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CARICOM to hear from bankers on new US Tax law



Carole Eleuthere-Jn Marie - Chairperson Caribbean Association of Banks

The Caribbean Association of Bank [CAB] is to meet with the CARICOM Council of Finance and Planning later this month to discuss the United States' Foreign Account Tax Compliance ACT [FATCA].

The CAB headed by St. Lucian Carole Eleuthere-Jn. Marie held a training workshop aimed at getting the regions financial institutions to better understand and prepare for the FATCA which will take effect from January 1st 2013. From all indications the region is hardly prepared for the new requirements by the Inland Revenue Service of the United States and the serious consequences for banking in the region and in particular for Caribbean nationals who are US Tax payers but with accounts in regional banks.

There is the very real fear that this could impact remittances, which according to the World Bank, will reach \$69 billion, a 10 percent increase in 2012 for Latin America and the Caribbean.

Regional banking institutions have expressed concern over the likely consequences for banking in the region over US legislation that could lead to capital flight, loss of customers and the possible revocation of visas.



Attendees at FATCA training workshop

The Foreign Account Tax Compliance Act (FATCA), seeks to discourage, deter and detect offshore tax evasion by US citizens who hold assets abroad, either in foreign financial institutions or foreign entities such as companies.

Regional Financial Consultant Berkley Greenidge told the St. Lucia workshop that just the process of setting up and attending to the reporting mechanisms can place a high cost on financial institutions in the region.

It is estimated that tax evasion costs the US economy \$100 billion annually.

According to the regulations FATCA would not apply to non-US citizens, or to citizens with accounts of US\$50,000 or less. However Greenidge said that given the scope of FATCA regulations, persons with US telephone numbers, addresses, or who regularly transfer US funds to the US are likely to come under the radar of the Inland Revenue Service (IRS). A report from Jamaica recently notes that persons who open accounts in the US for online shopping purposes could get the attention of the IRS.

- CARICOM to hear from bankers on new US Tax law
- Caribbean Development Bank credit rating cut again
- OECS internet business earns \$85 million in 2010-011.
- National Trade Export Promotion Agency (TEPA)
- Hope fades for benefits from Rio+20 Earth Summit
- Barbados: SMEs could help combat high food import, energy import bills
- Grace Master of Taste finals to be aired soon
- MACO Caribbean Living wins gold at 2011/2012 Sappi awards
- EC Global announces extended opening hours
- Bank of Jamaica predicts return to double-digit inflation
- Iran donates US\$1.2 million to Suriname

» **Headlines**



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Caribbean Development Bank credit rating cut again



Standard & Poor's Ratings Services last week lowered its long-term issuer credit rating on the Caribbean Development Bank (CDB) to 'AA+' from 'AAA' and affirmed the short-term 'A-1+' rating. The outlook is stable.

According to S&P, the downgrade reflects the agency's view that CDB's risk management is

not commensurate with other 'AAA' rated multilateral lending institutions, particularly given its size and regional economic weakness. CDB has failed to comply with one of its internal liquidity policy guidelines, and borrower concentration remains high. The bank's liquidity was tighter in 2011 than in previous years.

At the end of 2011, CDB had a negative funding gap of 3-12 months due to \$226 million of debt maturing in 2012. Liquid assets represented 70% of undisbursed loans and projected one year of debt service at the end of 2011. Despite covering 143% of debt maturing in one year or less, CDB's liquid assets were less than the minimum of 200% it maintained during the prior five years. CDB expects to raise sufficient debt this year to roll over its 2012 maturities and finance a planned \$100 million of lending.

Source - Caribbean News Now

OECS internet business earns \$85 million in 2010-011.



Internet services among five members of the Organisation of Eastern Caribbean States generated 85 million EC dollars in revenue between 2010-2011 amid "strong" consumer demand, the Eastern Caribbean Telecommunications Authority (ECTEL) has said in its latest report.

ECTEL, the telecommunications regulator for five OECS member nations, said in its annual review of the communications sector, which covers the fiscal year from April 2010 to March 2011, that demand drove a six-per cent growth in fixed internet service.

"Fixed internet subscriptions grew six per cent to more than 71,300 and fixed internet service generated revenue of 85 million EC dollars," the report observes.

Mobile phone subscriptions in the five ECTEL member states increased two per cent and mobile penetration was recorded at 128 per cent. But fixed telephone services continue a slow decline, falling by one percentage point to 25 per cent penetration.

The report also noted some specific developments in the five nations, with strong growth in investment, a growing consumer market and a boost in job-creation, among the highlights.

In St Lucia, the telecommunications industry contributed 6.9 per cent to overall economic output, employing more than 500 people and attracting an estimated 17 million EC dollars (6.3 million US dollars) in investment there.

Source - Antigua Observer

From the 2012/2013 Budget Statement National Trade Export Promotion Agency (TEPA)

We continue our series of excerpts from the Prime Minister's 2012 budget address and today the focus is on the TEPA, the National Trade Export Promotion Agency (TEPA) established in 2011. You may remember the recently concluded EXPO 2012 - well that fell under the aegis of the TEPA, and the Office of Private Sector Relations, OPSR.

"Mr. Speaker, the National Trade Export Promotion Agency (TEPA) was established in 2011 as a measure to reorganize the Office of Private Sector Relations (OPSR) in order to consolidate on its capability and experience in order to create a specialized project implementation unit. This initiative is funded by the CARICOM Development Fund and the Government of Saint Lucia at an estimated cost of \$3.26 million and will be implemented over three (3) years. The overall objective for the introduction of the TEPA is to:

1. Expand economic diversification and stimulate growth through export;
2. Strengthen small and medium enterprises (SMEs) and increase their contribution to the national economy;
3. Enhance competitiveness of exports; and
4. Strengthen linkages among key economic sectors.

In order for the successful implementation of the work programme of the TEPA, the unit will be governed by a joint public-private sector board of directors, chaired a representative of the Private Sector. Over the course of this and the next fiscal year, the agency would be undertaking an Export Development Support Programme, which will include a Review & Update of the National Export Development Strategy and establishment of a National Trade Information Network. This programme is expected to be implemented with the assistance of the International Trade Center and the Government of Saint Lucia.



CTV News nightly at 8:00
with **Alisha Ally** and **Lissa Joseph**



Hope fades for benefits from Rio+20 Earth Summit



Weaknesses of small states in dealing with global environmental issues that mortally affect them have become very evident in the pre-conference negotiations for the UN Conference on Sustainable Development being held in Rio de Janeiro, Brazil, from 20-23 June.

Small states have few experts in this area and even fewer experts who are also capable negotiators. Consequently, many small states – including some in the

Caribbean – have either been under-represented at the pre-Conference negotiations, or they have not been represented at all. In the result, small states issues may be raised at the conference and in its margins, but they will not get the attention that they urgently need now.

Indeed, the pre-conference negotiations demonstrate that the conference is likely to witness a backtracking by developed countries on firm commitments they gave in Rio, 20 years ago at the first Earth Summit, especially financing.

If we are to measure the commitment of large polluting countries by their deeds, the worrying signs are everywhere. They have already reneged on the delivery of financing for mitigating climate change, and in the pre-Rio+20 negotiations, they have backtracked on fundamental principles agreed 20 years ago.

Source Caribbean News Now Commentary by Sir Ronald Sanders

Barbados: SMEs could help combat high food import, energy import bills



With a food import bill of \$600 million, an energy import bill in excess of \$500 million and few exports, mechanisms that could effectively address this issue are welcome and small and medium sized businesses (SMEs) could provide those solutions.

This is according to Senator Andre Worrell who told the young people gathered for the Enterprise in Action Youth Programme that providing these solutions could provide the launching pad for starting their own business.

He told the youth that when deciding upon an area to choose for their SMEs, they should not overlook fields like agriculture and manufacturing because there is a lot of potential in this sector.

“You are aware that there is a potential \$600 million market. Strategize on how you will capture a small percentage of that market and then grow from there”.

“Alternative energy initiatives are also fertile ground which creates an opportunity for growth in small business development opportunities in Barbados,” he added.

Another area that the youth can look at is the creative services industry where they can create products and services that are in high demand globally, the senator suggested.

The Senator also called on organisations to help young people become entrepreneurs. He stated that many young people have great ideas in their head but do not know where to start in getting them off the ground.

Source – Barbados Advocate

If you have missed the nightly **CTV News** which airs at 8:00, then visit the **Calabash TV YouTube page** www.youtube.com/calabashTV for reports and special features. The **Calabash TV website** is under construction but this copy of the **Caribbean Business Report** can be accessed at www.calabashTVstlucia.com

Caribbean
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Grace Master of Taste finals to be aired soon



Judge Chef Valmore Brown and contestants

Following successful airings on national television, the Grace Master of Taste Junior Cook-off is down to its final stage 27th June 2012 when St. Lucian TV audience will know which two of the outstanding young chefs will walk away with the winning prize, a two-week internship to a Sandals resort in Jamaica.

The Grace Master of Taste, one of the initiatives to celebrate Grace Kennedy's 90th anniversary, was keenly contested by 8 students from the Sir Arthur Lewis Community College. Grace Food's Brand Manager at local distributor Peter and company, Chenelle Bailey says that the organization is very pleased with the level of feedback it has received from the airing of the shows thus far.

Meanwhile, Executive Chef at Sandals La Toc Valmore Brown, also a judge of the competition, believes that the cooking show will do a world of good to stimulate interest in culinary arts for young people on the island. He believes it will dispel a number of the misnomers usually attached to the critical profession.

The Grande Face Cook off is presented by Peter & Company, and sponsored by Sandals Resorts, EC Global Insurance, Accela Marketing and Helen Television System and is supported by the hospitality division of the Sir Arthur Lewis Community College.

EC Global announces extended opening hours

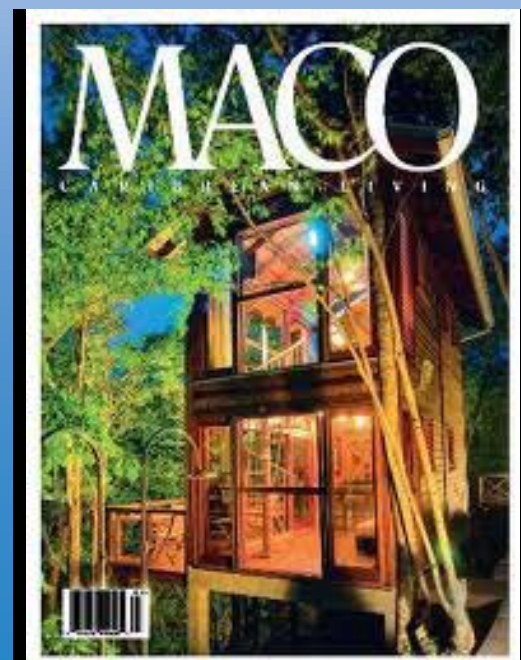


EC Global Insurance Company Limited, insurance arm of the East Caribbean Financial Holding Company Limited, announces new opening hours for its Convenience Centre located on the 2nd Floor of the Providence Commercial Centre in Rodney Bay.

Effective Monday June 18th 2012, the EC Global Convenience Centre will now open from 9:00 a.m. to 5:00 p.m. Monday through Friday. This move forms part of the insurance company's continued thrust to bring added convenience to customers in the north of the island.

The Convenience Centre, similar to its head office on Bridge Street in Castries, offers a full range of insurance services including New Business Underwriting (Home, Motor & General Insurance); Policy Renewals; Issuance of insurance certificates; cover notes and endorsements; Payment of premiums, Premium financing, Site surveys and inspections; and Reporting of claims and claim forms processing. For further information contact EC Global at 451-3244 or 456-6270 or via email at ecglobal@ecfh.com

MACO Caribbean Living wins gold at 2011/2012 Sappi awards



Caribbean-based publishing house, Toute Bagai Publishing (TBP) and US-based American Printing Company, have for the third consecutive year, won the top prize at the Sappi Annual Printers Awards held recently in New York City.

Sappi Fine Paper North America announced the MACO Caribbean Living Volume 13, Issue 3, produced by TBP, was among 10 gold winners at its 15th Annual North American Printers of the Year awards for 2011-2012.

In addition to winning Gold in the Sheetfed category, Toute Bagai Publishing also took the bronze award for its MACO Caribbean Living Volume 13, Issue 4.

President and Chief Executive Officer of American Printing Company, Robert "Bo" Stanford, said he was delighted American Printing was recognized as one of the Top 10 printers in the country by being named the Gold Award winner for the third year in a row.

MACO Caribbean Living highlights the Caribbean's most luxurious and architecturally beautiful homes, villas and resorts, and portrays the diversity of the region through the creativity of cuisine, art, gardens, and travel and tourism.

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Bank of Jamaica predicts return to double-digit inflation



The Bank of Jamaica (BOJ) has revised its forecast for prices for the fiscal year, and is predicting the country will return to double-digit inflation due to tax measures in the budget.

Inflation for the June quarter is now projected to be in the range of 3-5 per cent, double the 1.5 to 2.5 per cent initially forecast by the central bank, and is directly

attributable to the new and adjusted taxes falling under the new General Consumption Tax (GCT) regime announced during the Budget Debate.

Inflation is expected to slow in subsequent quarters, but the projection has also been revised upward within a range of 10 to 12 per cent for the fiscal year, compared with the bank's earlier projection of six to eight per cent.

Source - Jamaica Gleaner

Iran donates US\$1.2 million to Suriname



Visiting Iranian deputy foreign minister, Amir Mansour Borgehei, and his Surinamese counterpart, Winston Lackin, signed a memorandum of understanding between the two countries last week in Paramaribo. During his visit, Borgehei announced a donation of US\$1.2 million for purchase of tractors for the agricultural sector of Suriname.

The MOU allows the two countries to build mutual ties of friendship, with an emphasis on economic cooperation. At the signing ceremony was vice president of Suriname, Robert Ameerli, signifying Paramaribo's seriousness in forging economic ties with Iran.

They identified areas of cooperation in agriculture, education, exchange of agricultural technology and promoting the agricultural industry, including export opportunities for Surinamese rice to the Iranian market.

The Iranian deputy foreign minister is in the region also to invite the Surinamese and Guyanese presidents for the 16th Non-Aligned Movement (NAM) summit to be held in Iran between August 26 and August 31.

Suriname and Iran established diplomatic relations in 1997.

Source Caribbean News Now

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