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TWO NEW CARIBBEAN COUNTRIES AND ONE NEW CURRENCY FROM 10-10-10

On 10 October 2010 the Netherland Antilles was dissolved. The Netherland Antilles was formed by royal decree on 3 March 1951 consisting of the six territories of Aruba, Bonaire, Curacao, Sint Eustatius, Sint Maarten and Saba. Aruba left the Netherland Antilles on 1 January 1986 to become a constituent country of the Kingdom of the Netherlands. Curacao and Sint Maarten have now joined Aruba as constituent countries of the Kingdom of the Netherlands. So the Kingdom of the Netherlands now consists of four countries, Aruba, Curacao, the Netherlands and Sint Maarten.

Curacao and Sint Maarten became constituent countries of the Kingdom of the Netherlands. Suriname was a constituent country within the Kingdom from 1954 but in 1975 it left to become an independent republic. Curacao and Sint Maarten do not have this status.

It is the degree to which the territories share the responsibilities of government with the government of the Netherlands that defines the country status of the territories. In the case of Curacao and Sint Maarten each will have their own parliament, government, and prime minister with increased responsibilities for, and power to enact legislation in matters of, education, public health, maritime affairs, among other areas. The Government of the Netherlands will retain responsibility for defence and foreign policy and has reportedly insisted on a number of tough 'good governance' stipulations especially with respect to financial management and the judiciary. Curacao and St Maarten will share a supreme court and a central bank.

The Caribbean Guilder (CMg)

The Antillean guilder will be taken out of circulation and Curaçao and St. Maarten have formed a monetary union. The Centrale Bank Van Curacao en Sint Maarten, previously the Bank Van De Nederlandse Antillen, will however continue to circulate the Netherlands Antillean guilder that will remain the currency of the two countries until 2012 after which time it will be replaced by the Caribbean guilder. The Caribbean guilder, CMg (for Curacao, Sint Maarten guilder) will be pegged to the US dollar at the same exchange rate as the long established Netherlands Antillean Guilder (1 USD=1.79 NA_g=1.79CM_g). The monetary policy of the Bank Van De Nederlandse Antillen was focused on ensuring a stable exchange rate of the NA guilder and this primary objec-

tive will continue under the Centrale Bank van Curacao en Sint Maarten. Since 1971 the official NAf/\$ rate of 1.79 has been firmly supported by the monetary authorities

The National Office for the Caribbean Netherlands

The three remaining territories of the Netherland Antilles, Bonaire, Sint Eustatius and Saba, became special municipalities of the Netherlands and their government is divided between the individual territories and the central government of the Netherlands administered through the latter's National Office for the Caribbean Netherlands. This office has responsibility for taxation, policing, immigration, transport infrastructure, health, education and social security and provides these services on behalf of the Government of the Netherlands

The three islands will continue to use the Netherlands Antillean guilder but from 1 January 2011 all three will switch to the US dollar, rather than the Euro which is used in the metropolitan Netherlands or the Caribbean guilder which is being jointly adopted by their former Antilleans, Curacao and Sint Maarten. The decision to introduce the US dollar on the three islands was taken in November 2008 and carries the risk of exchange rate fluctuations regarding cash flows between the central government and the islands.

On January 1, 2011, all Antillean guilder bank accounts will automatically be switched to US dollar accounts. The rate of conversion will be the same as was established back in 1971 when the Antillean guilder was pegged 1.79 guilders = 1 dollar. In order to guard against price hikes on the conversion the Government of the Netherlands legislated that stores and businesses should indicate their prices in both Antillean guilders and US dollars from 1 September 2009, more than a year before the changeover.

REGIONAL NEWS SUMMARY

CL FINANCIAL

- British American Insurance Company Ltd (Barbados) says it has deliberately limited its policyholders' withdrawals and surrenders from the company (BN 29 Sep)
- Finance Minister Winston Dookeran has told of a proposed "special window" for CLICO depositors adversely affected by genuine cases of hardship. (TE 29 Sep)

REGIONAL NEWS SUMMARY cont'd

- There was "evidence of misconduct" on the part of those in charge of the CL Financial subsidiary Clico Investment Bank (CIB), High Court Judge Justice Peter Tam ruled in a court action in July, 2004, as he found that the CIB was guilty of "apparent breaches of its fiduciary duties" due to its failure not to intermingle funds in a trust fund it managed. (Newsday 30 Sep)
- The payout process for policyholders of the collapsed Clico (Guyana) continues while Chartered Accountant Christopher Ram questioned the legality of what he said was disposal of Clico assets (SN 30 Sep)
- Criminal charges arising out of the collapse of insurance giant CLICO are nowhere on the horizon, says DPP Roger Gaspard, as the police have yet to start their investigation (TE 30 Sep)
- Government, through the newly-drafted Central Bank Amendment Bill, is moving to prevent anyone from taking legal action against the CLICO bailout plan, without the written consent of the Central Bank. (TE 30 Sep)
- The Central Bank is being threatened with legal action for its "catastrophic failure of regulatory oversight" which led to the collapse of insurance giant CLICO. (TE 1 Oct)
- Prime Minister Kamla Persad-Bissessar announced that the government will launch a Commission of Inquiry into the CL Financial crisis to find out who and what is responsible for the fiasco which occurred at its subsidiaries Clico, British American and Clico Investment Bank The collapse of the Hindu Credit union will also be investigated (Newsday 2 Oct) Sir Gavin Lightman, a retired British High Court judge and a leading Queen's Counsel in insolvency, administration law and other related matters is to conduct the enquiry. (TE 15 Oct)
- Government bailout plan for Colonial Life Insurance Company has been put on hold while an inter-ministerial sub-committee team led by Food Production Minister Vasant Bharath would meet with various stakeholders "to take their views on board." (Newsday 4 Oct)
- About 150 Clico policyholders in Guyana have retrieved their assets in full since the start of the rescue plan outlined by President Bharrat Jagdeo. (SN 8 Oct)
- CLICO Policyholders Group head, Peter Permell, said that the group had made two "very crucial proposals" to the Government, one of which will satisfy the guarantees made to policyholders without causing financial stress on the economy. TE 13 Oct)
- The General Secretary of the Guyana Agricultural and General Workers Union, Seepaul Narine this morning said that sugar workers across the country have proceeded on strike (SN 18 Oct)
- The monies due to CLICO depositors can be paid to them within a few months at no extra cost to the Government, attorney Ramesh Lawrence Maharaj has asserted; he contends the assets of CLICO and the CL Financial Group are very valuable, and Government has been presented with a payment plan by an American group which is the largest liability manager in the world. (TE 21 Oct)
- Chemical companies in the Clico group are valuable assets based on the increased price of chemicals on the world market, according to attorney Ramesh Lawrence Maharaj, who added that Government did not produce vital information to policyholders such as the valuation of Clico's assets or reports on Clico. (TG 21 Oct)
- Members of the CLICO Policyholders Group want Government to pay them an immediate 40 % on their deposits, with a promise to pay the balance quarterly over a five - to seven-year period at four to four and a half per cent interest. (TE 25 Oct). The Prime Minister said the government would consider this plan (TE Oct 26)

THE STANFORD GROUP

- The Eastern Caribbean Amalgamated Bank (ECAB) will open its doors on 18th October, replacing the operations at Allen Stanford's Bank of Antigua. ECAB said in a statement that it had been issued with a banking license to conduct banking activities in Antigua and Barbuda and had also obtained the necessary regulatory approvals "to purchase and assume certain assets and liabilities of Bank of Antigua Ltd". (Caribbean360 15 Oct)
- Lloyd's of London no longer has to pay legal fees for accused Allen Stanford and two of his former executives because they likely engaged in activities excluded from coverage under a company insurance policy, a judge has ruled (Caribseek 15 Oct)
- The Antigua-Barbuda Government is building a defense against a law suit brought by the Stanford Victims Coalition which is seeking to recover financial losses as a result of the Stanford debacle. (CaribNewsNow 18 Oct)

CARIBBEAN

- The new head of the government's planning agency, Dr Gladstone Hutchinson, has proposed a range of short-term measures, including offering tradable tax credits to start-ups, to help jump start the Jamaican economy that has shed more than 86,000 jobs since the onset of the global recession in 2008. (JG 1 Oct)
- ANSA McAL Barbados, a subsidiary of the ANSA McAL Group, has stated that its holding company, AMCL Holdings Ltd, had come to an agreement with Sagikor Life Insurance to buy Sagikor's 2,854,026 shares in ANSA McAL Barbados (TG 1 Oct)
- Georgetown Chamber of Commerce and Industry is promulgating a Code of Conduct to serve as ethical guidelines for the business community. (SN 1 Oct)
- Norway will deposit US\$30 million into the Guyana REDD+ Investment Fund (GRIF), the first payment under the forest protection Memorandum of Understanding signed between the two countries. The first payment will form part of the government's investment in the hydroelectricity plant at the Amaila Falls (SN 1 Oct)

REGIONAL NEWS SUMMARY cont'd

- Trade between Guyana and Brazil could be better and more balanced said Brazil's ambassador to Guyana (SN 4 Oct)
- For the third quarter of this financial year, the performance of equity markets of T&T and Jamaica was relatively anaemic after showing signs of improvement in the first half; the Barbados market continued on a declining path. (TE 4 Oct)
- Governor of the Eastern Caribbean Central Bank Sir K. Dwight Venner has given the assurance that the currency has a solid backing, well above the statutory requirement. (CaribNewsNow 5 Oct)
- Results of a survey conducted by the Consumer Affairs Commission has shown that Jamaican banks have hiked fees to counteract the decline in interest rates due to the Jamaica Debt Exchange (JG 6 Oct)
- Banks in T&T are generally not well suited for lending to the small and medium enterprises, particularly start-ups, as the banks lend based on security. (TG 6 Oct)
- Reduced crime levels and economic stabilisation led to greater optimism among consumers and maintained levels of confidence among business owners during the latest confidence surveys. (JO 6 Oct)
- The Grenada Co-Operative Nutmeg Association says it intends to cash in on increased prices for nutmegs on the world market as a result of an international shortage. (Caribseek 6 Oct)
- The increases in air passenger duty imposed by the British government have been denounced and derided "as a disgrace" by the head of British Airways (BN 11 Oct)
- The Netherlands Antilles as we knew it, is no more. The Netherlands Antilles ceased to exist from 10 October which now means that St. Maarten and Curacao are countries within the Dutch Kingdom, while Bonaire, St. Eustatius and Saba are municipalities of Holland (Caribseek 12 Oct)
- Bahamas Prime Minister Hubert Ingraham has been selected to chair the Boards of Governors of the International Monetary Fund and World Bank Group (CaribNewsNow 12 Oct)
- Virgin Unite, the non-profit foundation of the Virgin Group, will launch a Branson Centre of Entrepreneurship in the Caribbean in the first half of 2011. The Centre will support aspiring entrepreneurs aged 18 - 35 years old, in the creation and growth of small businesses in the Caribbean. (Carib360 13 Oct)
- Natural disasters have cost Jamaica approximately J\$100 billion over the last 20 years, and much of this can be blamed on risky settlements across the island as well as poor environmental concerns (JO 13 Oct)
- The economies of the Caribbean region will endure a prolonged recovery from the global recession, as it has been identified as one of the most affected areas of the downturn that began in the late 2007, according to the IMF (TG 14 Oct)
- Former Governor of the Central Bank of Barbados, Winston Cox, has been nominated by the Barbados Government to lead the Caribbean Development Bank for the next five years. The other candidates are the current president, Dr Compton Bourne, who is being backed by Guyana, and Dr Warren Smith, a vice-president of the regional financial institution. (BN 14 Oct)
- Agriculturalist Keith Laurie is painting a gloomy picture of the sugar industry, citing high production costs as its death knell. He added that Barbados was shipping sugar to Europe and losing \$1 200 for every tonne sent out. (BN 14 Oct)
- St. Kitts and Nevis Prime Minister Hon. Dr. Denzil L. Douglas says the role of the private sector in the Federation's economic development is vitally important, and between January 2007 and July 2010 over 1000 business license applications were approved. CaribNewsNow 15 Oct)
- Red Jet launched its low-fare airline in Barbados on October 16th 2010. Fares will be as low as US\$9.99 (before tax). The airline however must await licensing approval from the Barbados Civil Aviation Department and the Air Transport Licensing Authority. (BN 17 Oct)
- Belize Prime Minister Dean Barrow has announced the sales shares of Telemedia -- the telephone company that the government nationalised a little over a year ago from Lord Ashcroft 22 million shares are available at \$5 each up to year end, which is sold below value to enable Belizeans to take control of the company. (CaribNewsNow 18 Oct)
- The Central Bank has filed a petition to wind up The Motor and General Insurance Company (Newsday 18 Oct)
- The birth rate in Haiti has tripled since January, leaving the country with not only a massive reconstruction bill but with thousands of children to feed and maintain over the next 20 years. (CaribNewsNow 19 Oct)
- A marginal increase in visitor arrivals and foreign capital inflows were among the bright sparks in an otherwise dreary third quarter economic report yesterday from Central Bank Governor Dr DeLisle Worrell. (BN 20 Oct)
- Some 200 debt collectors in Jamaica discussed incentives aimed at boosting compliance in a sector plagued by a record J\$20 billion in bad debts (JO 20 Oct)
- A drop in visitor spending remains a major challenge for the tourist industry. President of the Barbados Hotel and Tourism Association, Colin Jordan, said hotels, restaurants, car rental agencies and tourist attractions were all feeling the squeeze. (BN 21 Oct)
- Jamaica's minister of finance and the public service, Audley Shaw, is adamant that the government will not be able to grant a seven percent wage increase to public sector workers, (CaribNewsNow 22 Oct)
- Standard & Poor's Ratings Services has lowered its foreign-currency sovereign credit rating on Barbados to 'BBB-/A-3' from 'BBB/A-3' and its local-currency rating to 'BBB-/A-3' from 'BBB+/A-2'. Standard & Poor's also said that it lowered the transfer and convertibility assessment on Barbados to 'BBB'. The outlook is stable. (BN 23 Oct)

REGIONAL NEWS SUMMARY cont'd

- Republic Bank intends to make an offer to the shareholders of the Barbados National Bank to acquire the 34.7 % stake in its Barbados-based subsidiary that it does not already own (TG 23 Oct)
- Jamaica's tourism minister said that for the six-month period, January to June, earnings from stopover tourists hit US\$1.009 billion, but was only a 2.4 per cent increase on the half-year intake of 2009 (JG 24 Oct)
- Access Financial Services, a Jamaican microlender, posted a 205 % increase in net profit at J\$35.2 million for its third quarter year on year; this increase in profit was a result of overall operating efficiency and improvement in business (JO 27 Oct)
- Conservative estimates have placed the annual loss resulting from praedial larceny to crop and livestock farmers in the Caribbean Community at US\$385 million. (Caribseek 27 Oct)
- The National Gas Company's predicament is an oversupply of natural gas in the short term and a possible shortage in the long term. Energy Minister Carolyn Seepersad-Bachan charged the new board with finding a balance to ensure the downstream sector continues to thrive despite this predicament (TG 27 Oct)

ANNOUNCEMENTS

NEW CDB PRESIDENT ELECTED



Dr. Warren Smith

The Board of Governors of the Caribbean Development Bank has voted to replace Professor Compton Bourne with Jamaican Dr Warren Smith as its head. Dr Smith, 58, was previously director of finance at the Barbados-based Bank.

Dr Smith is an economist and has been on the staff of the CDB for over a decade. He holds a BSc in Economics (magna cum laude) and a Master's in Agricultural Economics from Cornell University. In 1985 he completed a PhD in Resource Economics and Public Policy, also at Cornell University.

He is a Caribbean man, having been CEO of LIAT, and during the 1980s, he was the director of economics and planning at the Petroleum Corporation of Jamaica and in the 1990s, he was the vice-president of investments at Life of Jamaica, now Sagicor.

Dr Bourne, also an economist, served with distinction for two five-year terms. There is an unwritten agreement that

there should be a limit of two such terms.

Dr Warren Smith assumes the presidency of the CDB at a very challenging time for the Caribbean as it strives to cope with the global economic crisis and reposition itself for sustained economic development. The CDB will have to play an important and enhanced role requiring vision and innovation. We are confident that Dr Smith will do his best to provide fresh leadership while continuing the solid fiduciary traditions of the CDB. (from Jamaica Observer)

NEW PROGRAMME COORDINATOR AT CARTAC



Dr. Arnold McIntyre

Therese Turner-Jones, Programme Coordinator at CARTAC for the past three years, has returned to the IMF in Washington, and Arnold McIntyre, an economist, has since taken up the position. Dr McIntyre, a Grenadian, received his B.Sc. from UWI, Cave Hill, a MA from Yale University and PhD from University of Toronto. He has worked for the CDB, the OECS Secretariat, the Caribbean Export Development Agency and the CRNM. Since 2001 he has been with the IMF.

STAFF OF THE CARIBBEAN CENTRE

Executive Director :

Dr. Derick Boyd
(868) 662-2002 ext 2550
Derick.Boyd@sta.uwi.edu

Research Fellow :

Mr. Dave Seerattan
(868) 662-2002 ext 2552
Dave.Seerattan@sta.uwi.edu

Research Fellow :

Ms. Tracy Polius
(868) 662-2002 ext 2553
Tracy.Polius@sta.uwi.edu

Research Fellow :

Mr. Anthony Birchwood
(868) 662-2002 ext 2545
Anthony.Birchwood@sta.uwi.edu

Junior Research Fellow:

Ms. Julia Jhinkoo
(868) 662-2002 ext 2546
Julia.Jhinkoo@sta.uwi.edu



CARIBBEAN CENTRE FOR MONEY & FINANCE

The University of the West Indies
St. Augustine, Trinidad and Tobago
Phone: 868-645-1174, Fax: 868-645-6017
E-mail: ccmf@sta.uwi.edu
Website: www.ccmf-uwi.org