

CARIBBEAN INSIGHT

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TCI close to collapse prior to UK direct rule, says report

The institutions of the Turks & Caicos Islands were in “danger of collapse”, in part as a result of UK government failings prior to London imposing direct rule in 2009, according to a ‘national integrity report’ by the respected non-governmental organisation *Transparency International* (TI).

The report suggests that an “overall systemic weakness” created a considerable gap between law and practice, and criticises the lax oversight by both the London-appointed Governor and the Ministers and officials to whom he had to report.

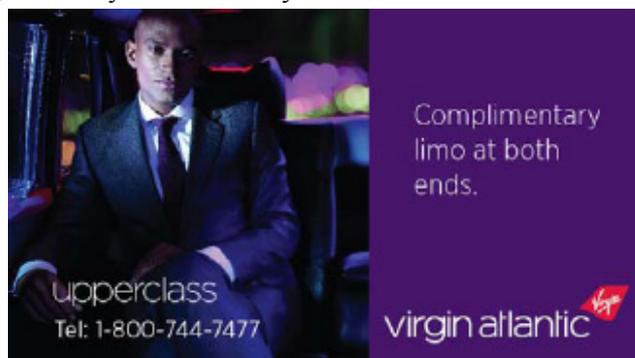
“The Governor and the UK government (through the FCO), to whom he was constitutionally obligated to report and from whom he was constitutionally bound to receive and implement instructions to ensure good governance, appeared to be ineffective in providing sufficient oversight,” it states. “Equally, other watchdogs either failed to bark, failed to bite or both.”

“A number of credible observers and authoritative bodies allege that the FCO adopted too much of a ‘hands off’ approach to the TCI, allowing an unwarranted degree of independence to the Governor”, the report adds.

The report adds that “credible allegations” of serious breaches of the law by people holding high office appeared to attract “inept investigation and/or no prosecution” from the police and Attorney General’s Office. “No effective remedial action appeared to follow from either the Governor’s office nor the Secretary of State to whom he reported”, it says.

These findings, the report continues, open up the question as to why a country with relatively orthodox institutional arrangements departed so significantly from accepted democratic principles of accountability, transparency and integrity in governance.

The report attempts to answer this question by pointing to (among other factors) the TCI’s relatively limited experience in the operation of institutions of governance, the special transient character of the population, and recent unprecedented levels of economic growth that presented the already fragile institutions of governance “with the new and immense challenge” of developing and sustaining transparent, accountable and honest practice in the



attraction, regulation and management of huge investment inflows and massive population immigration. “This challenge, a significant test for robust systems anywhere, appears to have been far from adequately met in the special circumstances of the TCI”, the report says.

Not only did this development carry with it the prospect of significant improvement in the living standards of TCI inhabitants, but “it also carried with it a strong incentive for influence buying and underhand deals with foreign investors, influence-selling and bribe-taking by officials and, not least of all, the subordination of ethical conduct to the get rich-quick mentality amongst the population”, the report says.

The report also blames “political loyalties”, “kinship relations” and “fear of reprisals and victimisation” for a collective failure to expose corrupt officials.

“Small island states, where kin-based relationships are common, may need even higher levels of systemic integrity to avoid the risk of conflicts of interest, nepotism and corruption,” the report says.

Some of the key recommendations included in the report include: a comprehensive programme of communication and advocacy to demonstrate that corruption is fundamentally wrong in itself and highly damaging in its effects; enhancing the quality of law enforcement, including “more rigorous use” of prosecutorial power by the Attorney General’s Office, and the establishment of an Office of Director of Public Prosecutions; and measures to ensure that key institutions are more accountable and more transparent.

After a Commission of Inquiry set up by the UK government found evidence of a high probability of extensive corruption amongst elected legislators - mostly related to the sale of Crown land to private property developers - the 2006 Constitution was partially suspended in August 2009 and London resumed executive direction of the government.

UK officials said earlier this month that elections could be held in 2012 but only if milestones laid down by the UK government in December 2010 are reached (*Insight, 18 July 2011*). The Constitution is regarded by London as a key enabler which will allow more progress to be made on the remaining milestones.

These include the passage of laws relating to elections, political parties and election boundaries, public financial management, integrity and accountability in public life, the implementation of a new Crown Land policy and a fair and transparent process for the acquisition of Belongership.

US-Cuba co-operation vital to stop potential oil spills, US official says

US government sanctions would bar US-based well intervention companies from helping to stop any oil spill from a deep-water well in Cuban waters threatening Florida and the Atlantic seaboard, according to the top US official who oversaw the US government’s response to BP’s Macondo spill in the Gulf of Mexico last year.

Coast Guard Rear Admiral Paul Zukunft is now pressing lawmakers and the White House to create an exemption so that expertise developed during last summer’s oil spill could be used in the case of another spill now that several foreign oil companies have drawn up plans to drill for oil off the coast of Cuba.

“It belies the common sense rule,” Rear Admiral Zukunft told an audience at the *Securing America’s Future Energy* event on 13 July in Washington, DC, adding that getting an exemption to sanctions in this case was his “front burner” issue.

Creating an exemption would require changes to law, Rear Admiral Zukunft said, adding that his team has met with the entire Florida congressional delegation where the “vote is split”. “Some have a very ardent feeling about any commerce whatsoever with Cuba, even if it meant oil coming ashore,” he said.

Rear Admiral Zukunft has also held talks with the State and Treasury Departments, and National Security staff.

Spain's Repsol-YPF is scheduled to begin drilling a deepwater well off Cuba next month. The firm has had multiple meetings with US officials, who say that the company has volunteered to adhere to US offshore safety standards and has given the US permission to inspect the Scarabeo 9 rig that it will use in the drilling campaign.

Cuba, meanwhile, has repeated that it will negotiate exploration and production contracts with companies from any country – including the US.

“US companies may want to explore in Cuba but it's the US government that is preventing them,” says CUPET's exploration director Guillermo Hernandez. No US company has indicated to CUPET that its wants to prospect in Cuba, “but we are open to all companies from all countries”.

CUPET claims that its offshore oil reserves could be in excess of 20bn bl - more than double the 9bn bl estimated by the US Geological Survey.

In Brief

Antigua & Barbuda

- The Eastern Caribbean Central Bank (ECCB) assumed control of the locally owned Antigua & Barbuda Investment (ABI) Bank on 22 July to save it from collapse after extensive consultations with the government, the Central Bank and the Eastern Caribbean Monetary Council. The Bank had inadequate liquid assets and could not meet the statutory reserve requirement, said Central Bank Governor Dwight Venner who issued an immediate appeal to all depositors and creditors “to bear with us while we sort out the problems with which the ABI Bank is now faced”.

Bahamas

- The Bahamas Telecommunications Company (BTC) has approved more than 150 voluntary separation packages (VSEP) for employees so far, according to the Bahamas Communications and Public Officers Union (BCPOU). Cable & Wireless Communications (CWC), the majority owner of BTC, is reportedly seeking to reduce the employee count at BTC by 30% when they purchased 51% of the company from the government. This amounts to about 400 employees. According to the *Nassau Guardian*, close to 500 people applied for the VSEP.
- The number of murders committed so far this year through to 11 July stood at a record 69, up 40% on the 49 murders committed during the same period last year, according to the *Nassau Guardian*. Police Commissioner Ellison Greenslade has described the high rate of murder as “disgraceful” and “unacceptable”. Guns have been used in just over 70% of the killings, which National Security Minister Tommy Turnquest recently linked to drug trafficking. “We have seen that firearms have been the weapons of choice for the protection of the contraband during transportation, and are also smuggled in along with the drugs”, he says. “There has also been evidence that illegal drugs are traded for illegal firearms, in addition to cash. These weapons are used for protecting turf, for intimidating customers and competitors, for empowering recruits into criminal enterprises, for maintaining discipline, and for executing informers”, he added.

Belize

- Prime Minister Dean Barrow tabled legislation before Parliament on 22 July that will make it mandatory for the State to control all public utilities. The Belize Constitution Ninth Amendment Bill 2011 will enshrine government ownership of Belize Telemedia, Belize Electricity Limited and Belize Water Services within the Constitution. “The new section 145 that clause four of this bill also introduces is designed – and we make no apologies for this - to place the nationalization

of BEL and BTL beyond dispute. The rights of the previous owners to receive their proper compensation within a reasonable time are expressly preserved and protected". Subject to those rights, "there must and can be no turning back of the sovereign ownership of these essential services by the people of Belize; and it is the Constitutional enshrinement that we are putting in motion today which will guarantee what I say is the greatest achievement of Belizean nationalism since Independence". The government expropriated Canadian firm Fortis' controlling 70% stake in power company Belize Electricity (BEL) last month. The decision to nationalize BEL was taken after the company said it was unable to pay Mexican federal electricity commission CFE for electricity and would have to implement blackouts. Fortis said it will submit a compensation claim for US\$130m to the government by the end of this month. Just days after expropriating BEL, the government signed into law Statutory Instrument (SI) number 70 which effectively re-nationalised Belize Telemedia Limited (BTL). The SI was issued in the wake of an Appeal Court ruling on 29 June that the 2009 nationalisation had been unconstitutional because it was "not necessary" in terms of the purpose stated at the time by Prime Minister Barrow. Since taking office in February 2008, the Dean Barrow administration had been embroiled in a string of legal battles with BTL's majority shareholders, particularly in respect of the so-called Accommodation Agreement signed with former Prime Minister Said Musa in 2005.

- The Human Rights Commission of Belize has expressed concern over a draft of constitutional amendments submitted by the government to the House of Representatives that aim to eliminate future challenges to the death penalty. The amendments seek to "immunize the imposition and carrying out a death sentence from ever being found to be unconstitutional by the courts, regardless of extensive delay on death row, inadequate prison conditions, or proposed method of execution", the Commission says. It also claims that the amendments contravene Belize's international human rights commitments and obligations. The release also states that it has joined the *Death Penalty Project* in asking the government to withdraw the legislation. In a press release on 21 July, the *Death Penalty Project* the proposed amendments would have the effect of "reversing established and important human rights case law concerning the application of the death penalty [and] pave the way for the possible re-introduction of the mandatory death penalty by removing existing constitutional protections". The proposed constitutional amendments were tabled on 13 May. At the time, Prime Minister Barrow said that the aim was to "obviate that possibility to make sure that you can't challenge the death penalty. If a court of law finds that you are guilty of murder and says that you ought to hang then we want to know that you can't challenge that on the basis that there is some constitutional right that provide you from being executed. I am sure that that measure is going to be extremely popular with the public", he added. He admitted that "it might get us into some difficulty internationally because there are all these liberal western European democracies that insist that the death penalty is in fact inhuman or degrading punishment". However, "they don't live in the small society that we live in, they are not experiencing the concentrated fury of this assault on our lives, on our dignity, on our citizen security and so we will do what we believe what we have to do for the protection of citizens in our society", he said.

British Virgin Islands

- The Elections Office has indicated that everything is in place for the 2011 General Election. Uncertainty remains over when it will take place but they must be held before December. The New National Democratic Party (NDP) led by Orlando Smith officially launched its election campaign on 16 July. The party has said that it remains committed to fighting the contract signed by the government with UK firm Biwater "tooth and nail" after government officials announced that all the conditions laid down before the controversial February 2010 contract can take effect have now been met. Premier and Minister of Finance Ralph T. O'Neal has consistently defended the contract, insisted that "no crown land, repeat, no crown land will be used by Biwater as collateral to obtain a loan", and refuted claims that the BVI government has guaranteed finance for Biwater. Mr Smith has been demanding that a Commission of Enquiry be formed to investigate the contract which he claims contains "unprecedented concessions". Biwater was awarded a contract to build and operate a sea-water desalination plant, and design and build two sewage treatment plants, pumping stations, extensive pipelines and reservoirs. The contract also includes the provision and installation of a water distribution leakage reduction programme complete with a tariff billing system.

- A US\$15.7m loan from the Caribbean Development Bank (CDB) was approved on 14 July by the House of Assembly. Premier Ralph T. O’Neal acknowledged that people are concerned about government spending but said that the loan was necessary to improve the road and drainage infrastructure systems. The CDB approved the loan to help finance the Infrastructure Rehabilitation Project following the damage to the infrastructure caused by Tropical Storm Otto last year.
- A former official of the BVI Tourist Board has received a five year prison sentence for misappropriating public funds. Verna Maduro – the Board’s financial comptroller for nearly eight years – pleaded guilty to breach of trust and furnishing false information. Prosecutors say she stole more than US\$670,000, using her official credit card to pay for jewellery, cruises, clothing and other items. “As far as I’m concerned, she treated the board’s credit cards as though they were her own personal treasure chest”, Justice Rita Joseph-Olivetti said. Ms Maduro apologised to the court but maintained that others made use of her credit cards as well and said that allegedly inaccurate financial statements she submitted during an audit of the BVITB’s finances were drafts, expected to be amended later.

Cayman Islands

- Cayman Enterprise City (CEC) has signed an agreement with the government to construct, develop, operate and maintain a special economic zone with the aim of attracting global science, technology, commodities and derivatives, media, and educational entities to the Cayman Islands. No manufacturing or engineering businesses will be permitted within the zone. “CEC represents an opportunity for the Cayman Islands to diversify its economic base”, said Premier McKeever Bush. “It’s also worth noting that this project requires no government investment, as it will be completely privately funded; and the developer also has not requested waivers for duties on materials or stamp duties”, he said. The development of CEC’s five “parks” - Cayman Internet Park, Cayman Media Park, Cayman Biotech Park, Cayman Commodities Park, and Cayman International Academic Park - will be phased over a period of eight years, with phase one starting in early 2012. The cost of the project is estimated at more than US\$327m over the next eight years.
- Governor Duncan Taylor has confirmed that Premier McKeever Bush is the subject of an investigation by the Royal Cayman Islands Police Service (RCIPS). This was confirmed after the Independent Member of the Legislative Assembly for North Side Opposition MP Ezzard Miller called on the Governor on 14 July to establish a Commission of Enquiry to investigate an alleged financial irregularity relating to Premier Bush. “In answer to your request I can confirm that this matter is already the subject of an ongoing investigation by the Royal Cayman Islands Police Service (RCIPS)”, the Governor said. “In light of this, I do not see the case for considering a Commission of Enquiry”. Mr Miller said that he respected the Governor’s decision not to call a Commission of Enquiry “but the Governor and the police now need to explain to the people what is taking so long as this is of great national importance and there is an urgency to get this resolved”, he added.

Cuba

- Cuban filmmaker and intellectual Eduardo Del Llano defended from his blog the right of citizens to mount strikes and demonstrations and to dissent without their being labelled “enemy agents.” Under the title *Manifestarse* (Demonstrating), Del Llano asks “Why can’t Cuban workers go on strike? Or students stage demonstrations? I don’t believe anyone will claim at this point that it’s because only under capitalism is there anything to complain about,” he said. “A modern, democratic society should contemplate citizens having the right to express their discontent publicly without being called mercenaries or enemy agents,” he adds.
- Cuba’s education sector will see a reduction of 15,000 jobs by the end of the 2010-2011 academic year, the official *Prensa Latina* news agency reported on 21 July. Around 8,000 non-teaching staff at primary and secondary schools have already lost their jobs, according to Education Minister Ena Elsa Velasquez. In addition, about 3,667 employees were moved into other jobs and more than 6,877 have been put on notice to expect layoffs. The job cuts are part of government plans to reduce the public sector payroll by 500,000.

- Venezuela's President Hugo Chavez returned home from Cuba on 23 July after completing a second phase of cancer treatment. He reported that his doctors in Cuba had not detected any malignant cells in his body. In June, doctors in Cuba removed a cancerous tumour from Mr. Chávez's pelvic region.

*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.*

Curacao

- Caribbean wind developer NuCapital will borrow US\$53m to build two 15MW wind farms in Curacao. The electricity generated will be sold to the state-run utility Aqualectra. The 12-year loan will include a guarantee from the Danish state export credit agency Eksport Kredit Fonden to reimburse lenders if Aqualectra reneges on its contract, says NuCapital Chief Executive Officer Hendrik Hutting. "Without the credit agency it would have been very expensive to go to a commercial bank", he said. The projects will replace two ageing wind farms with combined capacity of 12MW. Mr Hunting predicts that the wind farms will generate electricity at half the cost of oil-fired power generation. "We're going to be saving the island US\$1m a month in energy costs", he said. "We can beat any conventional power plant without incentives or subsidies". The total cost of the project is US\$76m.

Dominica

- Prime Minister Roosevelt Skerrit has welcomed the decision by the Integrity in Public Office (IPO) to investigate claims that he used his influence to secure concessions for Blaircourt Property Development in which he allegedly holds interests. "The Commission has not reached a conclusion that I own or have an interest in the Blaircourt villas. I have no interest in those villas as I have said before and I have not acted in any way in breach of the code of conduct under the act", Prime Minister Skerrit said. There is, therefore, no conflict of interest because "I am not the owner and do not have money invested in Blaircourt. I welcome the opportunity to clarify this matter once and for all", he said.

Dominican Republic

- The IMF will disburse US\$348m to the Dominican Republic after approving the government's latest Letter of Intent and reviews of the US\$1.74bn Stand-by Arrangement of November 2009. The government says this money will be used for education and other social projects, as well as shoring up the Central Bank's financial reserves and maintaining long-term macro-economic stability. The IMF Board has also approved a non-observance waiver regarding some of the performance criteria relating to the electricity sector. The IMF said that it recognized that "fiscal management was complicated by rising oil prices, which inflated electricity subsidies in the absence of a flexible pricing mechanism". The IMF said in a statement on 18 July that macroeconomic conditions "remain quite favourable" but that the implementation of tighter policies in 2011 has been "broadly appropriate". It also noted that, despite efforts to contain spending, "delays in strengthening tax mobilization led to the breach of some of the fiscal targets for end-December 2010 and end-March 2011". To preserve the fiscal objectives for 2011, the authorities have made sizeable cuts in non-social primary spending, announced further increases in electricity tariffs, and approved a tax package. But the IMF has called for agreed reforms to be "implemented vigorously", especially by reducing tax incentives and limiting the electricity sector's burden on the budget. "Recent actions to rationalize tax exemptions and centralize their administration are welcome", the IMF said, along with the government's commitment to introduce a cost-recovery "technical" tariff and adopt a flexible tariff mechanism for electricity, while strengthening the social safety net.
- Entire families are now involved in the drug business as a way of life, according to National Drug Control Department chief Major General Rolando Rosado Mateo. "If the big drug dealers have a revolving door and the medium-sized ones also, those down the line have to follow the example of what they are seeing, and what we are seeing is a production of these families whose members are involved in the sale and distribution of drugs".

- Local media group Grupo SIN has announced that it has received from Julian Assange, head of *Wikileaks*, free of charge, around 2,000 confidential cables from the US Embassy in the Dominican Republic. The documents were originally distributed to the New York Times, Le Monde in France, El Pais in Spain, The Guardian in the UK and Der Spiegel in Germany. The documents will be published through El Informe (Alicia Ortega), El Despertador and Noticias SIN. A panel of prominent intellectuals will be responsible for analyzing, classifying and releasing the information. They include Bernardo Vega, a former Dominican Republic Ambassador in Washington. “The cables contain important revelations on the conduct and public and private activities of government officials, former officials, opposition politicians, judges and legislators”, Grupo SIN says.
- The Dominican Liberation Party (PLD) plans to officially announce Danilo Medina’s candidacy as the party’s Presidential candidate in the May 2012 elections on 28 August.

Guyana

- An initiative to strengthen export sales between Guyana and Brazil was launched in Georgetown on 22 July. The Guyana/Brazil Private Sector Integration Project, which was launched on Friday, is being spearheaded locally by the Private Sector Commission (PSC) and the Guyana Manufacturing and Services Association (GMSA). The programme will look primarily at aquaculture, agriculture, agro-processing, maritime transportation and logistics, and craft and culture tourism, said PSC Vice-Chairman Yog Mahadeo. A comprehensive marketing strategy report will be drawn up to identify every aspect of the export potential of the aforementioned products.
- CARICOM nationals will be barred from owning radio and television stations in Guyana unless their countries’ laws permit nationals of other member states to do also. The Broadcasting Bill tabled in the National Assembly on 21 July would end a 32-year old government monopoly over radio broadcasting. But it also states that ownership of radio and television stations by CARICOM nationals will be allowed if there are “reciprocal provisions governing broadcasting by the member state of which the CARICOM national is a citizen”. The Bill also states that no one person can own and or control more than 25% of the broadcasting sector. “While recognizing the special role of state-owned media, the broadcast industry is plural and open to fair competition”, the Bill states. Licensees will have to agree that their licences cannot be transferred or sub-contracted through management contracts. The law will also require that the sale of a company, change in directors or transfer and sale of controlling shares must be approved by the Guyana National Broadcasting Authority.
- A senior Nation of Islam official plans to sue the police for unlawful arrest and defamation of character. Akbar Muhammad claims that he was arrested two months ago because of his religion and affiliation with Nation of Islam leader Louis Farrakhan. Police say they arrested him in May on suspicion of terrorism and drug-trafficking. “What they did was absolutely wrong”, Mr Muhammad said. “They put my name out all over the world as a terrorist and drug trafficker. When people smear your name you have to make some noise, you have to take a position”, he said. “I’m doing this, yes, for my personal reputation. But I’m (also) doing it for Muslims”. President Bharrat Jagdeo has refused to issue an apology on the grounds that police had been obliged to arrest him for national security reasons. “They arrested him; no one, excluding the President, is immune from being arrested”, he said.

Haiti

- Less than half of the US\$4.58bn pledged in grants in 2010 and 2011 to rebuild Haiti after the January 2010 earthquake has been disbursed, according to a World Bank report published on 22 July. Of the US\$4.58bn pledged at an international donors conference in New York in March 2010 by 55 donors, just 38% - US\$1.74bn – has been disbursed, the report said. “The reconstruction effort needs to be more effective and must be implemented at a more dynamic pace”, President Michel Martelly said in the preface of the World Bank report. He pledged “to our friends and potential donors that every penny will be managed efficiently and transparently to achieve the desired objectives. In return, I hope that

commitments towards the Haitian people will materialize into concrete engagements”, he wrote. In a related development, President Martelly announced changes to the composition of the Interim Haiti Recovery Commission, which is led by the UN Special Envoy for Haiti, former US President Bill Clinton, and Haiti’s outgoing Prime Minister Jean-Max Bellerive. Ann Valerie Timothee Milfort, former Chief-of-Staff for the Ministry of Women’s Affairs, has been named as interim executive director and six members who recently resigned after President Martelly took office have been replaced.

Jamaica

- Outrage has been expressed over the shooting and beheading of three residents of the community of Lauriston, St Catherine on 20 July. Church Minister Charmaine Rattray and her daughter Joyette Lynch were attacked by gunmen in their home. The killings occurred close to where 18-year-old Scott Thomas was beheaded at his home on 18 July. A fourth beheading took place on 22 July in August Town. “The beheadings are a slap in the face of the forces of law and order”, The Gleaner said on 22 July. “The bloody madness in Spanish Town has been allowed to continue for too long. The community and the State are under siege”. The editorial added that the killings “are NOT isolated incidents - they are part of a pattern of intimidation and terror perpetrated by feuding gangs”. That view is echoed by prominent psychiatrist, Geoffrey Walcott, but he links the sudden surge in beheadings to a decreasing fear of gangs and criminal elements because of the “valiant” efforts of the police force. “What has happened is really gang members’ last-ditch efforts to reinstitute some sort of fear”, he said. “It’s a way of the gangs reinstating fear and terror in the community, because that is how gangs work, and that’s how they control the populace. That is how they get the code of silence reinstated”. The human rights lobby group Jamaicans for Justice (JFJ) has called for all Jamaicans to “stand firmly to say that this barbarity is wrong and the whole society must condemn it, stand together against it and use strong action, within the law, to deal with it”, the JFJ said.

- Restoring the country’s railway service will cost around US\$300m, according to the Minister of Transport and Works, Mike Henry. “What we are saying (to investors) is the railway is viable. Invest your money with your expertise and look at it, and expand the outreach of the railway”, he said. The Jamaica Railway Corporation (JRC) is currently focusing on resuming the passenger service. The resumption commenced 4 July, with a trial run between Spanish Town and Linstead, St. Catherine.

Puerto Rico

- Puerto Rico’s state-owned power utility Prepa plans to convert another 711MW of its oil-fired generating capacity next year to use natural gas. A further 1,732MW will be switched to gas in 2013, Prepa says. The firm will convert 247MW at its Cambalache complex and 464MW at its San Juan plants by December 2012, and will convert 900MW at the Aguirre complex, 432MW at Palo Seco and 400MW at San Juan by December 2013. Prepa has completed the conversion of 820MW of its Costa Sur complex from diesel-fired only to gas-fired generation. Another 170MW at Costa Sur will be kept as oil-fired “backup” capacity, while two 50MW units have been decommissioned. The converted Costa Sur units will be able to continue using diesel until gas is available. Prepa announced last year that it plans to convert 71% of the island’s generating capacity to natural gas and clean coal by the end of 2014. “The intention is that the company will reduce oil’s share in power generation to 48% by 2015, and increase the share of gas to 24%, clean coal to 16% and renewable sources to 12%”, Prepa said at the time. Puerto Rico’s installed generating capacity is 5,864MW, with 68% of this fired by oil, 16% by natural gas, 15% by coal and 1% by renewables, Prepa says. Governor Luis Fortuno, meanwhile, has asked US energy regulator Ferc to expedite a request for the expansion of independent power producer EcoElectrica’s LNG regasification and storage capacity to help ensure that there is sufficient gas to cover the conversion. And Prepa is seeking two 200,000m³ floating LNG storage and regasification units (FSRUs) following indications that it will not have enough gas to fire generators from its planned US\$450m Via Verde pipeline, which will take the fuel from EcoElectrica’s 160,000m³ storage facility at Penuelas in the island’s south. Prepa has contacted US LNG importer and marketer Excelerate Energy about the availability of one FSRU.

St Kitts-Nevis

- Prime Minister and Minister of Finance Denzil Douglas has praised foreign investors for their continued interest in financing local projects, despite the surge in violent crime. “I must really commend those who continue to have our projects running, those who believe that eventually we will get on top of this thing and so their investments will eventually pay off”, he said. “I want to commend and congratulate those that continue to demonstrate confidence in us”. The number of murders committed so far this year stands at 20 - two on Nevis and 18 on St. Kitts. Prime Minister Douglas has called on local people to support the police in preventing “the formation of gangs or any form of illegal activity that can further infuriate an already bad situation”.

St Lucia

- In an address to the nation on 21 July, Prime Minister Stephenson King announced that “alarming new details” have come to light over an offshore exploration negotiated by the previous St Lucia Labour Party (SLP) government in 1999 with Jack Grynberg’s RSM Production Corporation. When the United Workers Party (UWP) came to power in 2006 it could find no files relating to the Grynberg arrangement and that it was another two years before an agreement was finally reached, Prime Minister King said. But six months later, Mr Grynberg enforced a ‘force majeure’ in the agreement claiming that border disputes between St. Lucia and neighbouring islands prevented RSM from fulfilling its end of the contract, he added – a stance that the government had deemed to be “reasonable”. Referring to critics who were suggesting that RSM no longer had an interest in the contract, Prime Minister King said that RSM “had by letter underscored its continuing interest in maintaining the status quo to the extent that it had threatened the government with legal action”. He added that “Our efforts at attracting other oil companies have come to naught, simply because no other company is willing to risk crossing swords with the notoriously litigious Jack Grynberg”. Grenada found itself embroiled in a similar dispute with Mr Grynberg.

Suriname

- President Desi Bouterse has reignited Suriname’s claim to the Tigri area, which is known to the Guyanese as the New River Triangle. “Let’s be clear on this - the Tigri area is our land, and Guyana is trespassing,” he told the National Assembly. But Foreign Minister Winston Lackin insists that the government will not use the military to enforce its claim on this or any other disputed area of territory. President Bouterse’s comment made no reference to offshore areas where oil exploration work is being carried out. From June 2000 - when a Surinamese gunboat brought an abrupt end to drilling by Canada’s CGX - to September 2007, offshore exploration in both countries was effectively frozen because of the border dispute. Oil exploration was reactivated only when both countries accepted a September 2007 ruling by the UN International Tribunal for the Law of the Sea that brought an end to the dispute. Mr Bouterse – then in opposition - denounced the ruling and declared that “Guyana got the oil, but we have been robbed and left with water and fish.”

- Suriname plans to report the Dutch police raid on its interim Chargé d’Affaires in The Hague to the UN. David Abiamfo’s home was raided on 16 July by police looking for members of the Mafia. The residence was allegedly registered to the sister of an “important intermediary between South American drug traffickers and the Italian Mafia”, according to the Dutch newspaper *AD*. During the incident, the Ambassador was forced to lie flat on his couch for an hour while his wife and children looked on. Suriname condemned the raid and called for an investigation. The Dutch government sent a written apology to Suriname. Suriname’s Foreign Minister Winston Lackin said that he accepted that the apology was sincere, but said that he still wants to know how the police could have failed to realise it was a diplomat’s residence when there was a car with diplomatic plates in the driveway. A raid on diplomatic premises violates the Vienna Convention, he added, and would therefore be reported to the UN.

Trinidad & Tobago

- Prime Minister Kamla Persad-Bissessar will meet 19 trade union leaders on 26 July to discuss their demands for a pay increase in excess of the 5% offered by the government. They are threatening to call a national strike unless the 5% wage cap is removed. Prime Minister Persad-Bissessar insists that she has not “instructed anyone or mandated any enterprises” to impose a 5% cap on pay settlements. However, she is quoted as saying that “I do not intend to deviate from the 5%” and Finance Minister Winston Dookeran has said that the government could not afford to pay more than 5% to public servants.
- Gas-rich Trinidad & Tobago’s energy priority is to increase oil production, Energy Minister Kevin Ramnarine says. “My number one priority is to increase national oil production”, he told local energy sector leaders. This was the first public policy statement on the energy sector by Mr Ramnarine, who was appointed last month. “This does not mean we will ignore natural gas and that less attention will be paid to the development of natural gas projects and the downstream sector, but that we will also focus on optimising and increasing oil production”, he said. Oil production is currently running at 95,000 b/d – the first time in 54 years that it has been below 100,000 b/d. “This rate of production is unacceptable”, he said. “This is not for a lack of oil but for a lack of investment, a lack of planning and strategic missteps over the years. We want to increase oil production because oil is intrinsically more valuable than natural gas”, Mr Ramnarine said. “Oil contributes 60% of the government’s revenues from the energy sector, while natural gas contributes 40%. But we produce seven times more natural gas than oil. That means that national revenue is more sensitive to changes in oil price and oil production”.

Turks & Caicos Islands

- Claims by UK government officials that billions of dollars of Crown land were undersold by previous governments have been criticised by the country’s political leaders. “We simply ask them to make clear to the people of this country why they can make such a statement without providing facts as to how the land was undersold”, said the People’s Democratic Movement Leader Doug Parnell. In November, Crown land advisor John Llewellyn estimated that his review of government land grants had a real value of nearly US\$1bn but reaped significantly less because of government discounts. Overseas Minister Henry Bellingham has said that he was told that US\$2.5-5bn was lost to the TCI because of prior Crown land sales. “We have in correspondence asked that the minister go a step further and produce the methodology that Mr Llewellyn used for arriving at his figures, with specific reference to those particular bits of property that are being questioned”, said Clayton Greene, the leader of the Progressive National Party (PNP). “Absent an ability to justify his figures the statement should be completely retracted”.

Regional

- Dominica-born Irwin LaRocque has been appointed Secretary General of the Caribbean Community (CARICOM). He replaces Sir Edwin Carrington, who stepped down at the start of the year after 18 years in the post. Prior to his appointment, Ambassador LaRocque was the Assistant Secretary General for Trade and Economic Integration at the CARICOM Secretariat. “Ambassador LaRocque possesses the requisite skills of visionary leadership, courage and commitment required to guide the Community at this time of change and uncertainty”, said CARICOM Chairman and St Kitts-Nevis Prime Minister Denzil Douglas. The delay in appointing a new Secretary General had attracted growing criticism, particularly since Sir Edwin had indicated some seven months before January 2011 that he would be stepping down.
- Guyana’s President Bharrat Jagdeo called at the CARICOM Heads of Government meeting in St Kitts in early July for a regional government funded television station to be formed. “If there is one thing we should fund it is a regional television station that we all give for free so that it can be seen across the region funded by governments that is

committed to carrying positive messages”, he said. “The private sector media will carry all the negative messages, don’t worry we are not suppressing media”.

- The shipping of radioactive waste through the Caribbean by France, the UK and Japan is “unacceptable and injurious”, CARICOM says. Not only does it threaten the region’s rich but fragile ecosystem, but it puts at risk “the very existence of the people of the Caribbean”, according to CARICOM Chairman and St Kitts-Nevis Prime Minister Denzil Douglas. CARICOM remains “immutable in its opposition to the passage of shipments of such material through the Caribbean Sea, which is recognised by the UN as a Special Area in the context of Sustainable Development”, he said. “The environmental, socio-economic and cultural identity of CARICOM is dependent on the integrity of the Sea from which the region takes its name”, he adds. The comments were made amid reports that a new shipment of Vitrified High Level Waste is leaving the UK for Japan. CARICOM is urging “all those involved in making these shipments, to halt them immediately”, he says.

- Leaders and senior officials from the UK Overseas Territories (UKOTs) met in the British Virgin Islands on 22-24 July to attend the Pre-Overseas Territories Consultative Council (OTCC) Meeting. Premier and Minister of Finance Ralph T. O’Neal chaired the meeting. The Pre-Overseas Territories Consultative Council (OTCC) Meeting is an opportunity for leaders to plan the agenda, inclusive of areas for development cooperation, ahead of the annual OTCC meeting held in London in November.

Airline and Tourism News

- Caribbean Airlines (CAL) has no plans to enter into a price war with low cost air carrier REDjet, Chairman George Nicholas III has told the Financial Gleaner. “Our fares are reduced and may reduce further. But if it becomes a game of how low can you go, we are prepared to wait a while”, he said. In May, the CAL fare for a Jamaica to Barbados round trip flight (including tax) was US\$296, while the REDjet fare was US\$112. Barbados-based REDjet recently secured approval to fly to Trinidad and Jamaica - which hold stakes of 80% and 20% respectively in CAL - following court action and a three month delay. The Guyanese government issued a statement on 22 July declaring that low-price carrier REDjet is “one of the options available to reverse the apparent pricing discrimination against Guyanese by Caribbean Airlines (CAL)”.

- Guyana’s President Bharrat Jagdeo is reporting that the government is close to entering a public/ private partnership with the Grenada-based Zublin Group to construct a 150-room Marriott Hotel in Georgetown.

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