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## Guyana's strategic concerns may determine winners of new oil blocks

Minister of Natural Resources Raphael Trotman has suggested that in order to help defend Guyana's sovereignty and security, it may negotiate directly with state-owned oil companies on the licensing of certain blocks, while undertaking a bidding process in relation to others.

Nine companies including Brazil's Petrobras, France's Total, and US company Chevron are understood to be actively exploring the possibility of separately, or as a part of consortia, on the country's remaining oil blocks.

Speaking to Stabroek News about the interest being shown by oil majors, Mr Trotman said that the government is exploring both "direct engagements" and a "select bidding process" in the future assignment of offshore blocks. His remarks follow the suggestion that a so far unnamed international firm will be advising the Guyana Government on how to market the country's remaining oil acreage.

The idea appears to be that Guyana will be seeking direct engagement with National Oil Companies (NOCs) such as Petrobras, but may favour a select bidding process to attract other major International Oil Companies (IOCs). This is because issuing exploration licenses to certain companies, especially those from Brazil or France, will likely have the benefit of broadening international support for Guyana's

integrity and sovereignty at a time of growing tension with its neighbour Venezuela.

It is felt that stronger economic relations with the countries concerned would also cement strategic allegiances. Guyana and Brazil recently agreed to increase their cooperation on defence issues.

Guyana is also understood to remain concerned about Suriname's claims to the New River Triangle in south-eastern Guyana. In 2000, Suriname used force to evict a CGX rig from Guyana's territorial

waters. Though this dispute was subsequently settled in Guyana's favour in an international tribunal in 2007, Suriname's position on the recent referral of the border dispute between Guyana and Venezuela to the International Court of Justice remains ambiguous. Concerns were raised further when Suriname's Foreign Minister met recently with Venezuela's deputy foreign minister for Latin America and the Caribbean to discuss strengthening 'ties of friendship and bilateral cooperation'. St Vincent's Prime Minister, Ralph Gonsalves, who remains supportive of Venezuela in CARICOM, also visited Suriname recently.

Mr Trotman highlighted that the government had yet to decide how the remaining oil exploration blocks would be assigned but emphasised that "national interest" would be the determining factor. "We are committed to ensuring that whatever decision we take is guided by the vision as to what is best for the people of Guyana who are the owners of the national patrimony. Cabinet will consider this matter in the upcoming months," Mr Trotman told Stabroek News.

The news came just days after ExxonMobil announced formally its seventh oil discovery on its Pacora-1 offshore exploration site. The company said that it was now projecting overall production from all its finds off Guyana at 500,000 barrels per day once all wells reach the production phase. The Pacora-1 well is situated approximately four miles west of the Payara-1 well and follows previous discoveries on the Stabroek Block at Liza, Payara, Liza Deep, Snoek, Turbot and Ranger.

The company has also announced that on 7 March, it would begin drilling for a three-month period at its Liza-5 well site around 108.2 nautical miles of the coast of Guyana.

### **Balancing geopolitics with the demands of civil society**

The latest discovery has further ratcheted up the pressure on Guyana's government from the opposition and civil society to renegotiate its Production Sharing Agreement (PSA) with ExxonMobil. Under the PSA, after the payment of 2% royalties, the company is authorised to deduct as much as 75% of the remaining 98% of the value of investments made, plus its daily cost of operations.

This, and further articles within the PSA released in January have led parts of civil society and the opposition to strongly criticise the current and previous Government for the perceived way in which the contract favours ExxonMobil.

While the government has promised greater transparency in releasing all subsequent PSAs that it enters into with oil companies; the country's geostrategic and security needs may now trump demands that the government take a more nationalist approach to its potential oil wealth.

Although the government has still to formally confirm how it will address future PSAs, Minister Trotman's recent comments suggest that Guyana will now be looking to cultivate strong economic ties with national oil companies in particular as a means to underwrite its long term geostrategic security.

## **CARICOM Heads to debate reform in July**

According to Prime Minister of St Lucia, Allen Chastanet, when they next meet in July, CARICOM Heads of Government are likely to discuss the recent Golding report on the reform of CARICOM produced for the government of Jamaica (Caribbean Insight February 12, 2018).

Speaking to the media following his return home after the February 26-27 CARICOM Intersessional Heads of Government meeting held in Port-au-Prince, Haiti, he said that some time will be set aside to discuss the far-reaching and controversial document.

Mr Chastanet, who is known to be sceptical about the value of CARICOM, declared: "I think that the document – the paper is extremely timely, and it really is an important crossroad for CARICOM to make the decision as to what we are going to do. Are we going to stick together and see the benefit of sticking together, or are we going to change what we are doing?"

More generally, St Lucia's Prime Minister described the summit as "very fruitful". "I thought that the prime ministers became very serious. I think that we are all frustrated with how long it traditionally takes to get things done on decisions that are made in CARICOM". Suggesting that there had been a greater level of focus, he said: "I think the Prime Ministers wanted to be reassured that not only were we making decisions, but time lines were given for implementation" he said. "I also believe that people want to hold everybody much more accountable for the decisions we are making, and I think there is a greater sense of urgency is building up," he asserted.

Mr Chastanet's remarks appear to be reflected in a more general reference in the final secretariat-drafted communique that says that it was agreed 'to hold a Special Session on the CSME on the first day of the Thirty-Ninth Regular Meeting of the Conference in July 2018'.

### **Focus on climate change and security**

The principal focus of the Port-au-Prince summit was on issues relating to climate change and regional security.

On climate change the meeting focussed on the problems associated with accessing concessional funding and the particular problems facing Associate Members such as the British Virgin Islands.

The final communique noted that as extreme climate events had become the new normal, the region would have no option other than to adapt and build greater risk resilience. Designating the CARICOM Comprehensive Disaster Management Strategy 2014-2024 as the Caribbean's platform for achieving this, it noted that implementation was being constrained by inadequate assets and financial resources.

Caribbean Heads also called for the recapitalisation of Caribbean Catastrophe Risk Insurance Facility (CCRIF) and for the Facility to extend the range of risks it covers. More generally, Heads stressed the need at an international level for 'focused and coordinated participation by CARICOM Member States' when it came to negotiations on finalising the Paris Agreement Work Programme, and the positions taken by the Alliance of Small Island States (AOSIS).

On security, Heads of Government approved a Counter Terrorism Strategy and agreed to table related legislation by 4 July 2018. They also agreed to strengthen collaboration regionally with international partners to build capacity at all levels so as to be better able to address crime and violence which is now widely seen as setting back regional development.

Among the other issues considered at the Port-au-Prince meeting were:

- **The need to stimulate tourism.** Heads of Government agreed 'to further consider' introducing a levy on passengers arriving by air from outside the region to fund a new regional tourism marketing

campaign. They also agreed that the next COTED on tourism and transportation, and the Council for National Security and Law Enforcement (CONSLE) would make recommendations on the proposal in time for the next Heads of Government meeting in July.

- **Financial blacklisting and de-risking.** Heads again complained about the 'significant reputational damage' arising from the inclusion of some states on a list of 'non-cooperative tax jurisdictions' published by the European Union. They also criticised 'other unilateral processes', that labelled some CARICOM states as 'tax havens'. More specifically they mandated Finance Ministers and Central Bank Governors to consider proposals on a CARICOM strategy to formulate solutions to overcome such challenges while continuing to engage international partners and international fora about the region's concerns.
- **Air services.** The failure of some CARICOM member states to implement the CARICOM Multilateral Air Services Agreement (MASA) was noted. The communique observed that this measure aimed at improving connectivity, facilitating increased trade in goods and services, including tourism, and introduced 'conditions for a single security check for direct transit passengers on multi-stop intra-Community flights'.
- **Membership.** Heads agreed to proceed with the applications for Associate Membership by Curacao and Sint Maarten. They also agreed that further consideration would be given to the applications from the French Overseas territories of Guadeloupe, Martinique and French Guiana.
- **Border disputes.** Heads received updates on border issues relating to Belize and Guyana and affirmed their support for the territorial integrity of both countries.
- **Inter-regional disputes.** Heads of government considered the threat by St Vincent to take Trinidad to the Caribbean Court of Justice over its denial to Vincentian traders in agricultural produce to convert their earnings to Eastern Caribbean dollars. CARICOM urged the two nations to resolve the issue bilaterally and the Central Bank of Trinidad and Tobago and the Eastern Caribbean Central Bank to meet urgently to find a solution.
- **Cricket.** It was agreed that Governments would intervene in the governance of West Indies Cricket, as distinct from managing the operations of the sport.

The Port-au-Prince summit was attended by only nine of the regional body's fifteen heads of government.

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## Antigua and Barbuda

- **PM calls snap elections.** Prime Minister Gaston Browne announced that elections will be held on 21 March, some 16 months before the constitutionally mandated date. The announcement has exacerbated controversy over moves to reform the Barbuda Land Act intended to replace a longstanding convention of communal ownership with a system of private ownership (Caribbean Insight Vol 40 Issue 1). Browne says the government wants to provide stability for investors and protect half a billion US dollars' worth of developments currently under construction. One of the most prominent projects is a US\$250m mega resort called Paradise Found, backed by movie star Robert De Niro and Australian billionaire James Packer. Critics

say the government's decision to call an early election is an attempt to solidify plans for a 'land grab'.

- **Government supports Initial Coin Offering for development purposes.** Projects and charities are being funded by the initial coin offering for development (ICOD) with support from the Minister of Agriculture, Lands, Fisheries and Barbuda Affairs, Arthur Nibbs. The ICOD, set to take place in MONTH 2018 will utilise the Ethereum blockchain platform. CNET International, a privately run consortium of strategic partners in community development, will receive funds to develop an agricultural complex, a hydroponics plant, a solar plant, an orphanage, a halfway house, and a microfinance institution.
  - **Antigua and Barbuda to forge closer relations with Austria.** During a visit to Antigua, Austrian Ambassador to the Eastern Caribbean Marianne Feldman expressed her interest to Prime Minister Gaston Browne in cooperating in areas of tourism and diplomatic training. Browne, in turn, requested the Austrian ambassador consider opening and embassy in Antigua.
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## The Bahamas

- **Moody's predicts deficit overshoot of US\$350mn.** The ratings agency has forecast that the 2017-2018 deficit will surpass the government's US\$323mn target due to 'overhang' from unpaid bills from the previous administration. Moody's also warned that recent upward revisions to Bahamian GDP data by the Department of Statistics 'flatter' the government's debt levels and related trends, and 'overstate' the strength of its financial position. As a result, it set Bahamas' fiscal strength score at 'Low'. Moody's said it 'would downgrade the rating if, over the next 12-18 months, we observe that fiscal consolidation efforts are unlikely to reduce deficits to levels that would reverse the trend of rising debt ratios and lead to a stabilisation of government debt metrics'. The rating agency said the savings from the government's public sector downsizings, including the decision not to renew the contracts of many short-term, temporary workers would take time to materialise.
- **Concerns raised regarding new refinery agreement.** The terms for Oban Energies to build an oil refinery on Grand Bahama (Caribbean Insight Vol. 40 Issue 4) have come under scrutiny. Former Minister for Grand Bahama, Dr Michael Darville, who served under the former Christie administration, cited the fact that the agreement was signed without an environmental impact assessment (EIA) as a concern. Freeport-based attorney Fred Smith QC this week threatened to launch judicial review proceedings to challenge the legality of a provision in the company's contract that the government will not have the right to terminate the heads of agreement based on any forthcoming EIA. In response to the criticism, Deputy Prime Minister, K Peter Turnquest, urged Grand Bahama to look beyond the controversy and 'to focus on the benefits that this project will bring'. Turnquest said that Oban was carrying out its EIA, and that 'environmental concerns will be addressed'. Members of the political opposition, such as former PLP Chairman Bradley Roberts, also criticised the Oban deal after The Tribune alleged that Oban Energies' non-executive chairman, Peter Krieger, was previously involved in a Securities & Exchange Commission (SEC) lawsuit over the suspected misappropriation of investor funds. Prime Minister Dr Hubert Minnis also told reporters that the Government was aware of Mr Krieger's past before the Heads of Agreement was signed.
- **Cabinet approves US\$25mn public-private partnership.** The Eight Mile Rock administrative complex has been cleared to proceed following the Minnis administration's review of the

terms with the developer, PPP Investments & Construction. PPP Investments & Construction Company, which was formed in late November 2016, is a vehicle specifically designed to construct and manage the Eight Mile Rock administrative complex. It is 100 per cent-owned by New Providence-based Top Notch Builders. Among the prospective tenants at Eight Mile Rock are the Ministry of Finance, Passport Office, Department of Environmental Health, Urban Renewal, the Registrar General's Office and the Grand Bahama island administrator. The US\$25mn bond issue for the PPP carries an 8% coupon and 10-year maturity.

- **Grand Bahama Power Company invests US\$8mn in solar battery storage.** The investment will take place before year-end, as the company moves to introduce utility-scale solar and other renewable energies. The utility monopoly said the facility would be capable of storing up to 8MW of energy and construction would begin this summer. GB Power said that General Electric (GE) completed a study in late 2017 regarding how much renewable energy could be safely and reliably integrated into GB Power's grid and that it would be meeting with GE in mid-March to discuss the findings. GB Power's move coincides with the arrival of Dave McGregor as its new president and chief executive. McGregor, most-recently Vice-President of Asset Management for Emera Caribbean, GB Power's parent, oversaw generation and transmission and distribution (T&D) investments in Barbados, Dominica and Grand Bahama.
  - **Bahamas Power & Light (BPL) will invest US\$4-5mn to 'harden' its network.** BPL Chief Operating Officer Christina Alston said that the utility had selected the islands of Abaco, New Providence, Exuma and Bimini to reinforce power supply ahead of peak summer demand with the goal of preventing outages that have frequently plagued the areas.
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## Barbados

- **Ministry of Health conducts fogging to combat sewage-related mosquito infestation.** As sections of the south coast continue to experience sewage spills, environmental health officers began fogging the area against a related mosquito infestation (see Caribbean Insight Vol. 40, Issue 3). The officials are also carrying out the surveillance of food establishments that may have been affected by the sewage spills to ensure proper hygiene practices. Meanwhile, the Barbados Water Authority (BWA) is continuing work on four injection wells to be used as a temporary measure to divert the effluent.
- **Stakeholders meet in Barbados to develop regional plan for water sector.** The regional coordination meeting for the development of a strategic action plan for water governance and climate resilience ended on 21 February 2018, at the Pan-American Health Organisation offices in Barbados. Approximately 20 representatives from water ministries and organisations in the region attended the session. The development of a strategic plan for the water sector in the Caribbean region is being supported by the Caribbean Development Bank (CDB), in partnership with the Inter-American Development Bank (IDB) and the Caribbean Water and Wastewater Association (CWWA).
- **Barbados reports record year for tourism.** The country enjoyed a record 5% increase in stay-over arrivals last year, with the United Kingdom representing the highest number of visitors (33.5%), followed by the United States (28.4%) and Canada (12.8%). While the market share from the UK remained flat compared to 2016, US visitors increased by 11.7%. This week, the Inter-American Development Bank (IDB) signed a US\$20mn loan agreement with Barbados to

increase resilience and revenues in the country's tourism industry. The financing will go towards a five-year national tourism program.

- **Senate approves over US\$90mn for CLICO payments.** Thousands of policyholders of CLICO International Life Insurance Company Limited and British American Insurance Company, which collapsed a decade ago, are closer to receiving their long-awaited settlement with the approval by the Senate of over US\$90 million to meet the payments. In December last year, the Lower House had approved a similar measure, with Minister of Finance Chris Sinckler revealing at the time that the judicial manager was expected to complete transferring CLICO's operations to Resolution Life Insurance Limited (ResLife) by 31 December.

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## Cuba

- **Upgraded port of Santiago to open this year.** The completion this year of an extensive programme of modernisation to the Port of Santiago de Cuba, is expected to turn it into the Cuba's second most important after that at Mariel near Havana, the location of country's Special Development Zone. The US\$120mn Santiago upgrade, which commenced in June 2015, is being jointly delivered by the state-backed China Communications Construction Company Ltd (CCCC), Cuban enterprises and Cuban construction brigades.

The new multipurpose terminal is intended to reduce the cost of imports into, and exports from the eastern part of Cuba, while creating employment. Its location close to international trade routes giving access to the Panama Canal and ports in Central and South America is intended to facilitate the growth of Cuban enterprises in the area producing cement, refined petroleum products and flour, as well as increasing the use of two shipyards and refrigerated fisheries facilities. It is also expected to become a key Cuban hub through links to intermodal facilities including a planned €1bn upgrade to the railway system, with Russian and other international support.

- **Cuban scientists make significant advances in robotics.** Recent reports in Granma have said that Cuban research institutions and universities are developing autonomous Unmanned Aerial Vehicles with applications to precision agriculture. The official publication also reported that progress has been made in developing remotely controlled undersea submersibles.

- **Importance of cobalt reserves highlighted.** The Motley Fool, the US multimedia financial-services company for investors, has reported that Cuba produced 4,200 MT of cobalt in 2017 and held reserves of 0.5MT, the third-largest cobalt reserve globally. The mineral has become an indispensable component in the latest chemistries for lithium-ion batteries
- **Charcoal production growing to meet global demand.** Reports in the Cuban media say that growing demand for charcoal on the international market makes it essential that the country increases its production. Cuba is working nationally to produce charcoal from marabou that meets international environmental standards for use on barbeques.
- **US Embassy staff reductions made permanent.** The US Embassy in Havana will continue to operate with minimal staff, the US State Department has said. In a statement it said Washington would not replace the diplomats withdrawn following the mysterious and still unexplained symptoms suffered by some US officials in 2016 and 2017.

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

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## Curaçao

- **PDVSA Isla refinery to run at 43% capacity from March.** According to a leaked document from PDVSA, Venezuela's refineries look set for further reductions in the volume of output, due to a lack of spare parts, light crude and other feedstock. PDVSA's refining network plans to process 701,000 barrels per day (bpd) of Venezuelan and imported crude next month, substantially below its total installed capacity of 1.62mn bpd, which includes the Isla refinery in Curaçao. The Isla refinery will process just 56,000 bpd in March, ostensibly due to ongoing maintenance work planned to finish in mid-April. However, the bigger issue remains the lack of light crude its facilities need to blend with Venezuelan heavy crude in order to produce fuels. Despite an agreement in December to buy Russian oil, shortages remain critical, meaning that the Isla refinery is unlikely to run near capacity for the remainder of its contract with PDVSA, which comes to an end at the start of 2020. It remains unclear who will operate the refinery after this date.

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## Dominica

- **Dominica receives continued international support for recovery efforts.** During a visit to Dominica, British High Commissioner to Barbados and the Eastern Caribbean, Janet Douglas, toured areas for which the UK has funded improvements to water systems and roads and said her government remained committed to helping Dominica's ongoing recovery following Hurricanes Irma and Maria in 2017. In addition, Dominica has received US\$2mn of equipment from Japan for disaster response; reached an agreement with Havana for 100 Cuban engineers and electricians to assist the island with recovery efforts; and signed a memorandum of understanding (MOU) with Russia for disaster and emergency preparedness.

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## Dominican Republic

- **DR looking to attract oil and gas exploration for the first time.** According to Bloomberg, BP Plc and ExxonMobil are expected to bid for blocks in the Dominican Republic when the country opens at the end of March a bidding process for the exploration of two land blocks for oil exploration and two offshore for natural gas. In an interview, the country's Energy and Mining Minister, Isa Conde, said that developing the industry would provide the country with another source of foreign exchange earnings and allow it to cut its fuel import bill. A two-year seismic study undertaken previously has identified six areas that potentially hold light and heavy crude or natural gas.
- **Companies from Barbados seek additional opportunities in Dominican Republic.** The Barbados Investment & Development Corporation (BIDC) has organised a delegation of five companies to explore trade and strategic alliance opportunities in the Dominican Republic. Sonja Trotman, CEO of the BIDC, noted that two agreements between the countries have led to US\$10mn in sales per year from Barbados to the Dominican Republic, with US\$2mn flowing in reverse. The delegation's visit marked the first time that companies from Barbados participated in the Santo Domingo Chamber HUB Fair. The BIDC expressed optimism it would sign a memorandum of understanding (MOU) at the fair with Pro Dominicana, an investment promotion agency, to facilitate trade between the countries.
- **Construction Association concerned about lack of local labour.** According to the Listin Diario news outlet, thirteen members of the Association of Developers and Home Builders (Acoprovi) expressed concern about the lack of national labour in the industrial sector, which they said requires human capital of 330,000 workers. The president of Acoprovi, Susi Gatón, argued in a letter to the Minister of Labour that the lack of Dominican workers did not reflect low wages; instead, Gatón said that Dominicans were unwilling to engage in manual labour and thus more foreign workers have been hired in the construction sector. Gatón's letter comes at a moment when the government is promoting 'Dominicanization' of the workforce.

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## Dutch-speaking Antilles

- **St Maarten holds elections to replace government.** Elections were held on 26 February after the previous government collapsed in a row over Dutch government aid following Hurricane Irma. The former prime minister, William Marlin, lost a no confidence vote in November after he refused to accept The Hague's terms for disaster relief funding. Parliament has since voted to accept the terms and an interim government has taken office, but Sint Maarten's annual budget is yet to be signed off. None of the four parties that earned seats in Parliament obtained a majority of the 15 seats in the legislature. Negotiations are ongoing to form a coalition government.

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## France d'outre-mer

- **Martinique reports record arrivals in 2017.** Martinique tourism commissioner Karine Mousseau announced that a record 1,041,139 travellers visited in 2017, over 511,000 of which

were cruise passengers. Two thirds of total visitors were from France. North American visitors increased from 2.4% in 2018, compared to 6.8% last year. Mousseau attributed a steady increase of visitors from North America to improved access as US airlines began nonstop service to Martinique.

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## Grenada

- **Grenada prepares for upcoming election.** Forty-five candidates have been nominated for the country's parliamentary elections on 13 March. Polling suggests that incumbent prime minister Dr Keith Mitchell's New National Party (NNP) will maintain parliamentary control and will be elected to an unprecedented fifth term. Mitchell served as PM from 1999-2008 and from 2013-present.
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## Guyana

- **Minister of Natural Resources hands over responsibility for oil and gas sector to Ministry of the Presidency.** Minister of Natural Resources Raphael Trotman announced that the responsibility for the petroleum sector would be transferred from his ministry to a Department of Energy to be housed in the Ministry of the Presidency, in keeping with a proposal he delivered to the president last year. Trotman said he would be heading a Task Force comprising of several ministers that would be responsible for establishing the Department. When established in another six months, the Department is expected to focus on 'all policy matters, including, but not limited to, the negotiating and entering into contracts, and issuing of licences for exploration and production'. President David Granger's office refuted reports that Trotman had been 'stripped' of his oil-related duties and instead noted his ongoing contribution to the governance of the emerging oil industry.
  - **Japan to fund studies on effective oil revenue management.** Guyana is to ask Japan to fund several economic studies on how best to utilise the country's hydrocarbon resources. The decision follows the presentation of an 'Oil and Gas Master Plan' developed by the Mitsubishi Corporation and Chiyoda Corporation in collaboration with the government of Japan. The country's Minister of Foreign Affairs, Carl Greenidge, was quoted as saying Guyana will shortly request the funding of detailed economic feasibility studies for projects related to domestic energy and Guyana's 'green economy' agenda.
  - **Government and DDL close in on deal to restart Enmore sugar estate.** According to local media, the government is close to a deal with Demerara Distillers Limited (DDL) to restart the Enmore sugar estate to produce molasses for DDL's rum production. If confirmed, the agreement would bring back nearly 200 jobs. DDL's motivation to make the investment is linked to concerns over a projected shortfall in the supply of molasses for 2018. The company estimated that increased distillery production, combined with recent estate closures and the privatisation of the remaining Albion, Blairmont and Uitvlugt estates, would altogether leave them with a shortfall of 18,000-tonnes of molasses for 2018.
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## Jamaica

- **Petroleum Corporation of Jamaica (PCJ) actively seeking investors for oil exploration.** Speaking on a local television programme, PCJ Manager of Oil and Gas Brian Richardson invited overseas investors to the country following the discovery of two separate oil seeps in the northwest section of the country. PCJ and London-based CGG GeoConsulting recently issued a statement about the discovery, saying it marked the first documented occurrence of flowing oil from onshore Jamaica. Richardson said the venture is long-term and could take 10-15 years before an accumulation of oil that would lead to a well. The full statement from CGG GeoConsulting is available here: <https://www.cgg.com/en/Media-and-Events/Media-Releases/2018/2/GeoConsulting-and-PCJ-Announce-First-Reported-Discovery-Jamaica>
- **Minister highlights developments in the bauxite and alumina sector.** Addressing an industry conference St James, Minister of Science, Energy and Technology Dr Andrew Wheatley noted that following the discovery of bauxite on the island in the 1940s, Jamaica became the world's leading bauxite producer by 1957 and remains one of the pillars of the economy in terms of its contribution to foreign exchange earnings, investment activities, and employment of high-skilled labour. Dr Wheatley pointed to growing global demand for aluminium, and a US\$6bn investment programme by the new owners of Alpart, Jiuquan Iron & Steel Group Company Limited (JISCO) as evidence that the industry will continue to strengthen.
- **Caribbean Cement expects to restart exports.** Caribbean Cement says it expects to restart cement exports following the completion of its US\$50mn modernisation programme. The programme also includes the commissioning of a new coal mill scheduled for the second quarter of 2018, upgrades to both cement mills, a new packing line, and the upgrade and replacement of conveyor belts and dust collectors to boost production. Caribbean Cement suspended exports in April 2016 to focus on supplying its home market. Export sales of cement were primarily to Suriname and Haiti, while clinker was supplied to Caribbean Cement's sister plant in Barbados, as well as to Venezuela.
- **Medical marijuana industry continues to emerge.** Timeless Herbal Care Ltd, the leading medical marijuana brand in Jamaica, announced it successfully harvest the first legal commercial cannabis in Jamaica in over a century. Meanwhile, Hiku Brands Company Ltd, Canada's first vertically-integrated cannabis brand house, entered into a letter of intent with Kaya Inc., the first licensed medical cannabis producer and dispensary operator in Jamaica to launch a strategic alliance to pursue medical and adult-use cannabis branding, genetics, and retail opportunities in Jamaica and Canada.

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## Montserrat

- **EU provides funds for Montserrat.** The European Union is providing US\$22.67mn to Montserrat aimed at transitioning the British Overseas Territory towards sustainable economic development. The objective of the Budget Support Programme is to assist the government with the implementation of the updated Medium Term Economic Policy (MTEP) 2017-2021.

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## Puerto Rico

- **US Treasury cuts disaster relief loan.** Just days after the US Small Business Administration (SBA) approved more than US\$1bn in low-interest disaster loans for over 28,000 Puerto Rican residences and businesses recovering in the aftermath of 2017 hurricanes, the US Treasury Department reduced its US\$5bn loan to US\$2mn. Puerto Rican Governor Ricardo Rosello said the Treasury's cut was without explanation and warned that it put the US territory on in a 'dangerous financial dilemma'.
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## St Lucia

- **Sandals touts contribution to economy.** Sandals Resorts International (SRI) Deputy Chairman and Chief Executive Officer, Adam Stewart, said the hotel chain contributes some US\$75mn into the local economy. SRI is currently working on plans to add a fourth estate in St Lucia, Sandals LaSource, which Stewart says will push the company's total investment on the island to US\$105mn. Prime Minister Allen Chastanet commended Sandals' development of the economy at a press conference to mark the company's development of a new championship golf course.
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## Suriname

- **Government commits to improve regulatory environment for International Oil Companies.** According to a report by a local tax firm, the Suriname government recently approved a draft state decree which clarifies and strengthens the legal status of the Fiscal Stability Clauses and other commitments made to International Oil Companies (IOCs) in their Production Sharing Agreements (PSA) with Staatsolie, the National Oil Company of Suriname. These articles of the Petroleum law enable the government to issue a guarantee to the IOC concerned, in effect safeguarding the rights and claims of the IOC under the PSA. With current holders of offshore blocks, including Kosmos Energy, scheduled to drill four exploration wells in 2018 and an increasing sense that the basin has been 'derisked' following major discoveries offshore Guyana, the improved guarantees from the Suriname government may lead more IOCs to acquire exploration licenses on offshore blocks.
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## Trinidad and Tobago

- **Petrotrin receives approval to terminate contract with A&V Oil and Gas.** Following a Trinidad court ruling dismissing A&V's civil suit against Petrotrin which challenged the legality of its move to terminate its contract; on 27 February, the Privy Council in London rejected an application by A&V to grant it permission to appeal the findings. The case relates to an internal Petrotrin audit in August 2017 which identified disparities between Petrotrin's official statistics for its Pointe-a-Pierre refinery, and the amount of oil delivered by contracting company A&V Oil and Gas (Caribbean Insight, Volume 39 Issue 53). Following an independent forensic audit by Kroll Inc. into the suspected misappropriation of funds after at Pointe-a-Pierre refinery, both the High Court and Court of Appeal ruled earlier this year that the company had 'no reasonable prospect of success' in its claim.

- **Takeover of Guardian asset management, insurance and pensions provider lapses.** The takeover offer by NCB Financial Group for Guardian Holding Limited (GHL) of Trinidad has lapsed, even though the take up went beyond target. "The offer has unfortunately lapsed due to the failure of condition 2.4.5 of the offer", NCB Financial said in a market filing on Friday. The banking group, which bid for the GHL shares through NCB Global Holdings, received acceptances from the 535 owners of 91.74mn shares, clear of the 74mn shares targeted by the offer. "Notwithstanding the lapse of the Offer, the Offeror & NCB Financial Group Ltd are committed to participating in the Hearing with a view to aiding the Commission in completing its review of the Offer", the banking group said.

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## Region

- **OECD compiling a list of CBI schemes at high risk of money laundering and tax-evasion.** There are growing concerns that citizenship by investment (CBI) programmes across the world are being used by tax evaders and money launderers to avoid their identities and financial information being shared among competent authorities under the Common Reporting Standard (CRS). The CRS is an information standard for the automatic exchange of tax and financial information on a global level, which the Organisation for Economic Co-operation and Development (OECD) developed in 2014. In late February, the OECD released a report entitled 'Preventing Abuse of Residence by Investment Schemes to Circumvent the CRS', stating that while the schemes are used for a number of legitimate reasons, some CBI schemes are open to abuse. The OECD is currently compiling a list of high-risk schemes which undermine the CRS due diligence and reporting requirements, raising the prospect that Caribbean jurisdictions with CBI programmes may be included.

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