

# Republic Economic

## NEWSLETTER

June 2023 | Vol.31, No.3 | ISSN 1027-5215

# Positive Performance on the Basis of Non-energy Stimulus

## OVERVIEW

The domestic economy could probably be best described as a mixed bag during the first quarter of 2023. In the energy sector, lower prices and varied production outturns (mainly negative) combined to produce a scenario where activity likely contracted. Conversely, the non-energy sector is estimated to have benefitted from Carnival festivities, improved construction activity and the continued growth in manufacturing during the period. Given the foregoing, Republic Bank estimates that the economy expanded by 1 percent compared to the previous quarter. Despite this, unemployment increased slightly to 4.9 percent from the 4.7 percent in the last quarter of 2022. Concerning the nation's fiscal accounts, a notable increase in expenditure caused government to incur a deficit during the quarter, paired as it was, by a small dip in revenue. Turning to the domestic equity market, activity cooled during the

period, with the Composite Price Index falling by 1.5 percent to 1,312.35 at the end of March, compared to the end of December 2022.

## ENERGY SECTOR

As the negotiations regarding the re-structure of Atlantic LNG continued, there were reports in early June 2023 that government aims to restart operations at Train 1 by the first quarter of 2027. The train was suspended at the end of 2020, due to insufficient gas supplies. Under the new simplified ownership structure, Shell PLC and BPTT will each control 45 percent of Atlantic, while the National Gas Company will possess 10 percent. While gas supplies had to be sourced exclusively from Shell and BPTT under the previous configuration, the new arrangement is expected to allow Atlantic to purchase gas from producers who do not own a stake in the company. This of course is designed to ease some of the supply constraints that have plagued the company in recent years.

In terms of the sector's recent performance, the fall of global prices and the mixed production results limited its growth in the first quarter of 2023. Regarding production, oil output fell by 2.7 percent from fourth quarter 2022 levels to 56,151 barrels per day (b/d). This level of output was 6 percent below the figure recorded in first quarter 2022. While gas supplies increased by 2.3 percent over the previous quarter, they were down 0.5 percent on a year-on-year (y-o-y) basis. In the downstream sector, urea production was substantially below the figures recorded in both the first and fourth quarters of 2022, while the shortfall in ammonia output was 8.2 percent and 8.1 percent, respectively. Although methanol output grew by 5.3 percent y-o-y, it was marginally below (0.3 percent)

## TRINIDAD AND TOBAGO KEY ECONOMIC INDICATORS

INDICATOR	2022	2022.1	2023.1 p/e
Real GDP (% change)	2.5	-4.0	1.0
Retail Prices (% change)	5.8	0.6	0.3
Unemployment Rate (%)	4.9	4.5	4.9
Fiscal Surplus/Deficit (\$M)	1,079.9	0.2	-1,211.1
Bank Deposits (% change)	2.2	-1.3	-1.3
Private Sector Bank Credit (% change)	11.2	2.0	1.0
Net Foreign Reserves (US\$M)	10,998.1	10,601.9	10,584.8
Exchange Rate (TT\$/US\$)	6.73/6.78	6.73/6.78	6.72/6.78
Stock Market Comp. Price Index	1,332.15	1,455.18	1,312.35
Oil Price (WTI) (US\$ per barrel)	94.91	95.18	75.96
Gas Price (Henry Hub) (US\$ per mmbtu)	6.42	4.66	2.65

Source: – Central Bank of Trinidad and Tobago, TTSE, EIA  
p – Provisional data  
e – Republic Bank Limited estimate

fourth quarter 2022 levels. Contrarily, LNG supplies grew when compared to both first quarter 2022 (9.6 percent) and the last quarter of 2022 (1.3 percent). In the first quarter of 2023, the barometers of exploration activity, rig days and depth drilled were considerably above the levels registered in the similar period in 2022, but averaged 10 percent below what was attained in the previous quarter.

Although the country's oil and gas attract prices above the West Texas Intermediate (WTI) and Henry Hub averages, the movements in these benchmarks are generally a good indicator of the direction of change in the prices the domestic energy sector faces. During the first quarter of 2023, WTI oil prices fell by 8.1 percent to average US\$75.96 per barrel, while gas prices decreased by 52.3 percent to US\$2.65 per million British thermal units (MMBTU).

### NON-ENERGY SECTOR

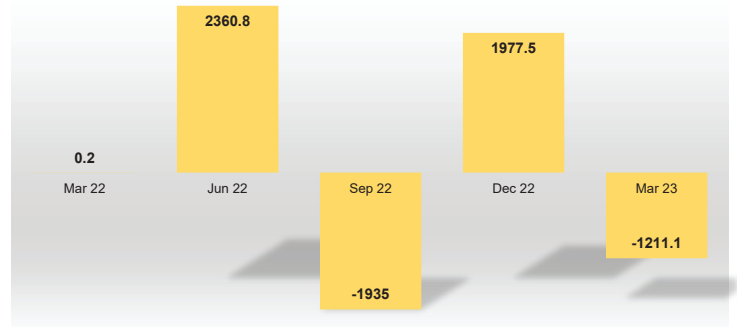
The return of the full calendar of Carnival events for the first time since 2020 is estimated to have provided a boost to several industries and the wider economy during the first three months of 2023. Regarding sectors outside of those traditionally stimulated by Carnival-related activity, preliminary data suggests that construction activity had accelerated significantly over fourth quarter levels but was only marginally above first quarter 2022 levels. Domestic cement sales, which are usually a good gauge of activity in the sector grew by 0.3 percent over the same period in 2022 but were 31.3 percent above the levels of the last quarter of 2022. The sale of new motor vehicles, which was traditionally used as a proxy for the health of the distribution sector expanded by 5.6 percent y-o-y to 2,472, although it had contracted by 0.7 percent on a quarterly basis. Based on these developments, the y-o-y growth of the retail sales index likely continued during the period, after a 13.4 percent increase in the fourth quarter of 2022. Most sub-indices recorded growth in the fourth quarter, including dry goods, supermarket and groceries, and construction and hardware. In the absence of official data, the manufacturing sector is estimated to have registered a positive performance as suggested by the continued increase in commercial bank loans to the sector. During the first quarter, manufacturing loans grew by 1.8 percent, while loans to the food, beverage and tobacco sub-sector rose by 15.7 percent y-o-y.

### FISCAL POLICY

Despite a 5 percent increase in energy revenue, total revenue fell marginally by 0.4 percent y-o-y to \$12,095.2 million in the first quarter of 2023. The fall in revenue was accompanied by a 9.6 percent increase in total expenditure to \$13,306.3 million. This was the result of growth in both capital expenditure and recurrent expenditure by 6.2 percent and 9.8

percent, respectively. Consequently, government recorded a fiscal deficit of \$1,211.1 million during the period, compared to a small surplus of \$0.2 million in the first quarter of 2022 (Figure 1). In early May, government moved to supplement the 2022/2023 budget with \$3.85 billion, taking total planned expenditure for the fiscal year to \$61.54 billion. At the time, it was revealed that actual revenue for the first half of the fiscal year (\$27.4 billion) was slightly below the budgeted figure (\$28.48 billion). The Finance Minister indicated that the additional resources will be used largely to clear government arrears with suppliers and contractors. The Minister also announced that government would be taking steps to clear a significant portion of outstanding VAT refunds, which totalled \$7.8 billion at the end of March 2023. The government planned to make cash payments to businesses owed \$250,000 or less and allocate bonds to the firms with outstanding receipts beyond this figure. This action is expected to bring the backlog down to \$2.8 billion.

Figure 1: Fiscal Balance (\$Mn)



Source: CBT

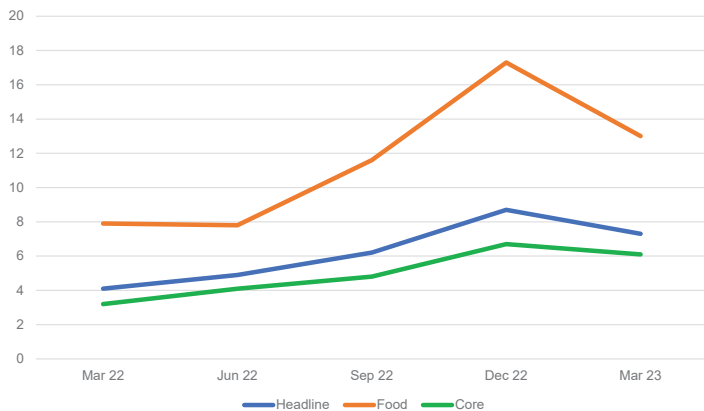
### MONETARY POLICY

After reaching as high as 8.7 percent in December 2022, y-o-y headline inflation eased to 7.3 percent in March 2023, with the food price component slowing to 13 percent from 17.3 percent and core inflation falling to 6.1 percent from 6.7 percent (Figure 2). A month later, headline inflation decelerated further to 6 percent, with food and core prices increasing by 11.2 percent and 4.8 percent, respectively. Against this backdrop, and with encouraging growth in both consumer and business credit, the Central Bank's Monetary Policy Committee (MPC) maintained its focus on stimulating growth in the non-energy sector. Accordingly, it decided to maintain its policy rate at 3.5 percent at its March 2023 monetary policy announcement. What this meant is that with US rates still trending up (albeit at a slower rate) the MPC continued to face rising external pressures, as the negative spread between TT-US three-month treasuries

increased to 429 basis points in March 2023 from 329 three months earlier. Although the growing negative interest rate spread increases the risk of capital flight, the tight foreign exchange market would, no doubt, have limited such opportunities.

With the Repo rate unchanged, the commercial banks' average basic prime lending rate remained at 7.57 percent in the first quarter of 2023. In this environment, the demand for credit expanded by encouraging rates, compared to the first quarter of 2022. After increasing by 6.4 percent y-o-y during the fourth quarter of 2022, commercial bank loans to consumers rose by 5.8 percent y-o-y in the first quarter of 2023 and grew 0.6 percent on a quarter-on-quarter (q-o-q) basis. Consumer real estate loans also increased by 0.6 percent q-o-q but were 5.1 percent greater than the outcome of a year earlier. At 10.1 percent y-o-y and 1 percent q-o-q, the growth in business credit was appreciably more robust. Despite the solid rise in credit demand, the financial system remained highly liquid, with commercial banks' excess reserves at the Central Bank falling slightly to \$6.2 billion at the end of March from \$6.7 billion at the end of December 2022.

**Figure 1: Inflation Rate y-o-y (%)**



Source: CBTT

## RESERVES

In March, the country's net foreign position fell by 3.9 percent compared to December 2022, to US\$10,584.8 or 8.5 months of import cover (MIC). However, when compared to March 2022, the decline was only 0.2 percent. During the period January-March 2023, the net sale of foreign currency (the difference between sales to the public and purchases from the public by authorised dealers) was more than double the amount recorded in the previous quarter and 48.9 percent above the same period in 2022. The TT-US exchange rate remained at TT\$6.78 per US\$1.

## OUTLOOK

Economic activity is expected to remain positive in the third quarter of 2023, with the bulk of the impetus expected to come from the non-energy sector. Construction activity is likely to intensify in the lead-up to local government elections in August and remain upbeat heading into 2024. This is expected to provide some stimulus to other non-energy sectors, especially if government can successfully execute most or all its \$6 billion-dollar capital budget. Moves by government to pay outstanding VAT refunds should also provide some financial ease to many businesses. In addition, the manufacturing sector is projected to record continued growth despite some deceleration. The positive performance of the sector is expected to be led by the food, beverage and tobacco sub-sector. As it relates to the energy sector, no major increase in production is envisaged for the third quarter, while prices are forecasted to fall marginally. Although domestic price pressures have been trending down in recent months, this could be changed by international and/or domestic developments, including events related to the war in Europe and adverse weather.

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# Continued Growth with Tourism Approaching Pre-Pandemic Levels.

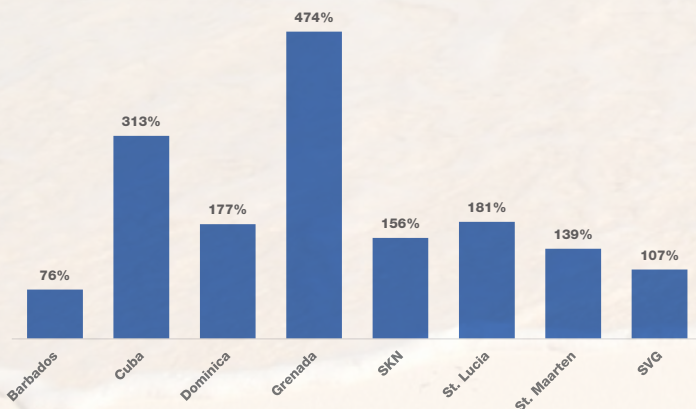
## Overview

The Caribbean economy continued to benefit from the ongoing recovery of the tourism sector, which in turn provided stimulus for ancillary sectors such as wholesale and retail, in the first quarter of 2023. According to the World Tourism Organisation, the region's stay-over arrivals were 6 percent below pre-pandemic levels during the period. For a few destinations, the number of visitors received was beyond the figure recorded in the first quarter of 2019 (Figure 2). Regional growth was also powered by activity in commodity-producing states (primarily Guyana), despite some cooling in commodity prices between January and March. Although global price pressures eased, persistent high inflation remains a challenge for the average household in the region.

## Tourism-Dependent Economies

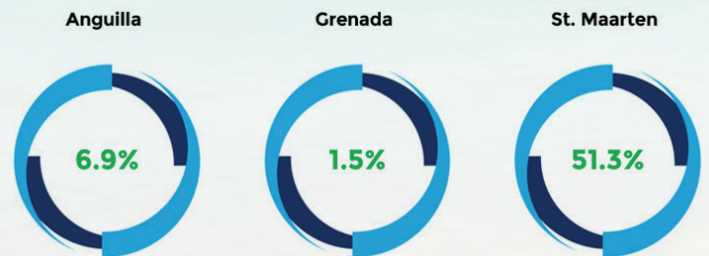
On average, stay-over arrivals maintained their strong upward trajectory in the first three months of 2023 with the post-pandemic rebound firmly in play. With respect to the source markets, most territories experienced strong growth in arrivals from Canada (Figure 1), but the US remained the top contributor to long-stay (stay-over) visitors for most destinations. While the cruise sub-sector recorded strong growth, its recovery continued to lag that of the stay-over market.

Figure 1: Growth in Stay-over Arrivals from Canada



Sources: CTO and ECCB

Figure 2: Countries with Arrivals Beyond Pre-Pandemic Levels  
Long-Stay Arrivals Growth - Q1 2023 vs Q1 2019



Sources: CTO and ECCB

## Anguilla

Anguilla was one of the few countries that registered greater long-stay arrivals when compared to the first quarter of 2019. In the first three months of this year, long-stay arrivals were 32,202, 6.9 percent above pre-pandemic levels. Contrarily, the number of excursionists was below the 19,817 recorded in the first quarter of 2019, despite an increase of 753.1 percent y-o-y. There was a noticeable improvement in tourism spend, which grew by 53.9 percent year-on-year (y-o-y) from EC\$96.2 million to EC\$148 million. Regarding Anguilla's tourism source markets, arrivals from the Caribbean registered the largest growth in long-stay arrivals (175.4 percent), while the US remained the main market, contributing approximately 70 percent of all long-stay arrivals.

Due to the strong performance of the tourism sector, government revenue stood at US\$27.7 million by the end of Q1 2023, 40 percent above initial projections (US\$19.9 million). The upbeat performance of the tourism sector led to stronger revenue from property tax, income tax and taxes on goods and services.

## Barbados

Because of the strong rebound in tourism activity, the domestic economy expanded by 6.4 percent y-o-y in the first quarter of 2023. Long-stay arrivals and cruise ship passengers increased by 14 percent y-o-y and 157.1 percent



y-o-y, respectively. Although the UK market was the top contributor to long-stay arrivals (47.6 percent) for the period, the largest increase came from the Canadian market (76.1 percent) followed by the Caribbean (68.3 percent). Despite these encouraging developments, long-stay arrivals and cruise passengers were 22.3 percent and 14 percent below pre-pandemic levels, respectively. The continued recovery of the tourism sector provided impetus for the wider economy, with the non-traded sector expanding by 3.3 percent in the first quarter of 2023, based on improved performances in wholesale and retail, and construction, among other industries. In this environment, employment continues to grow, with the rate of joblessness falling to 7.2 percent in the fourth quarter of 2022. Increased tourism sector activity also contributed to the rise in foreign exchange reserves to \$3.2 billion (7.9 months import cover) from \$2.8 billion at the end of 2022 and \$3.0 billion in first quarter 2022.

In June 2023, the IMF completed its first review under the Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF) with Barbados. The multi-lateral agency acknowledged the country's success to date regarding its updated Economic Recovery and Transformation (BERT) plan and its climate policy agenda, which are supported by the EFF and RSF. Also in June, government announced the formation of a new Blue Green bank, which will be supported by multi-lateral agencies. This initiative is in line with its climate agenda and is expected to contribute to the nation's drive to develop resilient infrastructure and encourage investment in nature and social causes.

### British Virgin Islands

In the first quarter of this year, long-stay arrivals increased by 80.2 percent y-o-y to 79,925 from 44,360. Nevertheless, the number of stay-over visitors for the first three months of this year, fell short by 9.1 percent when compared to the same period in 2019.

In the April 24<sup>th</sup> general election, the incumbent Virgin Islands Party (VIP) won the largest number of seats but fell short of a majority. However, the decision of an elected member of the National Democratic Party (NDP) to formally join the VIP, granted the party the additional seat it needed to gain the majority and form the next government. As a result, the speedy establishment of the current administration will likely bring a renewed focus on policy implementation and economic recovery from the 2017 hurricanes and the COVID-19 pandemic. The quick formation of a new government is expected to provide appreciable benefits to the country with respect to containing political uncertainty and the implementation of its reform agenda. Nonetheless, given the government's slim majority, political risks abound.

### Cayman Islands

Long-stay arrivals grew by 197.2 percent y-o-y and the cruise sector also recorded massive growth, with cruise passengers increasing from 17,283 in first quarter 2022 to 474,794. In spite of the growth in long-stay arrivals, the figure was still 17.1 percent below the levels recorded in the first three months of

2019. The long-term prospects of the tourism sector are set to be enhanced with government's approval of a \$92 million package to fund projects aimed at modernising the nation's airports. One project relates to the extension of the runway at the Owen Roberts International Airport, which once completed, will facilitate long-distance flights from both Europe and South America. However, this project is already facing cost overruns and there have been reports of delays in the completion of the first section of the Airport Connector Road (BP 588), which is now due to be finished in September 2023, (nine months later than the original completion date estimate).

The financial sector scored a major victory on June 23, 2023, after the Financial Action Task Force (FATF) confirmed that the Cayman Islands had satisfied all FATF Recommended Actions. The country is therefore now eligible for removal from the FATF monitoring list. This delisting is expected to result in the jurisdiction's removal from the EU's AML/CFT list sometime in the near future.

### Cuba

Stay-over visitors increased by 139.2 percent y-o-y to reach 752,459 visitors in the first three months of 2023. Among major source markets, arrivals from Canada grew the fastest, rising by 313.1 percent y-o-y. The Canadian market accounted for 51.4 percent of long-stay arrivals during the period. The Cuban government aims to welcome 3.5 million tourists this year with increased flights from the Dominican Republic and the resumption of flights by Russian airline, Aeroflot, (which commenced on July 1<sup>st</sup>). Although the Russian airline has faced tough global restrictions due to the ongoing Ukraine-Russia war, Cuba received approximately 38,000 Russian tourists during the first quarter of 2023. The Russian tourism market remained active with both Turkey and Serbia providing sufficient access points for the airline.

In other developments, the country continues to face substantial inflationary pressures. On May 25<sup>th</sup>, Economy Minister, Alejandro Gil, projected inflation to exceed 40 percent in 2023, acknowledging in the process, the complexity of the economic challenges confronting the island. The price index increased by 70 percent and 40 percent in 2021 and 2022, respectively. The Minister indicated that between April 2022 and April 2023, inflation was 45.4 percent, with the food component being the main contributor.

### Dominica

Despite the 461.9 percent y-o-y increase in excursionists in the first three months of 2023, the figure remained 88 percent below the outturn recorded in the same period of 2019. Similarly, stay-over arrivals remained 21.2 percent below pre-pandemic levels, notwithstanding a 128.5 percent y-o-y increase. The Caribbean was the largest source market, accounting for 37.9 percent of total stay-over visitors. Alarming, since the pandemic, Caribbean visitors to Dominica have declined significantly, falling from 12,620 in the first quarter of 2019 to 6,949 in the same quarter of 2023 (Chart 1). The largest increase in arrivals came from the Canadian market, as visitors from that country increased by 176.9 percent. Robust



cruise sector activity was recorded, with visitors increasing by 103.1 percent y-o-y, from 74,129 to 150,551. Encouragingly, Dominica was one of the few territories to register greater cruise passenger arrivals compared to pre-pandemic levels (134,751). In first quarter 2023, tourism spend was reasonably healthy, increasing by 121.4 percent y-o-y.

## Grenada

Grenada received 45,837 long-stay tourists in the first quarter of 2023, 82.2 percent more than the first quarter of 2022. Even more encouraging, was the fact that total long-stay arrivals were 1.5 percent above pre-pandemic levels (45,162). Cruise ship passengers increased by 93.6 percent y-o-y to 172,771 but fell short of pre-pandemic levels by 11.9 percent. Consistent with the theme elsewhere in the region, the visitors from Canada registered the largest increase in long-stay arrivals (473.6 percent y-o-y) and the US continued to be the main market, accounting for 45.9 percent of arrivals. Interestingly, the US was the only source market that registered growth compared to the pre-pandemic period. Despite these developments, tourism spend contracted by 5.6 percent y-o-y.

The sector is expected to receive a boost in the second half of 2023, partly due to the launch of Virgin Atlantic's inter-island service between Grenada and St. Vincent and the Grenadines on June 14<sup>th</sup>. Additionally, Air Canada is expected to resume its service to Grenada on October 29<sup>th</sup> from Toronto Pearson International Airport. For the busy winter season, Grenada's tourism sector will also benefit from increased room capacity with the opening of two new hotels.

## St. Kitts and Nevis

The number of excursionists expanded by 111.3 percent y-o-y to 1,118 compared to 529 in the same quarter of 2022. Also, long-stay arrivals increased by 62.7 percent y-o-y during the first quarter of 2023, to 29,491 from 18,125. The importance of the North American market to the sector was again on display during the period, with arrivals from the US accounting for well over half (67.6 percent) of all long-stay arrivals. Cruise passengers increased by 134.1 percent y-o-y, from 189,914 in the first quarter of 2022 to 444,594 in January-March 2023. However, it is worth noting that the numbers for excursionists, long-stay arrivals and cruise passengers for the first quarter of 2023 were still below pre-pandemic levels (1,226, 41,086

### Human Development Initiatives

#### Health

The government is seeking to implement universal health coverage that ensures equitable access for all its citizens. In April 2023, the St. Kitts and Nevis health ministry met with the Pan American Health Organisation (PAHO) to discuss this initiative which will reduce healthcare costs in the country.

#### Clean Energy

With the financial support of a US\$17 million grant from the Caribbean Development Bank (CDB), the Nevis Island Administration (NIA) is looking to commence the drilling phase of a geothermal project by the end of 2023. This initiative is a core part of the country's energy security plan, but progress could potentially be delayed by the land acquisition process and road works.

and 461,950, respectively). Tourism spend improved for the period, increasing by 8.3 percent y-o-y, from EC\$80.8 million to EC\$147.7 million.

## St. Lucia

Long-stay arrivals increased by 33.7 percent y-o-y from 80,811 to 108,022 while the number of excursionists went up by 11 percent y-o-y, from 1,877 to 2,083. It should be noted that whilst excursionists and long-stay arrivals numbers increased on an annual basis, they still fell short of the pre-pandemic levels by 26.8 percent and 5.6 percent, respectively. Cruise sector arrivals expanded by 161.2 percent y-o-y, with 360,379 cruise passengers recorded in the first quarter of 2023. This number was slightly above the accomplishment in the first quarter of 2019 (353,559). Like a few other Caribbean destinations, there was a noticeable drop in Caribbean visitors from the pre-pandemic level (from 13,313 in the first quarter of 2019 to 5,812 in the first quarter of 2023). Tourism spend increased by 36.1 percent y-o-y from EC\$677.6 million to EC\$922.5 million.

## St. Maarten

Economic activity is estimated to have increased in the first quarter of 2023, driven primarily by tourism, but also with positive contributions from ancillary sectors and construction. In the first two months of this year, long-stay arrivals increased by 28 percent y-o-y to reach 81,464. There was significant growth in long-stay arrivals from Canada, (139 percent y-o-y) taking arrivals from that market to 11,019. There was a slight contraction of 0.8 percent y-o-y in long-stay arrivals from Europe. Unsurprisingly, the US remained the major source market, representing 55.2 percent of total long-stay arrivals (44,985). St. Maarten's cruise sector performed admirably with 369,351 cruise passengers, which represented annual growth of 126.4 percent. St. Maarten's tourism sector is expected to benefit from increased airlift in the second half of 2023, with new or additional air service to be provided by Frontier Airlines, Copa Airlines, JetBlue and Delta Airlines.

## St. Vincent and the Grenadines

In the first three months of 2023, long-stay arrivals increased by 50.4 percent y-o-y to 21,701 from 14,429. Excursionists increased by 158.9 percent y-o-y from 56 to 145. However, even though excursionists and long-stay arrivals numbers increased on an annual basis, the numbers failed to reach pre-pandemic levels. Arrivals in the Cruise sector expanded by 199.7 percent y-o-y, with 150,983 cruise passengers recorded in the first quarter of 2023. This number was slightly higher than the number of cruise passengers recorded in the first quarter of 2019 (353,559). Caribbean visitors remained substantially below pre-pandemic levels (13,313), measuring only 5,812 in the first quarter of 2023. On the positive side, tourism spend increased by 36.1 percent y-o-y from EC\$677.6 million to EC\$922.5 million.



## Potential Tourism Boost

- As it continues to expand its operations in the Caribbean Air Canada is scheduled to add more flights to both St. Vincent and St. Lucia beginning next winter. The airline will add two more weekly flights between Toronto and St. Vincent's Argyle International Airport, a doubling of its prior service. Furthermore, Air Canada is also adding one more weekly flight between Toronto and St. Lucia, making a total of seven weekly nonstop flights.
- Caribbean Airlines will launch a new service between Barbados and St. Lucia for the month of July. The new route between Barbados' Grantley Adams International Airport and St. Lucia's George F. L. Charles Airport in Castries will commence on July 24<sup>th</sup> and operate four times each week. Caribbean Airlines has been working on adding more intra-regional flights, which will also include an expansion of its Barbados-St. Vincent route, which will now have seven weekly flights.

## Region

### Jamaica

- Economy expanded by 2.7 percent y-o-y in the first quarter of 2023 with the tourism and manufacturing sectors being the main contributors to growth.
- Following a June 12<sup>th</sup> – 16<sup>th</sup> visit, the IMF confirmed that Jamaica made good progress in implementing its policy agenda and met all structural benchmarks.
- Jamaican government is looking to expand its Business Process Outsourcing (BPO) sector, which contributes approximately 6 percent of total GDP. The opening of the 76 Red Hills Road (RHR) Business Centre in Kingston on May 31<sup>st</sup>, is expected to create around 1,800 jobs as well as additional indirect work opportunities.
- The current administration seeks to implement a \$40 billion road improvement project under its Shared Prosperity through Accelerated Improvement to our Road Network (SPARK) Programme.

### Dominican Republic

- JetBlue Airlines is set to commence low cost flights for the summer period from the US to Santo Domingo and Punta Cana.

### The Bahamas

- The Bahamas is aiming to triple its annual revenues from the cruise sector with a proposed increase in departure taxes for cruise passengers, as well as the introduction of two new tax levies.

### Belize

- The Belize Tourism Board (BTB) is partnering with JetBlue Airlines for its first-ever non-stop service between Belize's Phillip S.W. Goldson and JFK airport for the winter period, which commences on December 6, 2023.

## Commodity-Exporters

Although global energy prices declined in the first three months of 2023, Guyana's oil sector is estimated to have expanded robustly based on output growth. Gold prices increased by 0.9 percent from the 2022 average of US\$1,874.32 per fine ounce to average US\$1,890.48 per fine ounce in the first quarter of 2023. Despite this slight increase in gold prices, both Suriname and Guyana were unable to fully benefit as both countries recorded declines in output.

## Guyana

In the first three months of this year, the performance of the economy remained upbeat with growth in both the oil and non-oil sectors, although activity in the latter was relatively more controlled. At the end of March 2023, Guyana recorded

oil production growth of 212 percent y-o-y, as oil output rose to 34 million barrels from 10.9 million barrels as at the end of March 2022. Output is set to increase further heading into 2024. In April 2023, the Prosperity Floating, Production, Storage and Offloading (FPSO) vessel was deployed to help develop the Payara oilfield, which is anticipated to commence operations later this year. This project has the potential to produce 600 million barrels of oil through 10 drill centres with 20 production wells and 21 injection wells. However, there have been some concerning developments in the sector. It is reported that the US government has issued repeated warning to Texas-based ExxonMobil to avoid doing business with two contractors who are under US investigation for money laundering, gold smuggling and drug trafficking. In 2021 and early 2022, Exxon executives were warned by US officials to not sign the construction contract for a \$300 million shore base with the contractors. The Guyanese government is considering options to minimise the negative impacts from Exxon's operations, if the US decides to impose sanctions on the oil and gas company.

Unfortunately, gold declarations contracted by 5.3 percent y-o-y, given that local and licensed dealers' declarations fell by 23.9 percent y-o-y. Construction activity remained buoyant, driven by receipts from the nation's booming oil industry. The continued growth in the construction sector came via central government's infrastructure projects, as well as private commercial ventures and housing. There was considerable improvement in the fiscal accounts, with the fiscal surplus increasing by 535 percent y-o-y to \$32,250 million in the first quarter of 2023. Encouraging private sector credit growth of 1.9 percent y-o-y was largely due to growth in real estate mortgages (4.1 percent), credit to other services (3.9 percent) and construction and engineering (14.3 percent) sectors.

## Suriname

According to the Centrale Bank Van Suriname, the Monthly Economic Activity Index (MEAI) revealed that the domestic economy contracted by 3.2 percent y-o-y in the first quarter of 2023. The mining and quarrying sector contracted by 9.8 percent y-o-y and this was mainly due to a decline in gold ore production particularly from large-scale operators. The accommodation and food services sector was the top performing sector with 23.7 percent y-o-y growth, which was primarily driven by an increase in restaurant turnovers and hotel overnight stays. Based on recent IMF forecasts, Suriname's economy is expected to grow by 2.3 percent y-o-y in 2023. On May 28<sup>th</sup>, Surichange Bank, Suriname, suspended the payments of money transfers from the Netherlands until specific issues regarding remittances with its main business partner in the European country are addressed. The money exchange office, Surichange and its branches in the Netherlands, were hit by a string of bomb attacks and as a result, the Dutch authorities ordered all offices of Surichange to close until further notice. Dutch officials are still investigating the financial institution amid media reports that the money exchange company and its owners were allegedly engaged in criminal activities, such as money laundering and drug trafficking.



On June 14<sup>th</sup>, the IMF completed its second review of Suriname's economic reform programme supported by the 36-month EFF arrangement. The IMF acknowledged the country's progress under the programme thus far, as well as important debt restructuring milestones with private and bilateral creditors. As a result, Suriname will have access to SDR 39.4 million (about US\$53 million), of which SDR 25.6 million would be used for direct budget support.

## Outlook

The regional economy is expected to record continued growth in the second half of 2023 with the tourism sector expected to remain upbeat and more destinations anticipated to welcome visitors at levels close to pre-pandemic figures. The region's

commodity producers are also expected to record positive performances, with Guyana being the clear front-runner. It will not be smooth sailing however, as the ongoing hurricane season is likely to cause some disruption, while global developments could present new or recurring challenges. For instance, with the US's recent decision to supply Ukraine with the highly controversial cluster bombs, the Ukraine-Russia war may intensify further. This does not only increase the potential for a more protracted and bloodier conflict but is likely to impact the global economy. For example, in mid-July Russia announced the suspension of the Black Sea Grain initiative until sanctions on its own agricultural exports, including fertiliser are relaxed. Consequently, the Caribbean and the wider world may have to endure another round of rapid food price increases.





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# Of Primary Importance

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In the Caribbean, the months of May and June represent the transition period from the Dry Season to the Rainy Season and all that comes with it. For students the world over, these months are symbolic of exams, followed by much anticipated results. With academic pursuits still a 'live' matter, this article looks at education in a universal context, with a special focus on one aspect that fortunately the vast majority of people get to experience, Primary Education.

The disruption to education across the World as a result of the COVID-19 Pandemic was without precedent, and its effects have been severe. In December 2021, some 21 months on from the start of the disruption, a number of the negative developments and possible future outcomes listed below, formed part of a United Nations Children's Fund (UNICEF) report – *The State of the Global Education Crisis: A Path to Recovery*.

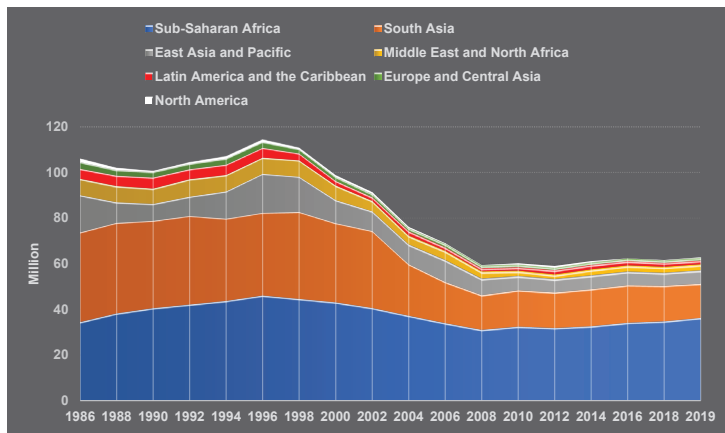
- School closures affected over 1.6 billion learners. While most countries offered remote learning opportunities for students, the quality and reach of such initiatives varied greatly, and they were at best partial substitutes for in-person learning.
- The crisis exacerbated inequality in education. Globally, full and partial school closures lasted an average of 224 days. But in low- and middle-income countries, school closures often lasted longer than in high-income countries, and the response was typically less effective.
- During school closures, children's health and safety were jeopardised, with domestic violence and child labour increasing.
- More than 370 million children globally missed out on school meals during school closures, losing what was for some children the only reliable source of food and daily nutrition.
- The mental health crisis among young people has reached unprecedented levels.
- Advances in gender equality are threatened, with school closures placing an estimated 10 million more girls at risk of early marriage in the next decade and at increased risk of dropping out of school.

- This generation of students now risks losing \$17 trillion in lifetime earnings in present value as a result of school closures.

As affirmed by UNICEF, access to primary education is a basic right of every child. It is in primary school that children learn foundational skills that prepare them for life, work and active citizenship. Quality education empowers children and young people, safeguards their health and well-being, and breaks cycles of poverty. It also empowers countries, ushering in economic prosperity and social cohesion. These benefits come not just from getting children in school, but from getting them learning to their full potential. With its profound implications on both the individual and society, primary education thus forms the bedrock of development. The United Nations' Sustainable Development Agenda acknowledges the importance of primary education in Goal 4 which stipulates that by 2030, the world should ensure inclusive and equitable quality education and promote lifelong learning opportunities for all, including a target of universal access to primary education. Though there are varying standards, primary education is typically designed for children 6 to 11 years of age.

Despite its critical importance, traditionally, a large percentage of school-age children were not exposed to primary education. In fact, the near universalisation of primary schooling is one of the great global achievements of past decades. In the early 1950s, some 50 percent of primary school-age children worldwide were out of school. In recent years, that figure has fallen below 10 percent. Despite the improved overall figure, across different regions there is significant variation in the numbers of children out of school, with Sub-Saharan Africa followed by South Asia having the highest numbers (Chart 1). Even with the clear improvement over the decades the scale of the problem remains great. In 2019 approximately 62.81 million primary school-age children were out of school. This translates to 62.81 million children who will not have the opportunity to learn to read, write and have basic mathematical skills. Bear in mind, this was before the Pandemic.

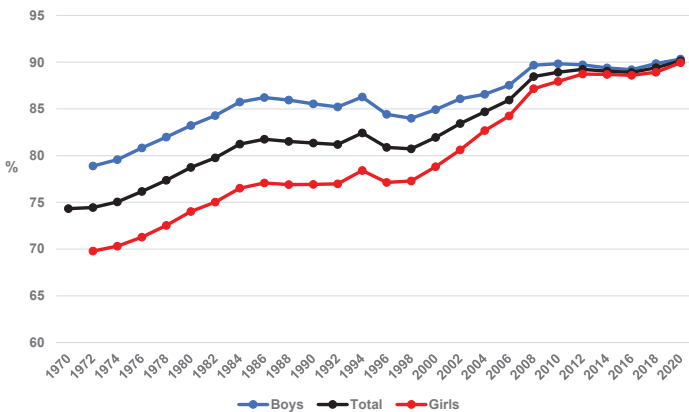
**Chart 1:**  
Primary school-age children out of school by world region 1986-2019



Source: Our World in Data and UNESCO (via World Bank)

For those that are able to enter primary school, staying the course is also very important. In low-income countries, only two-thirds of children are estimated to complete primary school. Inequitable access exists across other divides: Children living in emergency and fragile settings, including refugee children, have fewer chances to complete primary school. Gender also plays a role, as girls who grow up in poor households are more likely than their male peers to have never attended or to have dropped out of primary school. There has always been a significant gap in girls' access to primary school and their primary school completion rate compared to that of boys. However, over the last 50 years the primary school completion rate of both groups has increased steadily, with that of the girls increasing at a faster rate, to come within touching distance (89.94 percent) of the boys' 90.33 percent completion rate (Chart 2).

**Chart 2: Primary school completion rate, World 1970-2020**



Source: Our World in Data and UNESCO (via World Bank)








Economists have long studied whether the level of education in a country is a determinant of economic growth. This question is motivated by the notion that aggregate education, 'human capital', generates positive spill-over effects for everyone. While early studies found that schooling levels were poor predictors of economic growth, more recent studies – that crucially made use of better data – confirm the expected positive link. Studies by Lutz, Creso Cuaresma, and Sanderson (2008) conclude

that "better education does not only lead to higher individual income, but also is a necessary (although not always sufficient) precondition for long-term economic growth."

A number of studies [Delgado, Henderson and Parmeter (2014), Hanushek (2013) and Pritchett (2001)] have found that it is actually education in the form of cognitive skills, rather than mere school attainment, that really matters for predicting individual earnings and economic growth.

Cognitive skills are the core skills your brain uses to think, read, learn, remember, reason, and pay attention. Working together, they take incoming information and move it into the bank of knowledge you use every day at school, at work, and in life. Each of your cognitive skills plays an important part in processing new information. That means if even one of these skills is weak, no matter what kind of information is coming your way, grasping, retaining, or using that information is impacted. In fact, most learning struggles are caused by one or more weak cognitive skills.

### Cognitive Skills

- 
**Memory/Long-Term**  
*What it does:* Enables you to recall information stored in the past.  
*Common problems when this skill is weak:* Forgetting names, doing poorly on tests, and forgetting things you used to know.
- 
**Memory/Working**  
*What it does:* Enables you to hang on to information while in the process of using it.  
*Common problems when this skill is weak:* Having to read the directions again in the middle of a project, difficulty following multi-step directions, and forgetting what was just said in a conversation.
- 
**Logic & Reasoning**  
*What it does:* Enables you to reason, form ideas, and solve problems.  
*Common problems when this skill is weak:* Frequently asking, "What do I do next?" or saying, "I don't get this," struggling with math, feeling stuck or overwhelmed.
- 
**Auditory Processing**  
*What it does:* Enables you to analyse, blend, and segment sounds.  
*Common problems when this skill is weak:* Struggling with learning to read, reading fluency, or reading comprehension.
- 
**Visual Processing**  
*What it does:* Enables you to think in visual images.  
*Common problems when this skill is weak:* Difficulties understanding what you've just read, remembering what you've read, following directions, reading maps, doing word math problems.
- 
**Processing Speed**  
*What it does:* Enables you to perform tasks quickly and accurately.  
*Common problems when this skill is weak:* Most tasks are more difficult. Taking a long time to complete tasks for school or work, frequently being the last one in a group to finish something.
- 
**Attention**  
*What it does:* **Sustained Attention** enables you to stay focused and on task for a sustained period of time, **Selective Attention** enables you to stay focused and on task despite distractions and **Divided Attention** enables you to remember information while doing two things at once.  
*Common problems when this skill is weak:* Lots of unfinished projects, jumping from task to task, easily distracted, difficulty multitasking, and frequent mistakes.

Source: Mind Matters

### Education in Trinidad & Tobago

In Trinidad and Tobago (T&T), the national school system comprises Early Childhood Care and Education (ECCE), Primary, Secondary, Technical and Vocational Education and Training (TVET) and Tertiary education levels, as well as Special education and Teacher education. The Ministry of Education (MoE) has been able to achieve universal primary and secondary education and attained record enrolment numbers in the ECCE, TVET and Tertiary education sectors. The MoE has promoted inclusive and special education; empowered girls through an equal right to education; and ensured compulsory formal education for children between the ages of 5 and 16.



**Table 1: The education system of Trinidad & Tobago at a glance for academic year 2019/2020**

INDICATORS	ECCE Centres	Primary Schools	Special Schools	Secondary Schools	TVET & Tertiary Institutions
Public	209	476	12	134	6
Private estimate	631	85	31	69	47
<b>TOTAL INSTITUTIONS</b>	<b>840</b>	<b>561</b>	<b>43</b>	<b>203</b>	<b>53</b>
Public	7,435	123,190	542	83,745	32,050
Private estimate	18,109	12,789	n.a.	10,180	16,193
<b>TOTAL ENROLMENT</b>	<b>25,544</b>	<b>135,979</b>	<b>542</b>	<b>93,925</b>	<b>48,243</b>
Public	604	6,774	99	6,892	2,642
Private estimate	1,670	703	n.a.	377	n.a.
<b>TOTAL TEACHERS</b>	<b>2,274</b>	<b>7,477</b>	<b>n.a.</b>	<b>7,159</b>	<b>n.a.</b>
Public Pupil-Teacher Ratio	12:1	18:2	5:1	12.3	12.1
Gross Enrolment Ratio (GER) <sup>6</sup>	65.7%	104.8%	n.a.	92.8%	43.4%
Net Enrolment Rate (NER) <sup>7</sup>	57.6%	94.2%	n.a.	75.7%	n.a.
Gender Parity Index (GPI) <sup>8</sup>	1.0	1.0	n.a.	1.1	1.9
Teaching Staff Sex Ratio <sup>9</sup>	0.2	23	10	40	93

Sources: Early Childhood Care and Education Division (ECCE), Educational Planning Division (EPD), Research, Planning and Technical Services Division (RPTSD) and the Central Statistical Office (CSO)

- The Gross Enrolment Ratio (GER) is defined as total enrolment in a specific level of education, regardless of age, expressed as a percentage of the eligible official school-age population corresponding to the same level of education in a given school year (UNESCO).
- The Net Enrolment (NER) is defined as the total number of students of the official age group for a given level of education who are enrolled in any level of education, expressed as a percentage of the corresponding population (UNESCO).
- The Gender Parity Index (GPI) is the ratio of female to male values of a given indicator. A GPI between 0.97 and 1.03 indicates parity between the genders. A GPI below 0.97 indicates a disparity in favour of males. A GPI above 1.03 indicates a disparity in favour of females (IIEP, UNESCO).
- The Sex Ratio is the ratio of males to females in a given population, expressed as the number of males per 100 females.

## Primary Education

There are 476 Government and Government Assisted (public) primary schools and over 80 recorded private primary schools in Trinidad and Tobago. Total enrolment for academic year 2019/2020 at public primary schools numbered 123,190 students: 62,648 (51 percent) males and 60,542 females (49 percent). Estimated enrolment in private schools was 12,789: 6,783 (53 percent) males and 6,006 (47 percent) females. The number of teachers in public primary schools totalled 6,774: 1,252 males and 5,522 females (18 percent male, 82 percent female). Teachers in private primary schools were estimated as 703 persons: 55 males and 648 females. Both the public and private pupil-teacher ratios were approximately 18 students per teacher. The Net Enrolment Rate of 94.2 percent is better than that of several countries and surpasses the global NER of around 92 percent. The Gender Parity Index of 1 indicates equality between the ratios of boys and girls.

In T&T, as outlined in the 2019/2020 Education Statistics Digest, at the primary education level, students experience 7 years of compulsory learning from Infant Year I to Standard V. Primary schools cater to children aged 5 to 12 years. However, in exceptional cases, children who are aged 4 years and turn 5 years in the academic year of entry and children up to age 14 years access primary education. The primary education curriculum is designed to provide students with the knowledge, skills and dispositions to optimise their own development, to constitute a caring, respectful and socially conscious citizenry and to competently lead our country onto the world stage. The primary curriculum is characterised by:

- A focus on 9 subject areas within an integrated, thematic approach.
  - Agricultural Science;
  - English Language Arts;
  - Mathematics;
  - Physical Education;
  - Science;
  - Social Studies;
  - Spanish;
  - Values, Character and Citizenship Education; and
  - Visual and Performing Arts;
- Cross-curricular development of Literacy and Numeracy;
- Infusion of Information and Communication Technologies (ICTs);
- A prioritisation of Assessment for Learning;
- A conscious development of Values, including Health and Family Life Education (HFLE);
- Explicit attention to Differentiated Instruction to meet the needs of a range of students.

At the end of the primary education level, students write the Secondary Entrance Assessment (SEA) for placement in secondary schools.

**Table 2: Distribution of students scoring above 90%, above 50% and 30% or below by SEA 2020 Subject**

Score	Mathematics	English Language Arts	English Language Arts Writing	National		
				Male	Female	Total
Above 90%	3.97%	2.80%	4.64%	1.05%	2.17%	1.61%
	762	538	891	102	207	309
Above 50%	55.26%	72.60%	76.20%	55.52%	69.76%	62.58%
	10,611	13,940	14,632	5,375	6,641	12,016
30% or below	25.31%	10.23%	4.56%	15.86%	6.81%	11.37%
	4,860	1,965	876	1,535	648	2,183

Source: Division of Educational Research and Evaluation (DERE)

Note: A new framework for SEA was introduced in 2019. As such, any comparison of 2019 and 2020 with previous years should be made with extreme caution.

**Table 3: Key numbers for SEA 2020 and SEA 2023**

		2020	2023
Students	Total	19,201	18,797
	Male	50.42%	50.68%
		9,681	9,527
	Female	49.58%	49.32%
9,520		9,270	
Mean Subject Score	Mathematics	52.9	50.4
	English Language Arts Writing	57	53.4
	English Language Arts	60.7	61.6
Overall Score	Above 90%	1.61%	2.11%
	Above 50%	63%	58.06%
	30% or below	11%	13.55%

**Source: Ministry of Education**

The information in Table 3 above, is presented largely for awareness and observation, as the varying conditions that existed prior to each exam render detailed comparison and analysis fairly meaningless. Students in 2020 had in-person class up to mid-March that year before schools were closed less than three weeks before the exam was to be held on April 2<sup>nd</sup>. The ensuing five months was characterised by uncertainty, with a period of inactivity followed by patchy attempts to ensure

continued teaching and preparation, before the exam was held on August 20<sup>th</sup>. The 2023 candidates experienced two years of on-line tuition followed by a year of face-to-face class before writing the exam at the end of March. The experiences during the intervening years, 2021 and 2022 were varied as well.

With the disruptions and lockdowns that characterised the Pandemic firmly in the rear-view mirror, the education systems of countries all over the world are on a recovery path. The fervent hope is that the challenges, losses and setbacks described earlier can be mitigated or reversed altogether in the coming years. In the 2019/2020 school year, T&T was ahead of the global average in enrolment and gender parity. Indications are that this country's Primary Education system is in a better position than those of many, if not most, developing countries. This, however, gives no indication to what extent it is achieving its overarching mandate which was alluded to earlier by UNICEF – *These benefits come not just from getting children in school, but from getting them learning to their full potential.* **This suggests that students, parents, teachers, principals, school supervisors, denominational boards, Ministry of Education officials, all stakeholders, need to be laser focused on ensuring that each child learns and achieves to his or her potential, whatever, or in whichever direction that potential may be.** Based on the impact that primary education can have, achieving this is not an 'extra' or a 'nice to have' it is of primary importance.