persons earning between \$200 and \$499 a week, you will see that at December 2010 about 61 700 were earning between that amount, and at the end of June 2011 there was not much of a change in relation to employment in that regard,” he said.

“Where most of the job losses have been occurring in recent times have been in the upper income category, surprisingly, over \$1 300 a week.”

The Economist stated that the number of persons earning over \$1 300 a week has fallen from about 10 000 to 7 300.

“So contrary to what one might have expected, the recession has not significantly impacted on job generation in the lower income category, but has impacted on jobs in the upper income category,” Dr. Moore told the BARAIFA function.

He reasoned that this is one of the contrasting aspects about this recession, when compared to others that have affected Barbados. Previously, the UWI Lecturer noted, recessions have affected those employed in areas of construction.

According to Dr. Moore, the average Barbadian earns less than \$500 a week.

“So issues in relation to income distribution, issues in relation to poverty, are still very much critical points that should not be forgotten within the Barbadian context,” he suggested, since the average person is still facing some challenges.

He added that most individuals say it is taking them between three months and one year to find job.

The Economist further remarked that once economic recovery picks up in Barbados, there will be still be a lag in rising employment numbers.

Barbados has been in recession since 2008. However, there was marginal economic growth in 2010 and a slightly higher level during 2011.

The Central Bank of Barbados is projecting growth of about one per cent in 2012 based on what happens in the international economy.

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## Is a downgrade in the future for Barbados?

Thursday 9th February, 2012- Barbados Advocate

It was only last month that the Governor of the Central Bank of Barbados (CBB), Dr. Delisle Worrell projected Barbados' rating outlook to remain stable by international rating agencies.

However, this month Olga Kalinina, Standard and Poor's Country Analyst for Barbados declared, "There is a 33 per cent chance that Barbados could face another downgrade by an international credit agency.

This begs the question: Will the low growth prospects in Barbados result in an unwelcome downgrade? The 33 per cent likelihood as stated by the S&P official is not dire, but there is still a concern when the views of the experts seem to be quite different.

Dr. Worrell took the position that, taking all factors in consideration, it works in Barbados' favour "that we have maintained our foreign exchange reserves, our exchange rate is not under threat, we have been able to contain the growth in unemployment and the fiscal deficit has been significantly reduced."

"In general, we are on target for the medium-term fiscal strategy, taking all those things into consideration and the fact that we have had some growth, we have not fallen back into contraction would seem to suggest at least the status quo should be maintained by the international agencies."

Kalinina believes that despite the country's ongoing efforts to stabilise its fiscal position, it is faced with many uncertainties – including its vulnerability to external economic forces, which have increased its risks.

She added that fiscal consolidation without much growth prospects cannot, therefore, be the sole focus of Barbados' recovery.

A major concern for the agency was the growth prospects.

Last year, Standard & Poor's Ratings Services affirmed its 'BBB-/A-3' local- and foreign-currency sovereign credit ratings on Barbados. The economic review for 2011 stated the fiscal deficit has been reduced from 7.4 per cent to 4.8 per cent of GDP between April to December 2011, in line with the revised targets of Government's Medium-Term Fiscal Strategy (MTFS).

Government introduced a series of revenue measures at the end of 2010, which included a temporary increase in the value-added tax to 17.5%, the elimination of the tax-free allowance for travel and entertainment and other increases. These measures, together with other restraints, have helped to narrow the fiscal deficit.

Kalinina also said a strength in the eyes of the rating agency was the political stability of the country and the broad sectoral support given to the Government's fiscal consolidation framework.

One of the challenges coming to the forefront is: Will Barbados need to intensify its fiscal consolidation? The growth prospects have been projected as slow, and low investments. How can these be improved with the external shocks such as the Euro zone crisis etc.? Are we realistic in our projection for Barbados, or overly optimistic?

Only time will tell.

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## [S&P downgrades Belize over Barrow super bond statement](#)

Tuesday 7th February, 2012- Amandala Online

A report coming out of New York today said that Standard & Poor's Ratings Services has downgraded Belize's credit ratings, over suggestions from Prime Minister Dean Barrow last week that the government would like to restructure the billion-dollar super bond.

"The downgrade reflects signs of lower political willingness to service Belize's external commercial debt obligations," explained Standard & Poor's credit analyst Kelli Bissett. "In addition, Belize faces external imbalances, limited access to external funding, and rising costs of servicing general government debt."

The S&P statement today declared that "it lowered its long-term foreign- and local-currency sovereign credit ratings on Belize to 'CCC+' from 'B-'. The 'C' short-term credit ratings are unchanged. The outlook is stable."

"The stable outlook balances the possibility that the government will seek debt relief to reduce a rising external interest burden against the possibility that debt management will improve after the election," the report added. "We could lower the rating if there were increased signs that the government intends to pursue a distressed restructuring or if additional external liquidity pressures were to emerge."

It said, on the other hand, that "An upgrade would most likely result from greater predictability about the political willingness to service debt and improved financing prospects. These would likely stem from an improved growth and investment outlook."

Just as the Moody's Investor Service report did (see article elsewhere in this edition of Amandala), S&P said the decision to change Belize's ratings follows Prime Minister Dean Barrow's announcement last week, in declaring early elections, that his administration would seek the electorate's directive on the super bond issue.

Barrow introduced the super bond as "an election issue," the agency noted.

"The nature of the statement and prominent public office of the speaker signals, from a credit perspective, lower predictability that the government will continue to service its external commercial debt," said the report.

It added that, "Although a future United Democratic Party (UDP) government could ultimately back away from its leader's campaign rhetoric, the injection of the super bond into the campaign follows increased policy unpredictability (including the nationalizations of Belize's main electricity and telecom companies in the last two years) and raises questions about the political commitment to timely debt service."

The report added that "oil production...is in structural decline, and tourism prospects appear lackluster given the global economic slowdown."

S&P also projected that Belize's international reserves, now standing at US\$250 million, will decline in 2012.

It also said, "...we expect government workers and teachers to demand higher wages once the next budget debate begins."

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## [BOE Adds 50 Billion Pounds to Stimulus](#)

Thursday 9<sup>th</sup> February 2012 – Bloomberg

Bank of England officials pumped another 50 billion pounds (\$79 billion) into the U.K. economy to protect a nascent recovery from the threat posed by Europe's debt crisis.

The nine-member Monetary Policy Committee raised the target for [bond purchases](#) to 325 billion pounds, more than a quarter of current outstanding gilts, according to a statement in London today. The increase was forecast by 34 of 50 economists in a Bloomberg News survey. Fifteen economists forecast a 75 billion-pound increase and one no change. The MPC also held its benchmark [interest rate](#) at a record-low 0.5 percent.

The stimulus expansion suggests policy makers remain concerned that Europe's failure to stem its debt turmoil poses a risk to Britain. While U.K. services, manufacturing and construction all showed growth in January, the government's budget squeeze and rising unemployment are acting as a drag on growth and officials forecast that [inflation](#) will slow to below their 2 percent target by the end of this year.

"[Europe](#) is still a big downside risk, and the inflation projection is for a marked decline," said [Philip Shaw](#), an economist at Investec Securities in London. "This means there will be broad consensus, or even unanimity, on the MPC."

Chancellor of the Exchequer [George Osborne](#) said on Jan. 25 that Britain had "substantial economic problems" and "dealing with those problems is made more difficult by the situation in the [euro zone](#)." Britain's economy shrank 0.2 percent in the fourth quarter, its first contraction in a year.

### ***Gilt Yields***

Policy makers had primed investors to expect another round of quantitative easing after they completed 75 billion pounds of bond purchases this month. King said Jan. 24 the central bank has "scope" to add to stimulus, while [Adam Posen](#) said last week there was a case for another 75 billion pounds.

The bank's 275 billion pounds of bond purchases since early 2009 have pushed bond yields to a record low. The yield on the 10-year gilt was at 2.173 percent as of 11:30 a.m. in London after falling to 1.917 percent on Jan. 18, the lowest since Bloomberg began compiling the data in 1989.

The MPC's decisions were based on new growth and inflation forecasts, which the central bank will publish on Feb. 15. Its November projections showed [inflation](#) slowing to 1.7 percent by the end of 2012. Annual consumer-price gains eased to 4.2 percent in December.

## *'Cautious'*

Diageo Plc Chief Executive Officer [Paul Walsh](#) said today the London-based distiller is “cautious as to the consumer and economic trends we will face in 2012.” The maker of Guinness stout and Smirnoff vodka has sought to further its expansion outside Europe, where consumers are spending less amid the sovereign-debt crisis.

Nevertheless, there are signs the U.K. economy is strengthening. A Feb. 3 survey showed [services output](#) grew the most in 10 months in January. Separate gauges last week indicated manufacturing returned to growth and construction continued to expand.

Manufacturing production rose more than economists forecast in December, government figures published today showed, pointing to signs of economic strength at the end of 2011.

In the U.S., the world’s largest economy, the [unemployment rate](#) declined to 8.3 percent last month, the lowest since February 2009. Europe’s Stoxx 600 Index had its best January in 14 years and is up about 7.8 percent this year.

“Rising equity prices, improved bank funding conditions, and survey data in the U.K. and elsewhere are giving some grounds to revise up expectations of growth,” Malcolm Barr, an economist at JPMorgan Chase & Co., said in a note.

## *Europe Threat*

The European Central Bank’s Governing Council also meets today and will probably leave its [benchmark rate](#) at 1 percent, according to 55 of 57 economists in another survey. The other two forecast a cut to 0.75 percent. The bank will announce the decision at 1:45 p.m. in [Frankfurt](#) and President [Mario Draghi](#) will hold a press conference 45 minutes later.

Risks from turmoil in Europe support the case for continuing U.K. stimulus. The National Institute of Economic and Social Research, whose clients include the U.K. Treasury and the Bank of England, said the economy is back in recession and will shrink 0.1 percent this year. Researcher [Simon Kirby](#) said a return to growth depends on “decisive action” being taken in the euro area.

Greek Finance Minister Evangelos Venizelos said there are “issues outstanding” on talks about securing a 130 billion- euro (\$172 billion) rescue package for his country ahead of a meeting of euro-area finance ministers today.

A failure to agree could mean Greece defaults on a bond payment due in March and sparks contagion across the euro area, which buys almost half of British exports and where U.K. banks are exposed to more than \$1 trillion of borrowings.

The MPC “may be cautiously optimistic,” said Adam Chester, an economist at Lloyds TSB Bank in London and a former Bank of England official. “But they need to take account of the small risk that things could get a lot worse in Europe.”

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## [Global Corporate Default Rate to Increase, Moody's Reports](#)

Thursday 9<sup>th</sup> February 2012 – Bloomberg

The global corporate default rate increased to 2 percent in January from 1.8 percent a month earlier, Moody's (MCO) Investors Service said in a report.

In the U.S., the rate of corporate failure rose to 2.2 percent from 1.8 percent in December. In [Europe](#), the number was unchanged at 3 percent. The global rate could rise to 2.7 percent by January 2013, according to the report.

“Default rates remain low by historic standards, but they are increasing, particularly in Europe,” Albert Metz, managing director of credit policy research at Moody's, said in the report. “We expect more defaults in the coming months. But our baseline case remains that default rates will remain below their long-term average.”

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## [Oil rises above \\$99 in Asia as weak US crude demand offsets improving overall economy](#)

Thursday 9<sup>th</sup> February 2012 – Bloomberg

Oil prices rose slightly higher to above \$99 a barrel Thursday in Asia as U.S. crude demand lags the overall improvement in the world's biggest economy.

Benchmark crude for March delivery was up 39 cents at \$99.10 a barrel at late afternoon Singapore time in electronic trading on the New York Mercantile Exchange. The contract rose 30 cents to settle at \$98.71 on Wednesday.

Brent crude was up 35 cents to \$117.55 a barrel on the ICE Futures Exchange in London.

Crude has hovered near \$100 for the last few months as economic indicators, such as better than expected jobs data, suggests the U.S. economy is strengthening.

However, U.S. crude demand has been slower to pick up. The Energy Information Administration said Wednesday that U.S. petroleum demand fell by 4.8 percent to a four-week average of 18.1 million barrels per day, the weakest four-week average since April 1997.

The EIA also reported that the U.S. crude supplies increased by 300,000 barrels last week.

“There is striking discrepancy between indicators of U.S. oil demand and indicators of the U.S. economic backdrop,” Barclays Capital said in a report. “Our economists anticipate that the growth in overall activity to gently accelerate through the remainder of this year, which stands in stark contrast to recent oil demand readings from the U.S.”

Improving crude demand in developing Asian countries, led by China and India, should help bolster prices, Barclays said.

“The problem with judging the global pace of oil demand growth is that the epicenter of that growth has most definitely moved away from the U.S. to Asia, and China in particular,” Barclays said.

In other energy trading, heating oil was up 0.4 cent at \$3.19 per gallon and gasoline futures added 1.2 cents to \$2.99 per gallon. Natural gas fell 0.5 cent to \$2.44 per 1,000 cubic feet.

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## [China inflation spike pricks policy easing expectations](#)

Thursday 9<sup>th</sup> February 2012 – Reuters

China's annual inflation spiked to a consensus-busting 4.5 percent in January as spending jumped during the Chinese Lunar New Year holiday season, breaking a five-month softening trend and forcing a market rethink of policy easing expectations.

The size of the seasonal distortion makes the January data particularly hard to read, but economists say it is likely to have squeezed out any remaining expectation of a near-term cut to bank reserve ratio requirements (RRR), a move confidently predicted in the run-up to Lunar New Year but which failed to materialise.

"The CPI does cut into room for further monetary policy easing for now. We don't think there will be an RRR cut before March," Wei Yao, [China](#) economist at Societe Generale in Hong Kong, told Reuters.

Markets showed little reaction to the data.

Inflation rebounded from a 15-month low of 4.1 percent in December. The consensus inflation forecast, also 4.1 percent, was blown away by a 10.5 percent surge over a year earlier in food prices, which make up roughly a third of China's consumer price index.

Non-food prices rose 1.8 percent in January on the year, below December's 1.9 percent while producer price inflation came in slightly below consensus at 0.7 percent, underlining easing inflation pressures in the factory sector as global demand is dampened by Europe's festering debt crisis.

"The central bank is more likely to maintain its current monetary stance for now and may wait for February data to decide on its next policy move," said Wang Jin, analyst at Guotai Junan Securities in Shanghai.

The People's Bank of China cut the RRR in November for the first time in three years, taking 50 basis points off the record 21.5 percent level.

More cuts are expected in coming months. A Reuters poll in January forecast a total of 200 bps through 2012, though the central bank has opted in recent weeks for open market operations to inject short-term liquidity into the financial system to keep credit flowing.

Few economists believe the central bank will cut outright lending rates this year while annual inflation stays stubbornly higher than the one-year deposit rate of 3.5 percent. A cut could prompt Chinese to divert their bank savings into more speculative investments, such as the stock market.

The distorting impact of the Lunar New Year has led the government to delay the release of factory output, investment and retail sales data for January. It will combine them with February numbers published in March to smooth out the impact.

China's commerce minister, Chen Deming, said exports in January may have fallen from a year earlier due to factors such as the holiday. Trade data is due on Friday and analysts predicted in a Reuters poll that exports rose 4.8 percent.

"The export situation in January is not optimistic," Chen said in comments on the ministry's website.

## EASING TREND INTACT

Provided January's jump higher does not turn into a trend, many economists expect inflation in February to soften and continue the pattern through 2012 to come in below 4 percent for the year as a whole, allowing Beijing to maintain a gradual, targeted easing of monetary and fiscal policy.

China's top planning agency, the National Development and Reform Commission (NDRC), said in a statement consumer inflation would resume an easing trend after January's rebound.

It promised more efforts to prevent inflation from climbing, including safeguarding food supplies and cutting logistics costs.

"With demand weakening this year, we believe disinflationary pressure will continue to exert itself through 2012, bringing full-year CPI to around 3.5 percent," Ren Xianfeng, senior China analyst at IHS Global Insight in Beijing, said in a client note.

"There remains plenty of downward momentum in China, despite a moderation in the slowdown. The property market remains in the throes of a correction, which is dragging down investment spending and spreading deflationary pressure."

The central bank has been easing policy gently since late last year to maintain money supply and credit creation to underpin economic growth, which is forecast to slow to 8.2 percent in the first quarter from 8.9 percent in the previous quarter, a Reuters poll shows.

Financial markets broadly believe that an outflow of capital from China in the fourth quarter of 2011 prompted the November RRR cut as the central bank sought to boost domestic credit growth to maintain a consistent expansion in money supply.

The slightly softer rate of producer price inflation underscores the potential for downside surprises for corporate China as a deteriorating global backdrop knocks demand for goods from the factories of the world's second-largest economy.

China's pro-growth policy stance has replaced fighting inflation as the most urgent priority against that uncertain global outlook.

But Chinese officials warn against complacency on inflation, wary that a spurt higher in consumer prices could spark social unrest ahead of leadership changes due later this year.

The leaders are aiming for a minimum rate of economic growth of 7.5 percent this year and annual inflation near 4 percent, sources familiar with government plans told Reuters last month.

A near-term risk to consumer prices could come from rising fuel prices after China on Wednesday raised the ceiling for retail prices of gasoline and diesel by 3 to 4 percent.

It was the first hike in 10 months and a move that lifts prices to record highs and also a signal that China will use the tamer inflationary backdrop to pursue market reforms, which could further constrain any aggressive monetary easing.

"With falling CPI inflation, Beijing will likely seize the opportunity to raise regulated prices such as power tariff and may even carry out other price reforms, like on gas," economists at Bank of America/Merrill Lynch wrote in a client note.

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## [U.S. Stock Futures Decline Before ECB](#)

Thursday 9<sup>th</sup> February 2012 – Reuters

U.S. stock futures dropped, indicating the Standard & Poor's 500 Index will snap two days of gains, as the euro area's finance ministers prepared for talks on a bailout for [Greece](#).

Groupon Inc. plunged 15 percent in German trading after reporting an unexpected fourth-quarter loss. Visa Inc. rose 2.6 percent in Frankfurt after the world's biggest payments network said fiscal first-quarter profit climbed 16 percent as consumers increased their use of credit and debit cards.

[Futures \(SPH2\)](#) on the [S&P 500](#) expiring in March fell 0.2 percent to 1,343.8 at 7:03 a.m. in [New York](#). Dow Jones Industrial Average futures expiring the same month slipped 17 points, or 0.1 percent, to 12,826 today.

Yesterday, U.S. stocks advanced, pushing the [Standard & Poor's 500 Index](#) to a seven-month high, as Greece's Prime Minister [Lucas Papademos](#) held talks with the leaders of the three political parties that support his government to obtain their backing for further austerity measures.

In [Athens](#), Greece's Finance Minister Evangelos Venizelos said that uncertainty remains on the terms of a 130 billion-euro (\$173 billion) rescue package for his country before a meeting of euro-area finance ministers today.

"There are issues outstanding that must be resolved by the time the Eurogroup meets," Venizelos told reporters.

Greece faces a 14.5 billion-euro bond payment on March 20 and is struggling to obtain the financing needed to avert a collapse of the economy that could spark a new round of contagion in the euro area.

### ***ECB Rate Decision***

In [Germany](#), ECB policy makers meeting in Frankfurt today will keep their benchmark [interest rate](#) at a record low of 1 percent, according to [55 of 57 economists](#) in a Bloomberg News survey. Two economists predicted a cut to 0.75 percent. The central bank announces its decision at 1:45 p.m. [Frankfurt](#) time and President Mario Draghi addresses journalists 45 minutes later.

In the U.S., a Labor Department report at 8:30 a.m. in [Washington](#) may show that the improvement in the job market extended into this month as initial jobless claims were little changed last week at 370,000 after 367,000 in the previous week, according to the [median forecast](#) in a Bloomberg survey.

Payrolls climbed by 243,000 workers in January, the biggest increase in nine months, a Labor Department release showed on Feb. 3. The [unemployment rate](#) fell to 8.3 percent, the lowest since February 2009, the report said.

Groupon Inc. tumbled 15 percent to \$21 in German trading. The largest daily deals website had an unexpected fourth-quarter loss. The company cited higher taxes in its international operations.

[Visa Inc. \(V\)](#) rose 2.6 percent to \$111.15 in Frankfurt trading after the San Francisco-based company said net income for the three months ended Dec. 31 rose to \$1.03 billion, or \$1.49 a share, from \$884 million, or \$1.23, a year earlier. The average estimate of 26 analysts surveyed by Bloomberg was for earnings per share of \$1.45. Visa authorized a new \$500 million share repurchase program.

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## [BTC and Cable Bahamas oppose URCA's publication of accounts](#)

Wednesday 8th February, 2012 - The Tribune

THE publication of separate accounts and cost accounting information is being opposed by the Bahamas' two leading communications providers who described the requirement as "disproportionate" and "not fit for purpose."

In response to the Utilities Regulations and Competition Authority (URCA's) public consultation document on proposals for publication of accounting separation and cost accounting information, both the Bahamas Telecommunications Corporation (BTC) and Cable Bahamas Limited (CBL) said that the publication of separated (regulatory) accounts was unlikely to achieve the main objectives indicated by URCA and therefore imposing the requirement was disproportionate. URCA said that imposing the accounting separation and cost accounting requirement would support retail price regulation where it is applied; overcome the information asymmetry between the regulator and regulated entities; guarantee audit independence and objectivity in the cost information provided to URCA.

In its response, BTC maintained that the publication of its separated accounts would put the company at a disadvantage to its competitors without meeting URCA's stated goals. BTC said: "When compared to URCA's stated objectives, the requirement for BTC to publish its regulatory (separated) accounts is disproportionate and not fit for purpose. BTC is of the view that, except for a flawed benchmarking study, URCA has not presented any arguments as to why publication would be merited."

BTC said that the publication of separated accounts in relation to its mobile business would serve no regulatory purpose while it maintains a mobile monopoly, citing that the regulator is currently able to adequately carry out its ex-post investigations on a case by case basis in the absence of publication of data that BTC deems commercially sensitive. "BTC is firmly of the view, that URCA's proposals for the Publication of Accounting Separation and Cost Accounting Information is disproportionate and not fit for the purpose. Other Licensed Operators (OLOs) and interested parties cannot be expected to monitor for anti-competitive behaviour by way of the publication of BTC's separated accounts," BTC said, adding that it had "serious reservations" with the methodology and logic through which URCA had come to the preliminary conclusion that publication is merited. "BTC is of the view that URCA's benchmarking exercise does not meet international standards of due care. Based on BTC's detailed evaluation of URCA's benchmarking sample, the company is of the opinion that the study rejects, or at best fails to support, URCA's preliminary conclusion. If URCA were to act upon this conclusion, and require BTC to publish its regulatory accounts, such action would impose substantial costs without any significant benefits by way of the advancement and development of the Electronic Communications Sector.

"BTC is of the view that, except for a flawed benchmarking study, URCA has not presented any arguments as to why publication would be merited in The Bahamas," BTC said. The company proposed that URCA introduce an approach similar to that adopted in a number of EU countries whereby the review of an operator's confidential information is carried out by the regulator.

Cable Bahamas Limited (CBL) in its response said that it was of the view that the publication of its separated (regulatory) accounts is unlikely to achieve the main objectives indicated by URCA and "therefore imposing this requirement is disproportionate, unnecessary and unreasonable." The company said that the proposal if applied by URCA would likely to continue to contribute to the rising cost of regulatory compliance without any corresponding benefit to competition or the consumer.

"CBL is of the opinion that the obligation to prepare and publish separated accounts imposed on it is unreasonable and pioneering in the cable television business. CBL's objection to the imposition of an accounting separation requirement has already been canvassed and a fortiori we do not believe that CBL's regulatory accounts should be published," the company said. CBL noted that Cable TV operators are usually not required to prepare and publish regulatory accounts and that if an obligation to publish is imposed, CBL would be the only entity of its kind to publish such information. "The information supplied by URCA does not support a divergence from usual or best practice. The publication of its regulatory accounts would therefore only increase information asymmetry with its peers and likely foster unfair competitive issues. With respect to other licensees in The Bahamas, it is unclear how there could be an information asymmetry with respect to CBL," the company said.

CBL said that it believed that the high cost of preparing, auditing and publishing regulatory accounts is "disproportional relative to the hypothetical benefit and is actually counterproductive to the promotion of market entry and therefore investment in the Electronic Communications Sector."

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## Rolle: Bahamian unemployment rate 'not out of the doldrums yet'

Wednesday 8th February, 2012 - The Tribune

THE Bahamian unemployment rate now at 15.9 per cent is a clear indication that the economy has "not turned out of the doldrums yet," Bahamas Chamber of Commerce and Employer's Confederation Winston Rolle said yesterday.

According to the results of a Department of Statistics labour force and household income survey conducted in November 2011, "there was a noticeable decrease in the number of employed persons and an increase in the number of unemployed persons resulting in the unemployment rate increasing by 2.2 percentage points and thereby pushing the country's unemployment rate to 15.9 per cent." Both New Providence and Grand Bahama experienced an increase in the unemployment rate with the unemployment rate in New Providence being 15.1 per cent and in Grand Bahama, 21.2 per cent.

Mr Rolle told Tribune Business: "We know of the challenges on Grand Bahama. I think it is in a lot of ways the signs of the times. The economy has not turned out of the doldrums as yet. Not by a long shot." He added: "Our economy relies heavily on tourism and financial services and while we have started to see some increase in tourist arrivals it's not as widespread as it needs to be."

The results of the survey indicated that since the last survey conducted in May 2011, there was a less than one per cent increase in the size of the labour force which now stands at 190,445 persons. The number of women declined by 1.4 per cent while the number of men increased by 1.8 per cent accounting for the overall minimal increase. The participation rate for men increased marginally, 0.6 percentage points, while that of women fell by 1.2 percentage points. The survey noted that in New Providence the number of persons in both the labour force and the employed labour force was almost equally distributed among the sexes. In Grand Bahama, however, men outnumbered women in both the labour force and the employed labour force and were fewer in numbers among the unemployed.

With regards to the number of unemployed persons Mr Rolle said: "It would be interesting to find out the expertise of these persons. We need to do a better job in this country of keeping better national statistics. We can't just keep numbers without identifying where these persons were employed and we can't just assume it was tourism and construction. We are not sure which industries are being affected and what the skill levels are of persons unemployed." Mr Rolle noted: "The US jobless numbers dropped slightly. We would like to hope that that is some sign of recovery in the US market that would make its way here."

The data from the survey conducted in May of last year showed that a number of persons sought means of making a livelihood by engaging in informal sector activities. Results from the more recent survey suggest that a substantial number of these persons were not successful in their operations and therefore withdrew from the labour force or joined the ranks of the unemployed and in the case of the latter have contributed to the 2.4 per cent decline in the number of employed persons.

The survey noted that in addition to the reduction in the number of persons engaged in the informal sector, which declined by 19 per cent, there was also a decline in the number of self employed persons. The latter, according to the survey, accounted for 14 per cent of the total employment in May but in November their share was reduced to 12 per cent. The survey revealed that New Providence experienced a decline of 13 per cent in the number of discouraged workers while the reverse was the case in Grand Bahama where the numbers increased by 42 per cent.

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## [Revisions to \\$1.8 billion I-group project a 'win-win'](#)

Wednesday 8th February, 2012 - The Tribune

REVISIONS to the \$1.8 billion Mayaguana-based I-Group project provide a "win-win" for all Minister of Tourism and Aviation Vincent Vanderpool-Wallace said yesterday, telling Tribune Business that work would start immediately on the redevelopment of that island's airport with an estimated cost of between \$5-\$7 million.

Minister Vanderpool-Wallace said: "The work that starts immediately is the redevelopment of the new airport in Mayaguana because that has been creeping along and now they are going to instantly spend \$5-\$7 million getting that airport completely up and running because that is critical for any island to have."

Minister Vanderpool-Wallace noted that 5,825 acres of land, which had initially been included in the scope of the development, is being returned to the government. "It's a much smaller scaled development," he said. "They are starting with 2,912 acres. The original proposal was a joint venture with the government for 9,999 acres. We are taking a lot of the land back and the land we are taking back is prime waterfront land, prime land in the interior and that allows some of the settlements to expand in the future and so it has become a great win-win for all."

He added: "The developers had a signed deal from 2006. They invoked a clause in 2008 to say they had to slow down because of the global economic slow down. When they slowed the project down we thought that was an opportunity to appeal to them to try and scale it back in terms of scope. The island of Mayaguana is bigger than New Providence so we did not want to have so much of that alienated, so we thought we could appeal to their good corporate conscience. They agreed and have signed a reinstated and amended Heads of Agreement which gets back 5,825 acres."

The investment by Boston based I Group will represent the single largest Bahamas real estate development to take place in the southern Bahamas. The first phase of the I-Group's Mayaguana development will see the construction of an airstrip to accommodate Dash 8 traffic, an airport terminal, a marina and construction of a 25-room boutique hotel. This phase of the development is anticipated to be an investment of between \$24-\$32 million. The next phase of the I-Group may see the construction of a \$50-\$75 million high end luxury resort in Mayaguana. The I-Group originally entered into the agreement with the Christie administration in 2006.

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### Jobless youth up by a third

Wednesday 8th February, 2012 - The Tribune

THE NATIONAL unemployment rate has risen 2.2 per cent in five months and youth unemployment is up by more than 30 per cent, according to the latest labour survey released by the Department of Statistics yesterday.

The survey, which was conducted in November of last year, shows increases in both New Providence and Grand Bahama, pushing the country's unemployment rate to 15.9 per cent.

In the case of New Providence, the rate increased from 13.2 per cent to 15.1 per cent and in Grand Bahama from 15.4 per cent to 21.2 per cent.

The last labour force survey was conducted in May of 2011.

Kelsie Dorsett, director of the Department of Statistics, attributed the 2.2 per cent increase in the unemployment rate to a decline in the informal sector and a larger number of young people becoming unemployed.

She said : " The data survey from May showed a number of person sought employment by engaging in informal sector activities. These people, like fruit sellers and phone card vendors, saw their businesses fail a few months later. When that happened they withdrew themselves from the labour force and joined the ranks of the unemployed causing an increase."

In addition to a reduction in the number of persons engaged in the informal sector, which declined by 19 per cent, there was also a decline in the number of self-employed persons. In May, self-employed persons accounted for 14 per cent of the total employment, but in the latest November survey that number decreased to 12 per cent.

Mrs Dorsett said a 34 per cent increase in the number of unemployed young people also contributed to a rise in the unemployment rate.

"In May when the earlier survey was conducted, most students about to graduate from high school and university were unlikely a part of the labour force, however, in November though some of them may have obtained jobs, others were likely awaiting responses from their job applications," she said.

"Also the young people that were working, when businesses started to fail, were the first ones to be let go or laid off. Its usually the last one in that's the first one out and in most cases its the young people who fall in that category."

Mrs Dorsett said this is a trend that will be monitored now that the survey is conducted biannually - in May and November.

New Providence experienced a decline of 13 per cent in the number of discouraged workers while the reverse was the case in Grand Bahama where the numbers increased by 42 per cent.

Mrs Dorsett said that in May Grand Bahamians were more optimistic about finding work but that their attitudes changed in November after months of searching for jobs with no success.

The survey also showed a slight increase - less than one per cent - in the size of the labour force which is now 190,445 persons.

The number of women declined by 1.4 per cent while the number of working men increased by 1.8 per cent.

In New Providence the number of persons in both the labour force and the employed labour force was almost equally distributed among the sexes. In Grand Bahama however, men outnumbered women in both the labour force and the employed labour force and were fewer in numbers among the unemployed.

Mrs Dorsett said the next labour force survey to include some of the Family Islands will be conducted in May 2012.

She said this particular survey will use a more detailed questionnaire, which will allow for the collection of data on the informal sector, training and similar information.

Additionally, a condensed questionnaire will be used with the major focus being the measurement of the labour force and the relevant indicators - participation rate, unemployment rate, and the like.

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## [Land recovery deal signed](#)

Wednesday 8th February, 2012 - The Tribune

THE Government yesterday recovered 5,825 acres of land with the signing of a revised Heads of Agreement with the I-Group for its Mayaguana development project.

Tourism Minister Vincent Vanderpool-Wallace praised developers for their willingness to cooperate with the government to bring the \$1.8 billion project in line with its revised Family Island model.

Mr Vanderpool-Wallace said the sizeable recovery of prime waterfront and inland acreage was equal to getting the island of Bimini back.

Hotel Corporation chairman Michael Scott said that the signing represented the government's commitment to moving away from the mega resort tourism model to high-end low density resorts, which are less socially and culturally intrusive, and also limits the number of acreage offered to developers.

Under the revised deal, published by Tribune Business last year, the I-Group will get enough land for its development, the rest would be made available for Bahamians to develop their own straw businesses, retail outlets and straw markets in a bid to benefit from the spin-offs the developer and its partners would create.

The I-Group will receive 2,912 acres of land for its initial phase, and has the option of acquiring another 2,913 acres maximum over eight separate development phases. This is a far cry from the original Heads of Agreement signed with the Christie administration, which granted the developer that collective acreage upfront - and a similar amount in one fell swoop at a later stage - for a collective 9,999 acres.

Mr Vanderpool-Wallace said: "Our policy is for us to make sure that we make as many opportunities available for Bahamians to develop acreage in their own ancestral lands. It's a very important part of us allowing more and more Bahamian families to become a catalyst and a stimulus for the development of that.

"This is equivalent to getting Bimini back, getting Ragged Island back, getting little San Sal back that's the size of scope of what we're talking about."

The I-Group is looking at a \$5-\$10 million marina in the first phase of its revised project, taking total investment in this stage to between \$24-\$32 million.

The marina is in addition to a \$1.5 million new airport terminal for Mayaguana; a \$7-\$10 million spend on upgrading the runway, aprons and associated airport infrastructure; \$500,000 on community projects in Mayaguana; and a \$10 million boutique hotel with a minimum of 25 rooms.

Mr Vanderpool-Wallace said yesterday that enabling legislation detailing a range of investment incentives to be received by the I-Group would be tabled in the Senate today.

Once supporting legislation is passed, the Boston-based developer is scheduled to restart upgrades to the island's airstrip and airport terminal.

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## [Grant rejects BEC claim](#)

Wednesday 8th February, 2012 - The Tribune

MINISTER of Works Neko Grant dismissed North Andros and Berry Islands MP Vincent Peet's claim that the New Providence Road Improvement Project has failed to properly install BEC infrastructure.

In the House of Assembly yesterday, Mr Grant responded to questions regarding the installation of utilities and to a statement attributed to BEC, which reportedly warned the corporation will have to "dig up roads" after the project is completed.

While confirming that he was aware of the statement in question, Mr Grant defended his ministry, and said no one has "dropped the ball big time" on the project, contrary to Mr Peet's assertion.

He said: "There has been no failure in addressing the utility infrastructure components of the New Providence Improvement Project. The underground utility infrastructure rehabilitation and installation of ducts for future expansion of this infrastructure will mitigate future road excavation to address utility failures and infrastructure expansion."

Mr Grant said his ministry is satisfied with the job done by project contractor, Jose Cartellone Construcciones Civiles, in installing BEC infrastructure. He said the work has been completed in accordance with contract specifications and other guidelines.

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## [Investment talks high on agenda as Haitian president visits Bahamas](#)

Thursday 9th February, 2012 - Caribbean News Now

Haitian President Michel Martelly arrived in The Bahamas on Tuesday night, hours ahead of a series of meetings with government officials and business persons to discuss investment opportunities in his country.

During his visit it is expected that the government will resume stalled talks over mango imports from Haiti, and will hold discussions about illegal immigration and smuggling.

The government was previously engaged in discussions with Haiti to import mangoes from that country, but those talks fell through after the 2010 earthquake.

"Before the earthquake we were talking about the whole question of agricultural products, and the sanitary labeling of these products in the case of mangoes so we can have them exported here to The Bahamas," Foreign Affairs Minister Brent Symonette said on Tuesday night.

He added that the two countries were on their way to establishing a great trade link before the disaster.

Haiti is "open for business" and looking for foreign investment, not handouts, Antonio Rodrigue, the country's ambassador to The Bahamas, said on Tuesday night as he waited with other officials for Martelly's arrival at the Odyssey Aviation airport.

"The president [has] said he doesn't want international assistance, he wants investment. With investment people can come, open businesses and create jobs. That's what is important for the country now, jobs so people can have some dignity. That's the new direction of the government, to look at investment."

Rodrigue said the two-day visit was not only meant to enhance the relationship between the two countries, but to show The Bahamas investment opportunities in Haiti.

"There are so many things available for investors in Haiti, so we are here to [explain] to Bahamian investors a place where they can go and make some money," he said.

The trip is Martelly's first official visit to The Bahamas since he was elected president last April. However Martelly, a former singer, has toured the country before during his time as an entertainer.

Martelly is traveling with his ministers of foreign affairs, national security and tourism.

The president was to meet with the local Chamber of Commerce on Wednesday to discuss mutually beneficial business opportunities. He was also due to meet with the governor general, the prime minister and leader of the opposition.

Martelly also had a scheduled meeting on Tuesday night with members of the Haitian community in The Bahamas.

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## [Montserrat invites expressions of interest for geothermal development](#)

Thursday 9<sup>th</sup> February 2012 – Caribbean News Now

The government of Montserrat is inviting expressions of interests for the development of geothermal resources in the island.

An announcement from the Ministry of Communications and Works said the government was willing to entertain sound proposals from the private sector, which would provide a reliable source of energy for the island and equitable benefits for the people of Montserrat.

The government said it wishes to explore private sector interest in the confirmation and development of the potential geothermal resource on the Island. While surface exploration has been undertaken, no drilling has been carried out so, despite encouraging indications that a geothermal resource exists, this potential has yet to be proven.

The current electricity demand on the island, which has a peak of under 2MW, is met with diesel generation and, while a programme is underway to replace the existing ageing high speed units, the early displacement of the need for continued expensive diesel generation is of key interest.

The request for EOIs will seek an outline of interest for development from entities that are willing to finance and undertake the drilling phase to prove the existence of an exploitable resource. If a resource is proven then the executing entity would be provided the opportunity to install an appropriate generation facility to meet the island's current and anticipated electricity demand.

The government said it is willing to entertain sound and reasonably structured proposals; such offers should be from groups with established geothermal experience; proposals should be attractive to the private sector whilst providing equitable benefits for Montserrat, delivering a reliable and realistically priced supply of electricity.

The ability for those expressing interest in this project to demonstrate that they have existing sources of finance to undertake the drilling phase of the development is of key importance.

If this request for EOI does not yield any offers that meet the above requirements, it is the government's intention to seek public funding to proceed with the drilling phase of the project.

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