

CARIBBEAN INSIGHT

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Havana undertakes dramatic reshuffle

Moves towards creating a more efficient and reformed Cuban system of Government took a dramatic leap forward on 2 March, with the dismissal of at least 10 members of the Council of Ministers.

The most high profile casualties were Cabinet Secretary, Carlos Lage, and Foreign Minister Felipe Perez Roque. Both men subsequently resigned from all their other posts and in an almost unheard of development saw letters admitting culpability sent to President Castro published in *Granma*, the official organ of the Cuban Communist Party.

In a further extraordinary development, a signed commentary from former President Fidel Castro initially appearing on a commentary web site and then published in *Granma*, in far from clear language, distanced himself from both men and their appointment and appeared to accuse them of getting too close to the United States.

In their letters, Carlos Lage and Felipe Perez Roque took “responsibility” for the “mistakes” they had made, without mentioning what they were. “I recognize the errors committed and I assume the responsibility. I consider that the analysis made in the past meeting with the Political Bureau (of the party) was just and profound,” said Mr Lage.

A number of other unannounced personnel changes have taken place, with Fernando Remírez de Estenoz, head of the Cuban Communist Party's Foreign Relations Department and former Chief of the country's diplomatic mission in Washington, replaced by Jorge Martí Martínez, who served as Cuba's Ambassador to Russia in 2003-2008.

Puzzlingly the Council of State statement on the reshuffle initially used the term “compañero” and the verb “released” from their posts, rather than “dismissed” indicating that all of those who had ceased to be ministers remained in good standing with the Party. This contrasted sharply with remarks by Fidel Castro, who described two of those dismissed as “unworthy”.

“The honey of power, for which they had made no sacrifices, awoke in them ambitions that led them to play an undignified role”, he wrote. “The external enemy was filled with illusions for them”: he wrote in language widely assumed to have been referring to Mr Lage and Mr Perez Roque.

The external suggestion that the issues leading to the two men's dismissal reflected differences between Fidel Castro and his brother however ignore the importance of collegiate decision making within Cuba and the internal process whereby the performance of any minister can be the subject of peer review. It also fails to recognise that any government of factions in Cuba could quickly lead to its demise and that many other senior but less visible ministerial and other figures close to the former President remain in positions of power.

For these reasons a far more credible analysis of the changes revolves around the continuing need to rationalise and make government more efficient while making clear the virtue of humility and the need for all to understand that a low key and

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collegiate approach to responding to the possibility of a changed relationship with the US is necessary.

More importantly, what the changes confirm organisationally is a process that began last year that seeks to streamline government institutions and remove overlapping and inefficient duplications and contradictions. They also confirm the Cuban Government's earlier decision to ensure that all actions are co-ordinated through the Council of Ministers.

Also central to understanding what is happening is the content of the recent announcement of the appointment of three new Vice Presidents: Ramiro Valdés Menéndez, Ulises Rosales del Toro and Jorge Luis Sierra Cruz. This made clear that they had been appointed 'with the objective of distributing attention, control, and coordination of the State's Central Administration organisms in the most effective way between the members of the Executive Committee'. It also stated that 'these individuals will continue to carry out their responsibilities in the ministries that they currently direct as well as being assigned responsibility for other organisms in the near future.

It also seems likely that in an effort to increase efficiency based on previous experience the appointment of two military officers - Brig. Gen. Jose Amado Ricardo Guerra as Secretary of the Council of Ministers and Brig. Gen. Salvador Pardo Cruz as Heavy Industries Ministry – and a former military officer Marino Murillo Jorge to head the Economy Ministry - points to the need to bring greater efficiency and delivery based on proven models into addressing Cuba's economic structure.

A proposed method of achieving this could involve extending the *perfeccionamiento empresarial* ("perfecting" state-run companies) model used at military-run companies to the rest of the economy. For companies where the *perfeccionamiento empresarial* model was introduced, new accounting practices were applied, state subsidies eliminated, managers given greater independence from the state ministries that had run them and incentive payments introduced. As in all military organisations this also involved clear lines of command and control. Brig. Gen. Guerra was Raul Castro's former Defence Ministry Chief of Staff, and Gen. Cruz ran the military companies that supply the armed forces.

The changes also reflect the importance of managing the economy effectively at a time of international economic crisis. Officials have admitted that last year was "one of the most difficult" since the Special Period began in 1991 following the collapse of the Soviet Union, and that the government has been forced to "postpone investments and other non-essential expenditures".

Three small-scale reshuffles have taken place since Raul Castro became President in February 2008. On 26 November 2008 General Ulises Rosales del Toro was named Minister of Agriculture, replacing the Acting Minister of Agriculture, María del Carmen Perez Hernandez. And Luis Manuel Avila Gonzalez, Gen. Rosales del Toro's Deputy at the Sugar Ministry, was named Sugar Minister. Minister of State in the Presidency, Ricardo Cabrisas, was separately promoted to being a Vice-President. Foreign Investment Minister Marta Lomas was replaced on 12 November 2008 by the former UN Ambassador Rodrigo Malmierca, and Luis Ignacio Gomez was removed in April 2008 as Education Minister after holding the post for more than 18 years.

Far reaching reorganisation of government forms a pivotal part of President Castro's reform programme which, once concluded, is likely to affirm the elevation of a new younger generation of leaders in Ministerial positions and a higher tier of Government with political overview. The planned reorganisation – scheduled for 2008 but deferred to 2009 – is likely to be approved at this year's Sixth Party Congress.

Further changes are expected, as the 2 March statement makes clear:

"It is necessary to continue studying the government's current structure with the objective of gradually reducing its magnitude and increasing its effectiveness", the Council of State said.

*A longer and more detailed version of this and other stories on Cuba appear in **Cuba Briefing**, which is available by subscription and to Premier members of the Caribbean Council free of charge.*

Lack of regional co-operation “key lesson” of CLICO crisis

Caribbean leaders may finally be taking steps to develop a co-ordinated response to the problems afflicting Trinidad-based the Colonial Life Insurance Company (CLICO) and the collapse of Antiguan-based Allen Stanford's business empire (*Insight*, 2 March 2009).

Following a one-day special summit on 5 March, Caribbean leaders from Barbados, Trinidad & Tobago and the Organisation of Eastern Caribbean States (OECS) agreed that their regulators should meet on a regular basis to ensure the stability of the financial system.

“The message emerged, loud and clear, that the crisis which has been engendered has put us in a position that we must strengthen the regional integration process, so that we would be in a better position in the future if challenges to the financial system and especially in the non-banking financial institutions arise,” declared St Vincent & the Grenadines Prime Minister, Ralph Gonsalves.

That view was echoed by Barbados' Prime Minister David Thompson, who had been calling for “more contact between the regulators so that they can verify the accuracy of information”.

There is a need for more information sharing across the Caribbean region, he declared, so that the relevant authorities can “act quickly, respond quickly, protect investment, protect policy and most of all protect jobs”.

Prime Minister Gonsalves also revealed that a fund would be established “from which liquidity can be drawn in times of difficulty with any particular entity in any particular country”. But it is more likely that resources from the Trinidad & Tobago/CARICOM Petroleum Fund would be tapped.

Trinidad's Minister of Finance, International Trade and Commerce Timothy Harris told *SKNVibes* that the Fund could be accessed by the CL subsidiaries to pay out cash to their depositors. “Both companies have millions requested to be paid by their depositors which they may not be prepared to handle”, he said.

“They must be able to give depositors their money upon demand or rumours will get worse and the businesses may go through self-fulfilling prophecy and plunge as demands continue at an abnormal rate”, he added.

Both Barbados and Trinidad, meanwhile, are committed to “explore all options” in order for CLICO and the British American Insurance Company to remain operational. If these businesses were to fail, he warned, it would be “calamitous for us as individual nations and particularly our depositors into the companies”, Mr Harris said.

But there was little indication of how regulators had been caught so off guard by the CLICO debacle and the Stanford scandal, on how regulators might establish some form of early-warning system or what arrangements are needed to minimise contagion within the system.

And there was no mention, in public statements at least, on why CARICOM governments had failed to follow up on a commitment made in 2007 to have a regional financial services agreement in place by December 2008. This was a key recommendation for the *Plan of Action* strategy adopted at the July 2007 Heads of Government Summit in Barbados.

It is a “significant failure of regional leadership”, declared Barbados' former prime minister, Owen Arthur recently, “not to have the Regional Financial Services Agreement in place to provide for the orderly development of the regional financial sector”.

That view received support from the Governor of the Barbados Central Bank, Marion Williams, and Trinidad's Central Bank Governor, Ewart Williams, who identified the “need for much more regional co-operation” as one of the key lessons resulting from the CLICO affair.

“One thing we need to recognise and we need to confess ... is that perhaps there has not been sufficient regional co-operation on regulatory matters,” he said at the end of the Summit. “Sometimes one gets the impression we are going our separate ways, not realising that in the final analysis we are one regional space”.

Antigua & Barbuda

- The IMF issued a statement on 10 March denying that it had sought or received a request for an IMF programme from Prime Minister Baldwin Spencer, as alleged by the leader of the opposition Antigua Labour Party (ALP), Lester Bird. Mr Bird had claimed that the IMF had told the government that the national debt was “unsustainable” and that the imposition of an IMF austerity programme was unavoidable. Following the IMF statement, Mr Bird further alleged that the government had “begged the organisation to issue a press release” and noted that the statement “does not say that the IMF does not have a programme in contemplation for Antigua & Barbuda, nor does it answer my specific charge that they have told the UPP that the astronomical debt that the UPP has imposed upon us is unsustainable”. Prime Minister Spencer described Mr Bird’s comments as “pure political garbage”.
- The governing United Progressive Party (UPP) is claiming victory in the 12 March General Election, winning at least 10 of the 17 seats in Parliament with one seat still undecided. Before the election, the UPP held 12 seats. However, the results are preliminary with final results expected on 13 March.

Bahamas

- Prime Minister Hubert Ingraham is urging residents to grow their own produce to help cut food imports by US\$500m. Government initiatives to help achieve this include more farm loans, a disaster insurance fund to help after hurricanes, and a tree-planting project that will produce mangos, avocados, coconuts and citrus. Regarding the leasing of land for agricultural use Mr. Ingraham said that the government is “conducting an audit of 65,000 acres of land long-leased from the Crown to the Ministry of Agriculture and Marine Resources in New Providence, Grand Bahama, Abaco, Andros and Eleuthera. “We have discovered that in a number of cases land leased for the purpose of food production has been diverted from that purpose for speculative purposes. We do not propose to regularise such unauthorised diversions or permit the same to continue”, he said.
- *Lloyds List* reported on 6 March that the Grand Bahama Port Authority (GBHA) “has been left on the shelf after the two potential suitors withdrew their purchase offers”. A consortium led by UK banker Roddie Fleming has dropped plans to bid for the GBHA, and Hong Kong port group Hutchison “appears to be losing interest in GBPA at a time when the whole global economy is in so much turmoil”, says *Lloyds List*. Hutchison, which owns Freeport Container Port, had an offer on the table of US\$250m “but that was subject to litigation between GBPA’s two shareholders being resolved, which has not happened”. The Fleming offer, although slightly lower, had been accepted by one of GBPA’s owners, Sir Jack Hayward. But the St George family had favoured the Hutchison bid which now appears to have expired. A long running legal battle has been taking place between the two main shareholders over ownership of Intercontinental Diversified Corporation, which owns 92.5% of GBPA.
- The unemployment rate for both New Providence and Grand Bahama now stands at 12.1% and 14.6% respectively, according to an interim Labour Force Survey conducted by the Department of Statistics. New Providence and Grand Bahama account for 87% of the country’s population and 86% of its businesses. The survey covered 2,500 households.

Barbados

- The government plans to borrow US\$150m on the international markets “as a precautionary measure” in case the global financial crisis deepens in 2009-2010, Minister of Economic Affairs, David Estwick, told Parliament. “This is the best time for us to go to the international market, given the fact that the interest rates are very good”, he said. “And the interest rate can only go up from here, so we believe that we are borrowing at the time. I therefore think it is the right decision”. During his speech, the Minister said that early indications suggest that tourism spending has fallen by around 21%. The global recession, he added, is also leading to a reduction in demand for exports and services.

- The Insurance Corporation of Barbados (ICB) Limited is holding talks with the government to take over the operations of its competitor's life insurance arm, CLICO International Life. "ICB Limited has agreed to a confidentiality agreement and they will be sitting at the table, hopefully very shortly, with the principals of CLICO. The purpose of the confidentiality agreement is, of course, to ensure that the information that is disclosed during the course of any discussions is not any way compromised", Prime Minister David Thompson said on 8 March. The government is a minority shareholder in ICBL which is majority-owned by Bermuda Fire & Marine.

Belize

- Prime Minister Dean Barrow has appointed Elvin Penner, formerly the Minister of State in the Ministry of Natural Resources and the Environment, as Minister of Culture, Sports and Youth in place of Marcel Cardona. Mr Penner will also assume responsibility for Broadcasting and Information from the Prime Minister. However, he has lost the Culture portfolio to Tourism Minister, Manuel Junior Heredia.
- Two suspects initially detained by police after a live grenade was thrown at the home of the Comptroller of Customs Gregory Gibson have been released. Police have confirmed that the grenade was from a batch issued to British armed forces in Belize. This is the third grenade attack to take place in Belize in recent months.

British Virgin Islands

- The government is providing an update on the Virgin Gorda Airport Development Project on 18 March, when a second public meeting on the airport project is scheduled. The government signed a \$1.2m contract with Halcrow Group on 17 June, 2008 for the design and other preliminary work necessary for the creation of a more modern airport on Virgin Gorda.

Cayman Islands

- The Cayman Islands Monetary Authority (CIMA) has signed a Memorandum of Understanding (MoU) with the Comissão de Valores Mobiliários (CVM), the Securities and Exchange Commission of Brazil. This commits the two regulators to co-operating and sharing information with their international regulatory counterparts and is the latest step in formalising ties between the two countries. A similar MoU was signed in March 2006 with Brazil's Central Bank. "These arrangements are especially critical now in light of the global financial crisis which has, in some way, affected so many countries," said CIMA Managing Director Cindy Scotland.
- The Cayman Islands should revise a draft constitution that will be submitted to voters on 20 May to ensure that it gives full protections to all against unequal treatment, Human Rights Watch said on 11 March in letters to Governor Stuart Jack, and the UK Foreign Secretary, David Miliband. "The British government is using a double standard, approving a draft constitution for an overseas territory that gives fewer protections than British citizens enjoy at home", says Human Rights Watch, which claims that the draft denies protections to lesbian, gay, bisexual, and transgender people. "Equality means equality, and it should apply across the board", it says.

Cuba

- Visiting Honduran President José Manuel Zelaya reported on 4 March that his meeting with Fidel Castro took place at the former Cuban leader's home. This claim follows reports by that Fidel had been seen walking around the Jaimanitas area west of Havana, close to his home in the Siboney neighbourhood. Fidel Castro has not been seen in public since undergoing intestinal surgery in July 2006. President Chavez sparked fresh rumours about Fidel Castro's health in January when he said that the times Fidel Castro "walked the streets and town ... in his uniform and hugging the people, will not return. That will remain in memory." No report of the 'walk in the streets' has appeared in the Cuban media.
- Cuba may soon cut output at two state-run nickel plants in eastern Holguin province in the face of declining prices, claimed *Reuters* on 3 March, citing sources close to the industry. "Unrefined nickel and cobalt production at two state-run processing plants are under review due to their inefficiencies", the report said. But output plans at a plant run by as a joint venture with Canada's Sherritt International are unchanged. "Evidently we will have to take

measures. They are studying the best way to adjust production in the face of low prices on the international market,” said state-run television's top economic commentator, Ariel Terrero. Nickel “gained economic leadership over the tourism industry in 2008, producing 70,400 tonnes with a net profit of US\$552m,” the official *Prensa Latina News Agency* recently reported. According to Cuba's National Minerals Resource Centre, the eastern Holguin province has 34% of the world's known reserves, or some 800m tonnes, of proven nickel plus cobalt reserves and an additional 2.2bn tonnes of probable reserves.

Dominica

- Information Communication Technology (ICT) holds the key to Dominica's social and economic development, an official of the European Development Fund, Edward Lambert, said at the country's first ICT Festival. “The opening of this ICT fair signals not only Dominica's entry into the digital community, but also signals that Dominica no longer will depend solely on the agricultural sector to build our economy and to improve the standard of living of our people”, he said. Similar sentiments were expressed by Acting Prime Minister Rayburn Blackmoore, who declared that Dominica would not be left behind in “this global information age. If we are to progress in this information age, we must be prepared to accept change that will advance our future development”, he said.
- Key infrastructure projects are proceeding on schedule, says Acting Prime Minister and Public Works Minister Rayburn Blackmoore. “We're placing tremendous emphasis on the physical infrastructure ... two weeks ago, we commissioned phase one of the Soufriere sea wall and road improvement, and we have launched also the second phase”, he said. He added that the government has written to the Caribbean Development Bank to seek funding for construction of a sea wall in Pointe Michel and improvement to the road network.

Dominican Republic

- Dominican Republic companies will sell at least US\$60m in bonds on the local stock exchange over the next few weeks. The global credit crunch, says the stock exchange Chief Executive Officer Darys Estrella Mordan, “has been an opportunity for us. Quite a few companies are now in the pipeline to issue bonds in the next few weeks”. These include Industrias Nacionales, a building materials producer, known as Inca, and Multiquimica Dominicana, a local manufacturer of raw materials for the paint industry. Economic growth in the Dominican Republic slowed to 5.3% last year from an average 9.5% the previous three years. But Ms Estrella Mordan said that, even though tourism revenue is falling, remittances “continue to be strong” and foreign direct investment “continues to come in”.
- An official employed by the Caucedo Multimodal Port was kidnapped and murdered because he had detected a cocaine shipment through the terminal's cameras one week before, according to the country's Customs Director Miguel Cocco. Ramon Argenis Florían Guerra is the second Caucedo Port official to be murdered. Customs Inspector Ramon Florentino was shot dead in March. Civil Aeronautics official Christopher Angel Martinez, and the Drugs Control Agency chief in Jarabacao, Guillermo Tejada Krawinkle, were also shot dead, in 2007 and 2008 respectively.

French Caribbean

- Trade union leaders Martinique announced on 11 March that a month-long strike is ending after employers agreed to increase monthly wages for low paid employees by €200 (\$250). Smaller increases have been agreed for other employees. A similar deal brought an end to a 44-day strike on Guadeloupe on 4 March (*Insight, 2 March 2009*).

Guyana

- President Bharrat Jagdeo has given an assurance that “the state will guarantee that no policyholder in CLICO (Guyana) will lose their money” and that CLICO (Guyana) will continue to honour claims. He added that the local company was still looking to get back their investment from CLICO (Bahamas) and confirmed that the liabilities of CLICO (Guyana) exceed its assets. Finance Minister Ashni Singh has confirmed that CLICO (Guyana) has around

US\$34m invested in CLICO (Bahamas) – equivalent to around 53% of its assets. CLICO (Guyana) was recently placed under judicial management following an order by the Supreme Court in Nassau to send CLICO (Bahamas) into liquidation on 24 February.

- President Bharrat Jagdeo has revealed that he had “confidential information” indicating that retired army major David Clarke, who initially led army operations in Buxton after an upsurge in crime following the 23 February 2002 jail break, was not serving its best interests. “The information was not very complimentary”, the president told a news briefing at the Office of the President. The 8 March issue of Sunday Stabroek reported that Mr Clarke is in the custody of New York law enforcement officials after he was charged with conspiracy to import cocaine. However, the newspaper said that he is expected to be one of the main witnesses for the US government in its prosecution of accused Guyanese drug trafficker Roger Khan. Mr Khan has alleged that the retired army Major was heavily involved in criminal activities in Buxton.

Haiti

- Haiti's government must do more to create jobs and attract investment, U.N. Secretary-General Ban Ki-moon said during a visit to the country. “They need to strengthen the capacity of the Haitian national police; they should improve the correctional facilities; they should have better government structures, which can function better and they should do more on social-economic development,” he said on 10 March. He also stressed that the continued engagement of the international community “remains essential”. A donor’s conference for Haiti is likely to be held on 13-14 April in Washington chaired by the Inter- American Development Bank.

- The World Bank has approved a US\$5m grant to Haiti to help rebuild public primary schools damaged by hurricanes and tropical storms that struck the country in August and September 2008.

Jamaica

- The head of the European Commission Delegation to Jamaica, Ambassador Alemanni, has given an assurance that the European Union (EU) will not be cutting back on its assistance programmes to Jamaica. “We are not cutting down our programmes in Jamaica. We have a sacred contract with you which is called the Cotonou Convention”. He also dismissed claims that EU money is “blood money. EU money is banana money, EU money is sugar money, money for the community, money for the average man. It is not offered with conditions”, he said. His comments appeared to be in response to claims by Roman Catholic Priest Father Richard Holung that “there is blood money from the European Union and post-modern USA. [They say] ‘if you want our millions and billions of dollars you must agree to legalise abortion. If you want our wealth, men and women must be able to be gay, without that you get no money’.”

- An as yet unnamed Trinidadian bank is set to acquire 30% of the 40% held in Jamaica Money Market Brokers (JMMB) by the collapsed CLICO investment bank. The Trinidad government assumed control on CLICO, following its collapse.

- Net International Reserves (NIR) fell by 9.2% to US\$1.6bn in February, according to the Bank of Jamaica (BOJ), the biggest drop in five months. The government's NIR target is \$1.75bn for this fiscal year. In the same month, the value of the Jamaican dollar fell by 2.5% against the US dollar J\$88.29. Since September, the local currency has declined by 22%, despite the Bank of Jamaica raising interest rates to 26%.

- Prime Minister Bruce Golding expressed interest in developing economic relations during talks with the French Ambassador to Jamaica and the Bahamas, Ambassador Marc-Olivier Gendry.

Netherlands Antilles

- The Dutch State Secretary of Kingdom Relations Ank Bijleveld-Schouten has confirmed that the government would not be re-negotiating the November 2006 Final Declaration if Curacao voted ‘No’ in the upcoming referendum.

Implementation of the Final Declaration was Plan A and would remain Plan A, she said, even if Curacao voted 'No', and if St. Maarten fails to comply with all the conditions established to become a country. Under the constitutional reform, Curaçao and St. Maarten will become countries within the Kingdom and Bonaire, Saba and St. Eustatius will become "public entities" of the Netherlands.

- PetroChina, Brazil's state-owned oil company Petrobras and Colombia's state-run oil company Ecopetrol are being touted as potential bidders for Valero Energy's refinery in Aruba. Valero put the 275,000 b/d refinery up for sale in November 2007. "More than one company has expressed an interest in the refinery," say Valero, without naming any of the companies.

Puerto Rico

- Puerto Rico is taking the right steps to preserve its investment-grade credit rating, says Standard & Poor's (S&P), following the release of the government plans to reduce a US\$3.2bn deficit. Planned measures include cutting 30,000 public jobs, ending some business tax credits, raising some company and personal taxes, and using federal and local funds to stimulate the economy. S&P cut the country's bond rating in 2007 from BBB to BBB-, its lowest investment grade, citing a ballooning fiscal deficit. Last month, it warned that the country's credit rating could be cut to "junk" status unless the government developed a concrete plan to eliminate the fiscal deficit before the end of the current fiscal year. Gov. Fortuno took office on 2 January declaring that the country faced "one of the most difficult situations of our lives" and warning that "if we do nothing, Puerto Rico would enter into an unimaginable crisis".
- Power utility PREPA is incurring \$100,000 per day because of a court-imposed halt on the construction of a natural gas pipeline in the island's south, the company says. Costs have so far reached \$8.6m. The 70km pipeline is being built by Sweden's Skanska. The pipeline is planned to take gas from Spain's Grupo Gas Natural's EcoElectrica power station in Penuelas to PREPA's 700MW Salinas power station that is being converted from oil-fired to gas-fired generation. The project was scheduled to be completed at the end of this year. PREPA said in January that the pipeline would be built despite an order by Governor Luis Fortuno that the project, and three other pipelines planned by PREPA, be scrapped.

St Kitts-Nevis

- The recent surge in violent crime and murders over the past few weeks has prompted Prime Minister Denzil Douglas to question if there is a link between the incidents and calls for an early General Election. "If there is anyone out there so sick to think that by the perpetuation of crime and violence it is going...to force a General Election, that person is making a sad mistake", he warned. The Prime Minister reaffirmed the government's strong support for the death penalty just hours after two youths were gunned down on the street on 4 March. The murders took place less than 48 hours before another person was the victim of a street killing. "It is not for me to say what kind of sentence that can be meted out to persons convicted of capital crime", the Prime Minister said at a press conference. However, "just in case it has escaped anyone that the government continues as a policy not to remove the death penalty from our law books", he adds. "If it is the sentencing of the Court that capital punishment is meted out then the appropriate warrant, I am sure, will be given for such to be carried out". At the same press conference, the Prime Minister outlined a three-point plan to combat violent crime: a reward of \$10,000 will be posted for information leading to the arrest and trial of person or persons involved in recent murders, a monetary reward will be posted for information leading to the recovery of any firearm used to commit a crime, and the police and Defence Force "will be mobilised throughout St. Kitts-Nevis. All vacation is suspended for the security forces and all senior personnel on vacation are being immediately recalled.

St Lucia

- Preliminary work on the construction of a new hospital began on 9 March. At €38m, the hospital is the highest European Union funded project in the region, according to Prime Minister Stephenson King. "Let me assure you that as we commence construction, every effort will be put in place to ensure the necessary structures and systems that will assure the efficient administration of construction, and the timely delivery of the project to the people of Saint Lucia", he said. The hospital will eventually replace the Victoria Hospital. Additional funding will be required to

equip the facility, which is being built by the international construction company INSO. Construction will take two to three years.

Trinidad & Tobago

- The IMF has warned Trinidad & Tobago that it is “not immune” from contagion, even though the direct spillovers from the international financial crisis have been limited. External vulnerability is low due to the country’s large international reserves and low debt ratios, but “risks could arise from exposures of large and complex financial conglomerates that operate across the region”, it says, along with a further sharp drop in energy and asset prices. IMF officials did not identify any specific conglomerate but the reference almost certainly included Lawrence Duprey’s CL Financial, whose assets were seized by the government at the end of January (*Insight, 2 February 2009*). “In light of Trinidad & Tobago’s position as a regional financial centre, its institutions are exposed to potential economic difficulties in neighbouring countries, and problems in Trinidad & Tobago could have important ripple effects through the Caribbean”, the IMF said. The IMF predicts that economic growth will slow to 2% this year, from 3.4% in 2008 and 5.5% in 2007.
- Finance Minister Karen Nunez Teshiera is dismissing opposition calls to resign after confirming that she had inherited shares in the Colonial Life Insurance Company (CLICO) from her late husband. “Just consider the possibility of the British Chancellor of the Exchequer bailing out Lloyd's of London, only to be discovered that the Chancellor of the Exchequer has shares in Lloyd's of London”, said one opposition legislator. “He would resign automatically, that is the culture of a civilised society, not a banana republic”. But the Finance Minister said that she had declared the inheritance to the Integrity Commission and said that she was “at a loss” to understand how the shares constituted a conflict of interest. Prime Minister Patrick Manning said that he had no investments in CLICO but said that several Ministers had some investment portfolio in CL Financial.
- There are no plans to devalue the local currency, insists the Minister in the Ministry of Finance Mariano Browne. I would like to give the assurance to the nation that Government has every intention of remaining committed to a flexible exchange rate system and there’s no intention to move away from that. “In as much as the Government does not determine the exchange rate and its parity, there’s no intention on Government’s part to devalue the currency and Government will make every effort to maintain the system as it stands,” he said. He added that there was an “ample supply” of foreign exchange holdings to meet existing demand.
- Junior Finance Minister Mariano Browne has also been given responsibility for the Ministry of Trade and Industry. He replaces Lenny Saith, Minister in the Office of the Prime Minister, who had been appointed temporarily as Minister of Trade and Industry in April 2008 after Keith Rowley was dismissed from his post. Mr Saith will retain his role as Minister in the Office of the Prime Minister.

US Virgin Islands

- The government will receive about US\$248m from the US\$787bn economic stimulus package signed by President Barack Obama last month. “This provides a unique opportunity for us to improve and help transform the quality of life for our people, and the deJongh administration is committed to making this a reality,” said Gov. John deJongh Jr.’s Senior Policy Adviser Nathan Simmonds.

Airline and Travel News

- An agreement for the construction of the Baha Mar Resort in The Bahamas was signed this week with the China State Construction Engineering Corporation, and a Memorandum of Understanding covering financing has also been signed with Export-Import Bank of China. “These preliminary agreements are a positive step forward in realizing our vision for Baha Mar”, said Baha Mar Resorts’ President Don Robinson. “While there are various next steps we must take together with our Chinese counterparts before the project’s financing is finalized, this marks a significant milestone for the future of the project and for the growth of Bahamian tourism overall”. The Memorandum of Understanding with Export-Import Bank of China will require “several months of due diligence and other work already underway, to be completed before financing is approved”, he added.

- Cuba's tourist sector grew by 5.2% growth in the first two months of 2009 compared to the same period last year, according to Tourism Minister Manuel Marrero. "This increase is the result of our advances in the tourist sector, the services and the variety of extra-hotel activities that we offer our visitors," he said. The National Office of Statistics (ONE) has confirmed that a record 2,348,340 tourists visited Cuba in 2008. This is up from 1m in 2006, ONE states, and 2m in 2004. Canada was the main market for Cuba's tourist industry in 2008 with 818,246 visitors.
- Jamaica is on target to exceed the 654,000 tourist arrivals during last year's tourist season, according to Tourism Minister Edmund Bartlett. He claims that the country has received more than 350,000 visitors half-way through the winter tourism season, which ends on 15 April. "If we continue in this vein we will surpass last year's for the season and we are on track to do so", he said.
- Operators of small hotels, guest houses and villas in Jamaica are warning that they face the threat of closure unless they receive government help. "The Chairman of the Tourist Board recently said there is a plan for smaller properties but we haven't heard specifically what those plans are and right now we basically are just surviving because we have to pay our bills and we are trying to remain in the sector", said the Chairman for the Association of Small Hotels, Vana Taylor Taylor. Many smaller hotels are struggling to compete with larger hotels which have cut their prices operating well below capacity, to attract more visitors. "The bigger hotels are charging almost the same rate as the smaller properties", one small hotel owner told *The Jamaica Observer*.
- St Lucia has been receiving a record increase in the number of cruise ships arrivals, according to Tourism Minister Allen Chastanet. "For the first time in two consecutive years St Lucia is going to exceed 600,000 arrivals and the numbers we are seeing for next year are even greater. In fact we are going to exceed over 700,000 arrivals next year," he added. A record five cruise ships were berthed in Port Castries on 6 March. The government and Royal Caribbean Cruises signed a Memorandum of Understanding (MOU) last month for a re-development project which will convert Port Castries into a dedicated cruise-ship facility.
- WINAIR, the St Maarten-based airline, will cease scheduled service to St Kitts by 29 March, the St Kitts government has announced. This will leave LIAT as the only scheduled carrier between St Kitts and St Maarten. Despite attempts by the government to retain the service, "no scenario presented by WINAIR that made an economically-acceptable case for the government to pursue", according to Minister of State for Information, Nigel Carty. "The government has already made official contact with LIAT to ensure that any slack created by the discontinuation of WINAIR's services can be picked up by that airline", he added. Over 7,200 passengers passed through the Robert L. Bradshaw International Airport from 1,417 flights in 2008 compared to LIAT's, 54,405 passengers from 3,334 flights. WINAIR is also cutting Dominica, Nevis, and Tortola and reducing its service to Antigua to a weekly flight.
- Caracas-based airline Linea Turistica Aereotuy (LTA) has expressed interest in starting a chartered service to Barbados. LTA would like to start the chartered service in April.
- The St. Kitts Tourism Authority (SKTA), for example, has adopted "a targeted, proactive and focused approach through an integrated marketing programme. Their activities have included advertising in top niche market publications [and] maintaining a high-profile presence at selected consumer and travel trade events". He also described the country's airlift programme as "the envy of several of our neighbouring destinations. At a time last year when other islands were losing international capacity, air service to St. Kitts was increasing. We secured a direct flight from London by British Airways, as well as increased non-stop service on American Airlines and Delta from the cities of Miami, New York and Atlanta", he said.
- St Lucia's Tourism Minister Allen Chastanet has threatened to shut down any tourist sites that fail to provide adequate security to visitors. The warning was issued after visitors and tour guides were robbed earlier this month at the Anse-la-Raye waterfall. A report on the current security arrangements at hotels and tourist attractions is currently being drawn up. Concessions exist that allows hoteliers to import duty free any equipment that will be used for the provision of security.
- JetBlue on June 19 plans to launch year-round nonstop service between Boston and Santo Domingo. Service will begin with one flight per day on Fridays, Saturdays, and Sundays and may increase in frequency during the peak winter season.

- The Caribbean Tourism Organization (CTO) has postponed its annual Caribbean Conference on Sustainable Tourism Development, citing the global economic recession. “We recognize that the development of the tourism sector in the Caribbean has to continue on a sustainable path, and we will continue to address pertinent sustainable tourism issues throughout the year in the programmes and projects under our sustainable tourism division, for the benefit of our member countries. We expect the event in 2010 to return stronger than ever”, the CTO said.

Regional

- The US Court-appointed receiver Ralph Janvey, who has taken control of the Stanford Financial Group in the US has announced that a decision will be made about the job status of Stanford employees in other parts of the world “in the next few weeks”. Mr Janvey added that most of Stanford's businesses and operations will be shut down or wound down after describing their liquidity situation and overall financial condition as “dire”. According to unaudited financial statements as of 31 December 2008, the receiver said, “Stanford has amassed tens of millions of dollars in unpaid bills, and to date the receivership accounting team has been able to identify only a limited amount of available cash on hand”. These may only represent a fraction of the amount needed to satisfy the anticipated claims against Stanford's businesses, he added. The civil case against Mr Stanford has been brought by US financial watchdog, the Securities and Exchange Commission, which alleges fraud of a “shocking magnitude that has spread its tentacles throughout the world” (*Insight, 16 February 2009*). The SEC claims he ran a Ponzi-style fraud scheme, with earlier investors paid returns through money gained from newer investors, rather than from any actual investment profit. The Antigua-based billionaire is refusing to talk to US regulators investigating his alleged US\$8bn (£5.6bn) fraud. Court documents have shown that he has pleaded the Fifth Amendment - the right to withhold potentially self-incriminating evidence.

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