CARIBBEAN CENTRE FOR MONEY & FINANCE

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DE-RISKING IN THE CARIBBEAN - A FOCUS ON FATCA

The financial sector is a significant pillar of economic growth and development in most Caribbean economies. Currently, serious challenges to the viability of this sector come from the difficulties inherent in compliance with international regulatory rules and standards such as FATCA. The economic and social costs of not complying with these regulatory rules and standards are very high and could threaten the continued growth and development of the financial sector in the Caribbean. Several such international initiatives have been introduced, such as the OECD Base Erosion and Profit Shifting Initiative (BEPS); the US Foreign Account Tax Compliance Act (FATCA); the Financial Action Task Force (FATF) on anti-money laundering, the Global Forum on the Exchange of Tax Information and the OECD Common Standard on Exchange of Information.

The main objective of FATCA[1] is to identify persons who are United States (U.S.) citizens and who may have evaded U.S. taxes by investing through foreign (non-U.S.) accounts - either directly or indirectly through foreign entities such as corporations and trusts. FATCA is part of the HIRE Act, signed into law on March 18th, 2010. A study done in 2016[2] titled "De-risking and its Impact: The Caribbean Perspective" found that "*Caribbean banks and financial institutions in all Caribbean economies have been working to be compliant with requisite legislation and practices.*" It also found that "*...stakeholders in the Caribbean are fully committed to the official international regulatory oversight processes of the Basel Committee, the FATF/CFATF anti-money laundering peer reviews; the Global Forum on the exchange of tax information and to the international certification process of the Financial Sector Assessment Program (FSAP) and the region has also made commitments under the FATCA.*" The study finds that the burden of compliance with these standards and rules, as well as the sanctions of FATCA, are very costly. Moreover, although "*… all regulatory practices comply with FATF and Global Forum standards, and are certified by peer reviews and FSAPs, international transactions are at risk for violating national sanctions and prohibitions in the US and elsewhere.*" It is important to note that the guidelines formulated by the FATF require financial institutions to adopt an approach whereby they seek to mitigate rather than avoid risk since the main aim of all these new regulatory standards and initiatives is to capture individuals or businesses who are avoiding paying their taxes or are funding criminal activities such as terrorism. However, the cost associated with mitigating the risk is so high that it is more profitable for international banks to avoid the risk completely by cutting banking relations with Caribbean financial institutions, or "de-risking". Former Prime Minister and Minister of Finance, Barbados, the Rt. Hon. Owen Arthur[3], summarised it well when he said, "*In consequence financial institutions should only terminate customer relationships on a case by case basis where the money laundering and financial terrorism risks cannot be mitigated. However the wholesale cutting loose of clients and various types of businesses without evaluating the risks they pose, were not intended to be a substantive part of the fight against global financing of terrorism and the fight against money laundering. …but it is precisely where the global financial community is increasingly heading*".

Throughout the Caribbean the loss of correspondent banking relations by financial institutions has been reported for various types of business activities in each jurisdiction. In Jamaica the money service businesses (cambios) were affected when a leading local bank no longer accepted foreign instruments and remittances from some money service businesses, while in The Bahamas, they lost their cash intensive businesses (money transfers). The domestic financial institutions of Belize, Haiti and Guyana were also severely restricted in their business operations. In Belize the largest local commercial bank lost its correspondent banking relationship with the United States, as did two other local banks. In Haiti all seven local banks experienced terminations or restrictions in service. International business companies have experienced the most significant impact within the ECCU, with correspondent banks having closed entire business lines and terminated or placed onerous restrictions on accounts of former prime rated customers. In Trinidad and Tobago the incidence of withdrawal of correspondent banking services has so far been limited as financial institutions have been making a concerted effort to avoid risks associated with certain categories of clients such as private members clubs. This type of business activity has effectively become "unbanked" as a large

De-risking in the Caribbean - A Focus on FATCA cont'd

Table 1: Intergovernmental Agreement Statuses of Caribbean countries as at February 2017

Country	Status of IGAs with US for FATCA: Status based on IRS website as at 22nd February 2017	Status of IGAs with US for FATCA: Notes	Number of FFI registered with the US IRS based on either Country/ Jurisdiction or Branch of the FFI
Aruba	No IGA: Aruba's financial institutions are responsible for establishing their own Foreign Financial Institution Agreement with the IRS.		26
Bahamas	In Force	17th September 2015	1,725
Barbados	In Force	27th May 2014	219
Belize*	No IGA: Belize's financial institutions are all FATCA compliant and maintain the full support of the Government of Belize. There is absolutely no requirement that a jurisdiction sign an Intergovernmental Agreement (IGA) with the Government of the United States to be FATCA compliant, once local financial institutions are legally able to do so. (18th January 2017)		682
Curacao	In Force	8th March 2016	420
ECCU members :			
Anguilla	Signed	IGA signed on 15th January 2017.	258
Antigua and Barbuda	Signed	IGA signed on 31st August 2016.	25
Dominica	Agreement in Substance		32
Grenada	Signed		34
Montserrat	In Force	28th October 2016	12
St Kitts and Nevis	In Force	28th April 2016	407
St Lucia	In Force	1st September 2016	107
St Vincent and the Grenadines	In Force	13th May 2016	458
Guyana	Signed	IGA signed on 17th October, 2016. Legislation is being drafted by the Guyana Regulatory Authority (GRA), which is the competent authority for FATCA.	17
Haiti	Agreement in Substance		32
Jamaica	In Force	24th September 2015	67
Suriname	No IGA – Suriname's financial institutions are responsible for establishing their own Foreign Financial Institution Agreement with the IRS.		12
Sint Maarten (Dutch part)	No IGA – Sint Maarten's financial institutions are responsible for establishing their own Foreign Financial Institution Agreement with the IRS.		21
Trinidad and Tobago	Signed	IGA signed on 19th August, 2016. FATCA has been Passed in the Lower House of Parliament on 23rd February 2017.	104
TOTAL			**4658**

Source: https://www.treasury.gov/resource-center/tax-policy/treaties/Pages/FATCA.aspx ; The Caribbean Association of Banks (http://cab-inc.com/)

*Belize - https://www.centralbank.org.bz/docs/default-source/7.0-news-advisories/fiu---carification-on-the-de-risking-issue-and-fatca-intergovernmental-agreements.pdf?sfvrsn=2

De-risking in the Caribbean - A Focus on FATCA cont'd

number of their accounts have been terminated over the last 24 months. Caribbean countries have been grappling with the challenges related to the loss of correspondent banking relationships in spite of their consistent efforts to make themselves attractive to international banks, with a particular emphasis on being FATCA compliant. Caribbean economies are dependent on U.S. correspondent banking relationships for transactions such as paying for imported goods, processing credit cards of tourists, exchanging currencies, and receiving remittances. One of the solutions to the FATCA problem is to become FATCA compliant; this can be done in two ways:

1. Intergovernmental Agreement[4] (IGA) - Under the terms of the Model IGAs, when a jurisdiction moves from "in effect" status to "in force" status, all past due FATCA reports will be due on the 30th September of the following year for all Foreign Financial Institutions (FFI). FFIs that meet the 30 September FATCA reporting deadline for all past due reports will not be held in significant non-compliance. However, if the U.S. Treasury determines that an IGA is no longer "in effect", a jurisdiction will continue to be treated as having an IGA in effect for at least 60 days. To that end, FFIs in such a jurisdiction will have at least 60 days' notice to update their FATCA registration to Participating FFI (unless the FFI qualifies for an exemption under the FATCA regulations).
2. Foreign Financial Institution[5] (FFI) Agreement: FFIs within a jurisdiction that ceases to be treated as if it has an IGA "in effect" will generally have to enter into a FFI agreement, directly with the IRS in order to comply with their FATCA obligations, unless they qualify for an exemption under the FATCA regulations.

Failure to have any one of the agreements "in force", will expose the FFI to a 30 per cent withholding tax on certain U.S. payment transactions resulting in additional costs for the financial institutions and their customers. On January 1, 2017, the U.S. Treasury began updating their IGA list to re-evaluate the progress of all jurisdictions that have failed to bring their IGAs into force. Table 1 shows the status of the Caribbean economies with respect to their progress in being FATCA compliant.

Caribbean countries that experienced a loss in their correspondent banking relationships fortunately have been able to establish new banking relationships and thus were able to resume their normal business. Table 1 shows that the number of FFIs in the Caribbean which are dependent on the U.S. corresponding bank relations is very high. The threat of de-risking by U.S. international banks is therefore very real and its economic and financial effects have created huge challenges for the small-open economies of the Caribbean. The non-compliance with FATCA adversely affects all international financing provided by correspondent banks in the U.S. by preventing transactions such as international investment flows, trade financing, transfers of remittances, debt servicing, transfers of profits and royalties. If these transactions are pushed outside the formal financial system to less transparent channels, international transactions will be made riskier, and there will be no record of these transactions reported to the regulators.

These challenges have spurred discussions with the United States Treasury at various levels – bilaterally, regionally and internationally in an effort to improve understanding of the Caribbean situation and to gather sufficient goodwill for a possible reversal of the trend towards de-risking in the Caribbean. Other initiatives to deal with the ill-effects of FATCA in the Caribbean include the most recent initiative of CARICOM[6] to jointly contribute an estimated US$240,000 to lobbyists to act on behalf of Caribbean-based banks to avoid censure and loss of correspondent banking access in the face of the looming FATCA.

The Caribbean's policy approach to resolving the problem of de-risking has been described by Professor Compton Bourne[7] as being mainly political. Political approaches do not address bank profitability which is the central issue underlying the de-risking phenomenon. He suggests that strategies that are more market driven be used to supplement the political efforts of CARICOM, one being the need for a greater degree of compliance to FATF regulations, as most Caribbean jurisdictions are either only partially-compliant or non-compliant with the list of stipulations in these regulations. He also suggested that Caribbean monetary authorities should (i) establish and monitor Know Your Customer guidelines for commercial banks and other private financial institutions; (ii) establish regulatory and supervisory regimes for international money transfer business and (iii) attempt to reduce information costs incurred by correspondent banks by assuming a quality assurance role, i.e. interposing themselves between correspondent banks and domestic financial institutions as a guarantor of regulatory observance and information integrity. The full extent of the losses incurred in the region as a result of de-risking is still not quantifiable but the dialogue on de-risking strategies is still ongoing as the complexity of regulations and risk exposures continues to expand and evolve.

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[1] Final FATCA regulations were released in January 2013 https://www.irs.gov/irb/2013-15_IRB/ar16.html .

[2] "De-risking and its Impact: The Caribbean Perspective" prepared by the CARICOM Central Bank Governors Working Group on De-risking

(Coordinator) Dr Allan Wright, Central Bank of Barbados. CCMF Working Paper, WP/01/2016. http://www.ccmf-uwi.org/files/publications/working_papers/2016TWGDR.pdf

3 The address of The Rt. Hon. Owen Arthur, Former Prime Minister and Minister of Finance, Barbados at the symposium titled "The Crisis in Correspondent Banking and its Impact on Sustainable Economic Development in the Caribbean" was hosted by SUNY-UWI Center for Leadership and Sustainable Development at the SUNY Global Center in New York on Monday, February 13, 2017. http://sta.uwi.edu/news/releases/release.asp?id=1656

4 The IGA is an agreement between the US and the particular country which defines the obligations of the two jurisdictions to obtain and exchange information. The main aim of the IGA is to deal with source of conflicts between the requirements of FATCA and the local laws regarding data privacy and withholding.

5 A Foreign Financial Institution is any foreign entity that: (1) Accepts deposits in the ordinary course of banking or a similar business such as banks and credit unions; (2) Holds financial assets for the account of others as a substantial portion of its business such as brokerages or custodians and (3) Is engaged, or holding itself out as being engaged, primarily in the business of investing, reinvesting, or trading in securities, partnership interests, commodities, or any interest. This includes a futures or forward contract or option in such securities, partnership interests, or commodities such as mutual funds, private equities and hedge funds.

6 This decision was made at the 28th Inter-Sessional Meeting of CARICOM Heads of Government, held in Guyana from 16-17 February 2017.

7 The remarks of Professor Compton Bourne, UWI Professor Emeritus and former President of the Caribbean Development Bank at the symposium titled "The Crisis in Correspondent Banking and its Impact on Sustainable Economic Development in the Caribbean" was hosted by SUNY-UWI Center for Leadership and Sustainable Development at the SUNY Global Center in New York on Monday, February 13, 2017. http://sta.uwi.edu/news/releases/release.asp?id=1656

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NEW STAFF AT THE CCMF

ASTRA FRANCIS recently completed a Master of Science in International Trade Policy at The University of the West Indies, Cave Hill, Barbados in 2016 and a Bachelor of Science in International Relations at The University of the West Indies, St. Augustine, Trinidad and Tobago in 2015. She has a passion for tourism and international security and seeks new knowledge and experience as a Research Assistant (On the Job Trainee) at the CCMF. In the future Astra hopes to pursue a PhD in International Security and perhaps work with the United Nations Office on Drugs and Crime.

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Aruba

- A Hyatt Place hotel is expected to open in the Aruba Airport Business Center in Oranjestad in 2018. "We are delighted to be working with Pelca Development V.B.A. to bring the first Hyatt Place hotel to Aruba," said Camilo Bolaños, Vice President of Development and Real Estate – Latin America and Caribbean, Hyatt. The hotel will also feature a covered walkway that will provide direct pedestrian access between the hotel and the Reina Beatrix International Airport, which currently serves more than two million passengers per year by more than 20 international carriers. (Caribbean360, 28 February, 2017)

The Bahamas

- The Caribbean Development Bank (CDB) and the Government of The Bahamas have launched a project that aims to improve the water supply systems serving communities on New Providence and six Family Islands. The Water Supply Improvement Project, launched on February 20, is being supported by a US$28 million loan from the CDB. The Government of The Bahamas will contribute US$13.3 million to the project which is consistent with The Bahamas Country Strategy Paper (2013-2017) and with CDB's corporate priorities to strengthen and modernise economic and social infrastructure; and to promote environmental sustainability. (CNNews, 24 February, 2017)

Barbados

- The Government's failure to tighten its belt and allay concerns about the value of the Barbados dollar has left the international market fearful about the island's bonds according to Barbadian Economist and Financial Analyst, Professor Avinash Persaud. His

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assessment was that, “current foreign currency bond prices reflect a market view that we [Barbados] will default on our government bonds by as much as 35 per cent.” Persaud issued his caution at a December 16 News Report from American financial firm and media company, Bloomberg, about the falling value of Barbados bonds that was recently circulated on social media. (Nation News, 2 February, 2017)

- The contribution of Barbados’ maritime industry cannot be overlooked. This was the assessment of the Permanent Secretary in the Ministry of Tourism and International Transport, Donna Cadogan, following a year that saw almost one million tonnes of domestic cargo pass through the Barbados Port. “Although its contribution is sometimes overlooked, the maritime industry plays a pivotal role in the sustainability of the global economy by efficiently transporting the goods and products we require for daily living,” she recently stated. (Nation News, 8 February, 2017)
- The stability of the Barbados dollar continues to be an issue of concern for economists, who worry that the local currency is under threat. Despite repeated assurances from Government that the dollar will not be devalued, both local and foreign economists continue to raise the subject whenever they discuss the state of the Barbados economy, particularly its ballooning debt and dwindling foreign reserves. However, while the fear lingers, the consensus appears to be that devaluation will do little to help the country rebound and would instead result in higher prices, demands for greater salary increases and social disorder. (Barbados Today, 18 February, 2017)

Belize

- Belizean exporters now have even greater export opportunities, through a new duty-free trade arrangement between the Caribbean Community (CARICOM) and Cuba. The countries agreed to extend preferential markets at the recently concluded 10th Meeting of the Joint Commission established under the Trade and Economic Cooperation Agreement between CARICOM and Cuba, held in Guyana. “A significant number of items from the Community, including beer, fish and other agricultural products, and manufactured goods have been approved for entry into the Cuban market, free of duty, once both sides formalise the agreement,” the CARICOM Secretariat said. (The Reporter, 11 February, 2017)

Curacao and Sint Maarten

- Following the agreement made between the Government of Curacao and Damen Shipyards Group in September 2016, Damen Shiprepair & Conversion has taken over the management of the Curacao Droogdok Maatschappij as of February 1, 2017. The location will continue its activities under the name of Damen Shiprepair Curacao. Furthermore, Damen, together with the Curacao Government, will invest in training and schooling of local technical personnel, ensuring the development of local skills, further developing the local industry and encouraging employment opportunities in the area. (CNNews, 4 February, 2017)

Eastern Caribbean Currency Union

- St. Lucia recently cut the Value Added Tax from 15 to 12.5 per cent with Prime Minister, Allen Chastanet, saying his administration is keeping a key campaign promise to the electorate. “We have always believed that taxation should be a product of increased economic activity and not an entitlement of government,’ Chastanet said. “My administration will continue to undertake a full restructuring of the tax system with the aim of increasing overall national consumption, reducing the cost of living and easing the burden on households and businesses.” (TTExpress, 1 February, 2017)
- After three days of discussions and presentations to cruise industry decision-makers in South Florida, Antigua and Barbuda’s Minister of Tourism, Asot Michael, is “very encouraged” about the future of his country’s cruise sector. In 2016, the Government of Antigua and Barbuda began an ambitious cruise facilities and downtown development program. To date, some US$50 million has already been spent on the harbour and lengthening and strengthening the Heritage Pier to allow for the berthing of larger ships up to a Quantum-class size. The arrival of Royal Caribbean’s ‘Anthem of the Seas’ on December 2, 2016, heralded the start of what is expected to be a new growth phase for the Antiguan cruise sector. (CNNews, 1 February, 2017)
- An IMF Mission visited St. Lucia during January 16-27, 2017, for the Annual Article IV Consultation discussions on economic developments and macroeconomic policies. Despite weak tourism activity, unemployment continued to fall in 2016 and the economy is expected to experience positive, albeit moderate, growth in 2017. A credible medium-term fiscal consolidation plan and a rapid implementation of the reform agenda are needed to reduce policy uncertainty and ensure the success of the authorities’ economic program. (CNNews, 7 February, 2017)
- The Organisation of Eastern Caribbean States (OECS) member states are taking steps to fully embrace the digital economy. The OECS Commission has formed a special ICT Strategy Group to consider the region’s options for using technology more effectively to facilitate its integration agenda. According to OECS Director General, Dr. Didacus Jules, “The future prosperity of our region is hinged to how well we leverage information and communications technology to enable the seamless movement of people, goods and capital in the sub-region. A digitally-enabled, fully functional OECS Economic Union will contribute significantly to the region’s economy and create a host of new jobs and opportunities.” (CNNews, 25 February, 2017)

Guyana

- Guyana and neighbouring Suriname will be setting aside 10 per cent of their Exclusive Economic Zones (EEZ), which will become Marine Protected Areas (MPAs) by 2020. This initiative is in keeping with a project entitled, “Promoting Integrated and Participatory Ocean Governance in Guyana and Suriname: the Eastern Gate to the Caribbean” which is expected to significantly enhance protection of marine and coastal resources of Guyana and Suriname, through the designation of MPAs and informed marine spatial management. It is envisaged that increased marine protection and strengthened governance will safeguard biodiversity and enhance food security, protect livelihoods,

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increase resilience and support socio-economic development in these countries. (Kaieteur News, 7 February, 2017)

- Guyana says it will sign the Voluntary Partnership Agreement (VPA) under the European Union Forest Law Enforcement Governance and Trade initiative, which Georgetown adopted in 2003. The VPA will result in Guyana having access to more lucrative markets in the European Union for its timber products. It will also see improved governance at all levels, more revenues, capacity building, international recognition and reform policies and laws where needed. (Jamaica Observer, 14 February, 2017)
- Guyana, on Tuesday February 21, 2017, signed four loan agreements with the Inter-American Development Bank to secure US$40 million in developmental resources to finance key initiatives within the Ministries of Legal Affairs, Agriculture, Business and Public Health. These loan resources will support the Government's developmental agenda of promoting investment; improving connectivity throughout Guyana; diversifying the economy; and providing citizens with quality healthcare and social services. The IDB Country Strategy with Guyana for the period 2017 – 2021 is currently under preparation, which will see further collaborations between Guyana and the Bank, as they seek to advance their nation along a 'green' trajectory. (Starbroek News, 22 February, 2017)

Haiti

- The International Monetary Fund recently released the staff report prepared in connection with the approval of the rapid credit facility (RCF) for Haiti in the wake of Hurricane Matthew. On November 18, 2016, the Board approved Haiti's request for a disbursement of 30.7125 million SDR (about US$41.6 million) in financial assistance under the RCF, to help with urgent balance of payments needs in the aftermath of the hurricane. With the support of the RCF disbursement, the Banque de la République d'Haïti has continued to rebuild its net international reserves while the pace of currency depreciation has slowed. Despite the favourable impact of the slow-down in depreciation, increases in food prices pushed CPI inflation from 12.5 per cent in September 2016 to 14.3 per cent in December 2016. (CNNews, 7 February, 2017)
- The United Nations, together with relief organizations in Haiti, have launched a two-year, $291 million response plan with the Government to reach more than 2.4 million people across the island that was struck by a devastating hurricane in October 2016. (CNNews, 9 February, 2017)

Jamaica

- President of Jamaica Promotions Corporation (JAMPRO), Diane Edwards, says that the country's medical talent pool is at a stage where a successful launch into the health and wellness tourism market can be done. She pointed out that JAMPRO's interest in medical tourism was first piqued in the 1990s as the globalization of healthcare, improved medical technology and demand for cheaper services made it a fast-growing international sector with high rates of consumption. Edwards stated that the Government capitalised on consumption trends, by leveraging the already thriving tourism industry to attract visitors to use local medical services. "Jamaica has subsequently been ranked by the 2014 Medical Tourism Index as the second most attractive medical tourism destination," she noted. (CNNews, 6 February, 2017)
- Jamaica's fiscal performance remains positive, driven by better-than-expected tax revenue inflows attributable to improved tax compliance as well as improvements in macro-economic factors and less-than-anticipated government expenditure, according to Co-Chairman of the Economic Programme Oversight Committee (EPOC), Keith Duncan. However, Duncan said that slow implementation of projects was in part occasioned by procurement bottlenecks, including bureaucratic red tape. He said that while EPOC will continue to monitor government expenditure, and in particular capital expenditure given its importance as one of the main drivers of economic growth, the Economic Growth Council was focused on getting the government's procurement process to be more efficient to improve the business climate. (Jamaica Gleaner, 10 February, 2017)
- Jamaica has become one of the first countries globally and the first in the Caribbean to launch an IMF-approved National Summary Data Page (NSDP). The NSDP provides public access to a wide range of economic, financial and socio-demographic statistics. The page contains regularly updated economic information from the Bank of Jamaica, Statin and the Ministry of Finance, and can be accessed on the websites of those three bodies. (Jamaica Observer, 15 February, 2017)
- The Bank of Jamaica (BOJ) is implementing a three percentage point adjustment in the cash reserves and liquid assets that deposit-taking institutions are required to hold against foreign currency liabilities. The adjustment is aimed at reducing the incentive to hold foreign currency liabilities. During the last three months of 2016, the BOJ gradually increased the cash reserves and liquid assets requirements for foreign currency liabilities in the banking system to bring them in line with the reserve requirements for Jamaican dollar liabilities. This removed the bias in the structure of the reserves requirements that favoured foreign-currency deposits, the Central Bank said. (Jamaica Gleaner, 22 February, 2017)
- The Inter-American Development Bank (IDB) has commended Jamaica for its economic initiatives such as achieving positive GDP growth. For the October to December quarter, the economy grew by 1.3 per cent, according to the Bank of Jamaica. State Minister for Finance and the Public Service, Faval Williams, said the multilaterals had contributed to the country's economic achievements. According to Williams, the IDB had partnered with Jamaica to implement a number of important projects, including tourism and port development. (Starbroek News, 24 February, 2017)

Suriname

- In order to develop the tourism industry of Suriname, the Suriname Tourism Foundation (STF), in collaboration with the Statistical, Economic and Social Research and Training Centre for Islamic Countries and Malaysia, will conduct a second training course on tourism satellite account in Paramaribo on 14-16 February, 2017. The overall objective of the workshop is to support statistical capacity building. It is an area of need as the STF is

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putting a lot of emphasis on training to provide essential and accurate data which is vital to address and to grow the fledging tourism industry of Suriname, according to Jerry A-Kum, Director of STF. (CNNews, 11 February, 2017)

- Surinam Airways (SLM) Director, Robbi Lachmising, recently stated that the national carrier has a "problem expanding its wings because Suriname has insufficient bilateral aviation agreements with countries in the region." Two reports by the Organisation of Islamic Cooperation and the Inter-American Development Bank also concluded that there are "barriers affecting the tourism industry of Suriname," such as "low government prioritisation of travel and tourism, aviation infrastructure, political instability, visa requirements, aviation safety and security, and low air service (few carriers)." (CNNews, 20 February, 2017)

Trinidad and Tobago

- Oil and gas are smothering Trinidad and Tobago's private sector according to IDB Economist, Jeetandra Khadan. In a 165-page report released January 18 by the Washington-based lender, he noted, "If performance of firms is measured by sales growth and the level of total factor productivity (TFP), Trinidad and Tobago performs worse than the Caribbean average." TFP for Trinidad and Tobago firms is the second lowest in the Caribbean and is below the average of the rest of the Caribbean, he said. "Moreover, using sales growth as a performance metric, 82 per cent of firms are classified as either stagnant or declining. This is a worrisome finding, particularly because the country's energy sector - its main driver of growth - has contracted significantly, and its outlook over the medium term is grim," Khadan said. (TTExpress, 1 February, 2017)

- Aad Biesebroek, Head of the European Union Delegation to Trinidad and Tobago, encouraged local private companies to take advantage of the trade benefits offered to them through the Caribbean Forum-European Union Economic Partnership Agreement (CARIFORUM-EU EPA). He defined the CARIFORUM-EU EPA as "a stable and transparent regulatory framework that promotes economic growth in a manner that is consistent with sustainable development and the gradual integration of the Caribbean States into the world economy." But while the foundation has been laid by "national and regional bodies" for private companies to profit from the agreement, he continued, these companies ultimately have to utilise the stipulations in the agreement to enjoy its economic benefits. (TTNewsday, 9 February, 2017)

- The role of the private sector in T&T; the new Inter-American Development Bank (IDB) Country Strategy for T&T (2016 -2020); and the Valencia to Toco Project were among issues discussed at the Bank's Sixth Pre-annual Meeting of the Governors of the Caribbean Country Department. The meeting took place at the IDB Headquarters in Washington D.C. where Officials of the Ministry of Planning and Development represented Trinidad and Tobago. Also on the agenda was the macroeconomic situation of Latin America and the Caribbean (LAC) Region; successful strategies and techniques to deliver results in the public sector; the performance of the IDB portfolio; the future of the Multilateral Investment Fund; the Emerging and Sustainable Cities Initiative and the Vision 2030 National Development Plan. (TTNewsday, 23 February, 2017)

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